This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this prospectus. You should read the whole prospectus including the appendices hereto, which constitute an integral part of this prospectus, before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set forth in the section headed "Risk Factors." You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

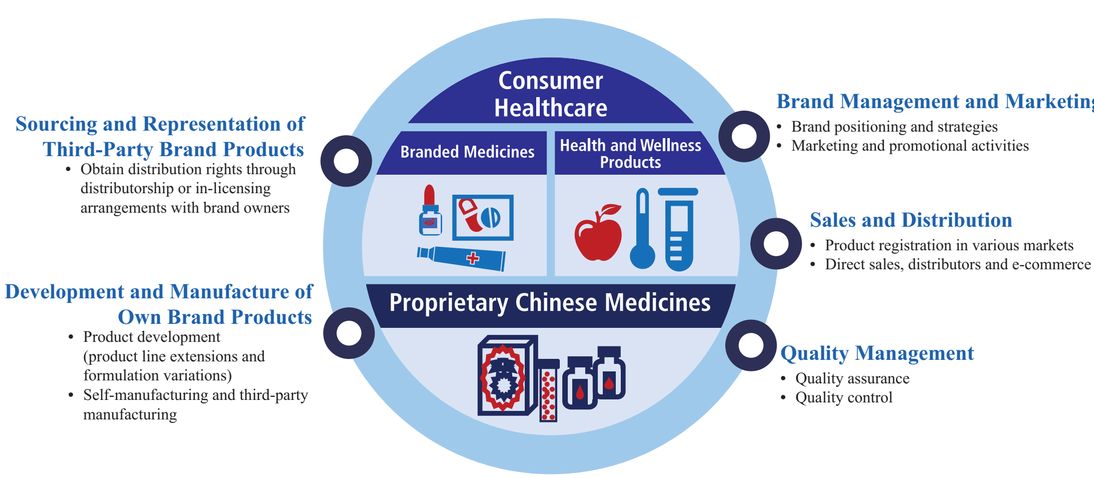
We are a leading Hong Kong-based company that markets and distributes branded healthcare products with product footprint across Greater China, Southeast Asia and other select countries. In 2019, we ranked fourth by revenue among brand operators that carry both OTC proprietary medicines and OTC proprietary Chinese medicines in Hong Kong, according to the Frost & Sullivan Report. Our portfolio includes a wide range of quality branded healthcare products divided into two product categories: (i) consumer healthcare, consisting of branded medicines, which are proprietary medicines primarily distributed over-the-counter, and health and wellness products; and (ii) proprietary Chinese medicines, consisting of OTC proprietary Chinese medicines and concentrated Chinese medicine granules, or CCMG, products. Professionalism has been at the core of our corporate culture and our reputation is upheld through our persistence in product safety, efficacy and quality.

OUR BUSINESS MODEL

We pride ourselves as a brand incubator and manager, with a proven track record of introducing well-established overseas branded products to our local markets, as well as rejuvenating heritage household brands to stimulate market demand and broaden their market appeal. We operate a vertically integrated business encompassing brand management and marketing, sourcing and representation of third-party brand products, development and manufacturing of own brand products, and sales and distribution.

The following diagram illustrates our branded healthcare business model, which is built upon five core competencies below:

Branded Healthcare Business Model



- *Brand management and marketing*: We manage a portfolio of well-established and trusted third-party brands and own brands and are committed to continually driving brand engagement and sales through our multi-channel marketing campaigns. We seek to use our market and consumer insights to devise more precise product positioning and brand management strategies to improve our product appeal and consumer interests, and drive our product development initiatives.

- *Sourcing and representation of third-party brand products*: A majority of our consumer healthcare products are sourced from overseas third-party brand owners. As at March 31, 2020, we carried 11 principal third-party brands, the majority of which were sourced from Europe, including consumer healthcare products imported from reputable European GMP-accredited, ISO-certified or SGS-certified manufacturers. We generally obtain exclusive distribution rights from the third-party brand owners with which we enter into distributorship or in-licensing agreements for the sale and distribution of the relevant products in selected geographic markets.
- *Development and manufacture of own brand products*: As at March 31, 2020, we owned nine principal brands of branded healthcare products. The majority of our own brand products are OTC proprietary medicines and OTC proprietary Chinese medicines with long established proprietary formulations based on ancient prescriptions, pharmacopeia prescriptions or customary Chinese prescriptions. Tailored to the characteristics of our own brand product portfolio, our product development efforts have been directed towards product line extensions, formulation variations and formulation refinements for targeted overseas markets and expansion into new markets.
- *Sales and distribution*: We adopt a hybrid of sales and distribution models tailored for different products and geographic markets. In Hong Kong, we sell our products both directly and indirectly (through our Hong Kong Distributor and our trading company customers) to major modern trade 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 more than 3,000 Chinese medicine practitioners (which represented over 40% of the total number of active Chinese medicine practitioners in Hong Kong in 2019, according to the Frost & Sullivan Report), and from time to time, to non-profit organizations. Outside of Hong Kong, we sell selected products to China, Macau, Taiwan, and select countries in Southeast Asia, Europe, North America and the Caribbean Islands, primarily through distributorship and wholesaling arrangements. Meanwhile, we also devote dedicated resources to fulfill relevant product registration requirements and to closely monitor the regulatory regimes to ensure that our existing products and new products continue to comply with relevant product registration and product license requirements.
- *Quality management*: We enforce stringent quality assurance and control covering a wide range of activities, including procurement, manufacturing, release of finished products, stability studies, and validation and qualification of equipment and facilities. Our quality assurance personnel are responsible for ensuring GMP compliance, whereas our quality control personnel are responsible for arranging or carrying out all necessary and relevant tests on raw materials, manufacturing process, work in progress and finished products.

OUR PRODUCTS

Our focus on brand management and portfolio development has enabled us to build a notable and growing brand portfolio. As of March 31, 2020, our portfolio comprised 194 brands, with more than 1,700 products (including more than 700 single and combo formula CCMG products) counted by SKUs as in line with industry norm according to the Frost & Sullivan Report. Given that each brand may consist of multiple products or a number of SKUs of products in different dosage forms and package sizes, the number of products we carry is materially higher than the number of brands in our portfolio.

We manage our product lines under three business segments as follows:

- *Branded medicines*, which are proprietary medicines whose active ingredients are chemical compounds with a certain composition and specific dosage form and dosage, prepared for immediate medicinal use, available and prepared for dispensing to the public, and with a uniform name, packaging, container, and labeling approved for marketing by the regulatory authority. We entered the branded medicine market in Hong Kong in 2006 and have since considerably grown our portfolio to address a vast array of consumer healthcare needs in Hong Kong, Macau and other select overseas markets.

- *Health and wellness products*, which comprise supplements, medical consumables and other non-pharmaceutical products for the general health and wellness of consumers. These products are intended to meet the everyday needs of the increasingly health-conscious consumers, ranging from personal hygiene and infection control to personal care, skincare and functional supplements. We entered the health and wellness market in Hong Kong in 2008 and as at March 31, 2020, 6 of the 20 principal brands we carried were health and wellness products.

- *Proprietary Chinese medicines*, which comprise proprietary products (i) composed solely of (a) any Chinese herbal medicines specified in the Chinese Medicine Ordinance; or (b) any materials of herbal, animal or mineral origin customarily or widely used by the Chinese; or (c) any medicines and materials referred to in (a) and (b) respectively, as active ingredients; (ii) formulated in a finished dosage form; and (iii) known or claimed to be used for the diagnosis, treatment, prevention or alleviation of any disease or any symptom of a disease in human beings, or for the regulation of the functional states of the human body. We first entered the proprietary Chinese medicine market in 2003. As of the Latest Practicable Date, we offered proprietary Chinese medicines in a wide variety of dosage forms, including pills, tablets, powder, medicated oils, inhalers, balms and CCMG.

We deploy dual engines to support our business developments and growth of our product portfolio: (i) organic business growth through the sourcing of quality third-party brand products, as well as the development of product line extensions; and (ii) strategic acquisitions of and investments in synergetic brands. Our selected key business development milestones include (i) our acquisition of attractive branded healthcare brands since 2003, including Flying Eagle Woodlok Oil, Po Chai Pills, Shiling Oil and Ho Chai Kung; (ii) our investment in Smartfish in 2019, the third-party brand owner of one of our top-10 health and wellness products for the year ended March 31, 2020; and (iii) our establishment of a joint venture in 2020 to distribute Weisen-U (gastric tablets) to markets outside of Greater China and develop new product lines in other therapeutic areas under the brand "Weisen-U" for Asia.

Our product portfolio includes products from both third-party brands (where we obtained distribution rights through distributorship or in-licensing arrangements with third-party brand owners) and our own brands (where we own the brands and manufacture the products in-house or with the support of third-party manufacturers). As at March 31, 2020, we carried a total of 20 principal brands (identified as our top 20 brands in terms of revenue contribution during the financial year), including 11 third-party brands and 9 own brands as primarily illustrated below, which together accounted for 94.3% of our total revenue for that financial year:

The following tables set forth the number of brands by brand ownership and business segment and the changes in the number of brands carried by us for or during the periods indicated:

	Year ended March 31,			Four months ended
	2018	2019	2020	July 31, 2020
Third-party brands				
Consumer healthcare				
Branded medicines	10	12	12	12
Health and wellness products	36	29	29	29
	46	41	41	41
Proprietary Chinese medicines	3	3	5	5
	49	44	46	46
Own brands				
Consumer healthcare				
Branded medicines	1	1	1	1
Health and wellness products[(1)]	31	33	33	33
	32	34	34	34
Proprietary Chinese medicines[(1)]	113	113	114	114
	145	147	148	148
	194	**191**	**194**	**194**

Note:

(1) Include miscellaneous less publicized brands whose products are primarily targeted for sale in smaller, stand-alone drug stores in Hong Kong.

	Year ended March 31,			Four months ended
	2018	2019	2020	July 31, 2020
Number of brands carried at the beginning of period	196	194	191	194
Number of new brands [(1)]	1	10	7	0
Number of brands ceased to carry [(2)]	3	13	4	0
Number of brands carried at the end of the period	194	191	194	194

Notes:

(1) Include 4 of our 20 principal brands as at March 31, 2020, namely Dr. Freeman, AIM Atropine and two CCMG brands.

(2) Include miscellaneous less publicized brands whose products are primarily targeted for sale in smaller, stand-alone drug stores in Hong Kong.

There has been no material change to the number of brands carried by us since July 31, 2020.

Licenses, Permits and Approvals

Our branded healthcare products are subject to various compliance requirements, including registration of certain branded medicines with the Pharmacy and Poisons Board of Hong Kong, the manufacturing of Western medicines under GMP in accordance with PIC/S GMP Guide, and the registration of proprietary Chinese medicines with the Chinese Medicines Board. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we had obtained all necessary registrations, licenses, permits and approvals from the relevant authorities that are material for our business operations. For further details, see the section headed "Business — Licenses, Permits and Approvals."

MANUFACTURING FACILITIES

Apart from our own brand CCMG products which are outsourced to GMP-accredited third-party manufacturers for production, we manufacture most of the products under our principal own brands in-house. More particularly, revenue from sales of our self-manufactured own brand products accounted for 98.4% and 98.0% of our overall sales of own brand products in the years ended March 31, 2018 and 2019, respectively, which decreased to 74.3% and further to 56.5% in the year ended March 31, 2020 and the four months ended July 31, 2020, respectively, primarily as a result of the consolidation of revenue from sales of CCMG products (which are manufactured by third-party manufacturers) under the Orizen Group since August 2019. Excluding sales of CCMG products, revenue from sales of our self-manufactured own brand products accounted for 98.4%, 98.0%, 95.6% and 85.9% of our sales of non-CCMG own brand products during the same periods, respectively.

Our manufacturing facilities are located in Hong Kong and comprise (i) a PIC/S GMP-accredited manufacturing facility for the production of our Ho Chai Kung branded products; (ii) two GMP-accredited manufacturing facilities mainly for the production of Po Chai Pills and Flying Eagle Woodlok Oil; and (iii) other manufacturing facilities primarily used for the production of certain other proprietary Chinese medicines. As of the Latest Practicable Date, we remained as one of the few GMP-accredited proprietary Chinese medicine manufacturers in Hong Kong, according to the Frost & Sullivan Report.

The following table sets forth a summary of our annual production capacity and utilization rates for our manufacturing facilities for the periods indicated. We have maintained moderate utilization rates during the Track Record Period, which we believe would provide us with a reasonable buffer in production capacity to cater for further business growth.

		Year ended March 31,			Four months ended July 31,	
Production line	**Operational Information**	**2018**	**2019**	**2020**	**2019**	**2020**
Pills, powder and tablets	Maximum designed production capacity *(in kg)*[(1)]	352,800	352,800	352,800	114,374	114,374
	Output *(in kg)*	144,201	178,028	152,796	56,258	58,450
	Utilization rate[(2)]	41%	50%	43%	49%	51%

Notes:

(1) Maximum designed production capacity is calculated assuming 300 days per year, six days of operation per week and 12 hours of operation per day at maximum output batch size.

(2) Utilization rate is calculated by dividing actual output by maximum designed production capacity.

MAJOR SUPPLIERS AND CUSTOMERS

Our suppliers include (i) raw material or packaging material suppliers; and (ii) finished good suppliers (namely third-party brand owners and third-party manufacturers). We believe that we have good relationships with our major suppliers. The primary raw materials for our self-manufactured products are menthol, paracetamol, Chinese herbs, chemicals and excipients, while the main packaging materials we use include paper and aluminum foil, most of which are general commodities commonly available in the market. For the years ended March 31, 2018, 2019 and 2020 and the four months ended July 31, 2020, our five largest raw material or packaging material suppliers accounted for 72.9%, 66.4%, 67.3% and 78.3% of our total purchases of raw materials and packaging materials, respectively. For the same periods, our five largest finished good suppliers (namely third-party brand owners and third-party manufacturers) accounted for 91.8%, 88.6%, 58.7% and 63.3% of our total purchases of finished goods, respectively.

We sell a majority of our products directly to corporate customers (including major modern trade chain stores, registered pharmacies and drug stores, trading companies, corporate clients and hospitals and clinics) in Hong Kong, and engage a relatively limited number of distributors and wholesalers for the distribution of selected products in Hong Kong, China and overseas, who then on-sell our products to their downstream customers. We have maintained stable relationships with key retailers, our Hong Kong Distributor and overseas distributors and wholesalers. For the years ended March 31, 2018, 2019 and 2020 and the four months ended July 31, 2020, our five largest customers accounted for 35.2%, 40.4%, 28.3% and 40.9% of our revenue, respectively.

To the best knowledge of our Directors, all of our five largest raw material or packaging material suppliers, our five largest finished good suppliers and five largest customers during the Track Record Period are Independent Third Parties and none of our Directors, supervisors or their associates or any person who owned 5% or more of our issued share capital as of the Latest Practicable Date had any interest in any of them.

COMPETITIVE STRENGTHS

We believe the following competitive strengths contribute to our success and distinguish us from our competitors:

- a leading Hong Kong-based brand operator with a notable and growing brand portfolio and proven brand management capability;
- a unique field player with a heritage of pharmaceutical background and quality-driven culture of Jacobson Pharma;
- dual engines of growth through sourcing and development of category-leading products and acquisitions of synergetic brands;
- extensive sales and distribution network in Hong Kong with multi-region geographical reach; and
- seasoned management team with in-depth industry knowledge and regional experience.

BUSINESS STRATEGIES

Our mission is to enable better health through self-care. We intend to implement the following key business strategies:

- expand product offerings and deepen product penetration in China through cross-border e-commerce initiatives;
- further expand our portfolio through organic growth and mergers and acquisitions;
- develop a branded healthcare product sourcing and distribution platform in Asia through the integration of our regional resources and foothold; and
- unleash the sales and distribution potential of our Chinese medicine practitioner network.

SUMMARY CONSOLIDATED FINANCIAL AND OPERATING DATA

The tables below present our summary consolidated financial data derived from our consolidated statements of profit or loss and other comprehensive income and consolidated cash flow statements for the years ended March 31, 2018, 2019 and 2020 and the four months ended July 31, 2019 and 2020 and our consolidated statements of financial position as of March 31, 2018, 2019 and 2020 and July 31, 2020 included in the Accountants' Report in Appendix I to this prospectus. The following data and discussion should be read in conjunction with our consolidated financial statements and related notes and the section headed "Financial Information."

Summary Consolidated Statements of Profit or Loss and Other Comprehensive Income

	Year ended March 31,						Four months ended July 31,			
	2018		2019		2020		2019		2020	
	HK$'000	% of revenue	HK$'000	% of revenue	HK$'000	% of revenue	HK$'000 (unaudited)	% of revenue	HK$'000	% of revenue
Revenue	264,332	100.0	307,515	100.0	381,542	100.0	68,089	100.0	118,770	100.0
Cost of sales	(118,143)	(44.7)	(137,830)	(44.8)	(191,363)	(50.2)	(35,649)	(52.4)	(60,357)	(50.8)
Gross profit	**146,189**	**55.3**	**169,685**	**55.2**	**190,179**	**49.8**	**32,440**	**47.6**	**58,413**	**49.2**
Other net income	2,402	0.9	4,240	1.4	8,087	2.1	2,746	4.0	3,937	3.3
Selling and distribution expenses	(57,184)	(21.6)	(62,317)	(20.3)	(89,000)	(23.3)	(21,106)	(31.0)	(30,543)	(25.7)
Administrative and other operating expenses	(37,853)	(14.3)	(45,088)	(14.7)	(50,229)	(13.1)	(12,373)	(18.1)	(13,024)	(11.0)
Listing expenses	–	–	–	–	(7,189)	(1.9)	–	–	(4,323)	(3.6)
Profit from operations	**53,554**	**20.3**	**66,520**	**21.6**	**51,848**	**13.6**	**1,707**	**2.5**	**14,460**	**12.2**
Finance costs	(1,733)	(0.7)	(1,390)	(0.4)	(845)	(0.2)	(300)	(0.4)	(3,073)	(2.7)
Share of profits less losses of associates	–	–	4,719	1.5	2,963	0.7	3,228	4.7	52	0.1
Profit before taxation	**51,821**	**19.6**	**69,849**	**22.7**	**53,966**	**14.1**	**4,635**	**6.8**	**11,439**	**9.6**
Income tax	(7,975)	(3.0)	(10,581)	(3.4)	(9,669)	(2.5)	(866)	(1.3)	(2,935)	(2.4)
Profit for the year/period	**43,846**	**16.6**	**59,268**	**19.3**	**44,297**	**11.6**	**3,769**	**5.5**	**8,504**	**7.2**
Profit attributable to:										
Equity shareholders of the Company	42,379	16.0	52,459	17.1	41,022	10.7	6,189	9.1	4,279	3.6
Non-controlling interests	1,467	0.6	6,809	2.2	3,275	0.9	(2,420)	(3.6)	4,225	3.6
Total profit for the year/period	**43,846**	**16.6**	**59,268**	**19.3**	**44,297**	**11.6**	**3,769**	**5.5**	**8,504**	**7.2**

Revenue

The following table sets forth our revenue by business segment and brand ownership for the periods indicated:

	Year ended March 31,						Four months ended July 31,			
	2018		2019		2020		2019		2020	
	HK$'000	% of revenue	HK$'000	% of revenue	HK$'000	% of revenue	HK$'000 (unaudited)	% of revenue	HK$'000	% of revenue
Consumer healthcare										
Branded medicines										
Third-party brand products	33,601	12.7	47,639	15.4	49,416	12.9	16,395	24.1	12,098	10.2
Own brand products	85,730	32.4	81,194	26.5	92,799	24.4	16,816	24.7	18,726	15.7
	119,331	45.1	128,833	41.9	142,215	37.3	33,211	48.8	30,824	25.9
Health and wellness products										
Third-party brand products	21,984	8.3	28,766	9.4	45,314	11.9	10,095	14.8	16,137	13.6
Own brand products	3,874	1.5	4,661	1.5	10,004	2.6	1,646	2.4	7,904	6.7
	25,858	9.8	33,427	10.9	55,318	14.5	11,741	17.2	24,041	20.3
	145,189	54.9	162,260	52.8	197,533	51.8	44,952	66.0	54,865	46.2
Proprietary Chinese medicines										
Third-party brand products	–	–	263	0.1	12,638	3.3	17	0.1	4,525	3.8
Own brand products	119,143	45.1	144,992	47.1	171,371	44.9	23,120	33.9	59,380	50.0
	119,143	45.1	145,255	47.2	184,009	48.2	23,137	34.0	63,905	53.8
Total	**264,332**	**100.0**	**307,515**	**100.0**	**381,542**	**100.0**	**68,089**	**100.0**	**118,770**	**100.0**

Revenue increased by 16.3% from HK$264.3 million for the year ended March 31, 2018 to HK$307.5 million for the year ended March 31, 2019, and further by 24.1% to HK$381.5 million for the year ended March 31, 2020. Revenue also increased by 74.4% from HK$68.1 million for the four months ended July 31, 2019 to HK$118.8 million for the corresponding period in 2020.

Our revenue movements during the Track Record Period were primarily due to the following factors:

- *Fluctuations in sales of Po Chai Pills and Ho Chai Kung Tji Thung San*: During the Track Record Period, Po Chai Pills and Ho Chai Kung Tji Thung San were our two top-selling products and together accounted for 65.7%, 59.3%, 43.4% and 38.4% of our revenue for the years ended March 31, 2018, 2019 and 2020 and the four months ended July 31, 2020, respectively. Therefore, fluctuations in sales of these two products have a significant impact on our overall revenue. In particular, sales of Po Chai Pills decreased by HK$29.1 million in the year ended March 31, 2020 mainly as a result of the negative impact of the social unrest in the second half of 2019 and the COVID-19 outbreak in 2020. However, we recorded an increase in Po Chai Pills sales of HK$16.4 million during the four months ended July 31, 2020 as compared to the corresponding period in 2019 as we adjusted our sales promotion practices while COVID-19 continued, whereby we switched from periodic promotional campaigns (which tend to skew our sales volume towards the months of campaign) to the offering of year-round promotions which tend to even out our sales of Po Chai Pills throughout the period.

- *Acquisition of the Orizen Group*: Our acquisition of additional stake and control of the Orizen Group in August 2019, which expanded our product portfolio to include more than 700 single and combo formula CCMG products under two CCMG brands, contributed significantly to our increase in revenue for the year ended March 31, 2020 and the four months ended July 31, 2020. More specifically, the consolidation of revenue from the Orizen Group contributed HK$70.9 million and HK$33.7 million, or 18.6% and 28.4%, of our revenue for the year ended March 31, 2020 and the four months ended July 31, 2020, respectively.

- *Portfolio expansion*: The successful launch and commercialization of selected new brands during the Track Record Period also contributed to the growth of our business. Aside from 2 CCMG brands under the Orizen Group that were added to our brand portfolio as described above, the new brands added to our portfolio during the Track Record Period also included 2 of our 20 principal brands as at March 31, 2020, namely, AIM Atropine (launched in late 2018) and Dr. Freeman (launched in 2020). Together, sales of products under these two brands generated HK$12.4 million, HK$28.0 million and HK$12.2 million, or 4.0%, 7.3% and 10.3%, of our revenue for the years ended March 31, 2019 and 2020 and the four months ended July 31, 2020, respectively.

- *COVID-19-driven sales of third-party brand personal hygiene products*: The revenue increases in the year ended March 31, 2020 and the four months ended July 31, 2020 were also supported by certain one-off bulk sales of personal hygiene products (such as face masks) sourced from third parties to cope with demand amid the COVID-19 outbreak. For example, we made one-off sales of personal hygiene products to Ireland and China in response to demand amid the COVID-19 outbreak during these periods. These sales contributed HK$13.9 million and HK$6.6 million, or 3.7% and 5.6% to our revenue for the year ended March 31, 2020 and the four months ended July 31, 2020, respectively.

For further details of our revenue, see the sections headed "Financial Information — Principal Consolidated Statements of Profit or Loss and Other Comprehensive Income Items — Revenue" and "Financial Information — Period to Period Comparison of Results of Operations."

Despite the negative impact of the social unrest in the second half of 2019 and the COVID-19 outbreak since the beginning of 2020 on the sales of many of our branded healthcare products, particularly our Po Chai Pills, we achieved a relatively steady increase in overall revenue performance for the year ended March 31, 2020, and an overall increase in revenue in the four months ended July 31, 2020 compared to the same period in 2019. We attribute this relatively resilient sales performance mainly to the factors described above. Nevertheless, we expect our business and results of operations will be further negatively affected by the COVID-19 outbreak, as further described in the section headed "— Recent Developments — Sales Performance."

Gross profit

The following tables set forth the breakdown of our gross profit and gross profit margin by business segment and distribution channel for the periods indicated:

	Year ended March 31,						Four months ended July 31,			
	2018		2019		2020		2019		2020	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	HK$'000	%	HK$'000	%	HK$'000	%	HK$'000 (unaudited)	%	HK$'000	%
Consumer healthcare										
Branded medicines	86,889	72.8	92,741	72.0	100,543	70.7	22,805	68.7	19,438	63.1
Health and wellness products	14,180	54.8	14,358	43.0	22,419	40.5	5,246	44.7	9,500	39.5
	101,069	69.6	107,099	66.0	122,962	62.2	28,051	62.4	28,938	52.7
Proprietary Chinese medicines	45,120	37.9	62,586	43.1	67,217	36.5	4,389	19.0	29,475	46.1
Total	**146,189**	**55.3**	**169,685**	**55.2**	**190,179**	**49.8**	**32,440**	**47.6**	**58,413**	**49.2**

	Year ended March 31,						Four months ended July 31,			
	2018		2019		2020		2019		2020	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	HK$'000	%	HK$'000	%	HK$'000	%	HK$'000 (unaudited)	%	HK$'000	%
Direct sales										
Trading companies	87,659	57.1	96,283	60.5	83,722	53.5	14,204	49.6	22,765	53.7
Chinese medicine practitioners	–	–	–	–	30,917	44.0	–	–	15,092	45.5
Retailers	30,193	58.9	28,866	58.5	24,236	62.0	7,541	50.7	4,932	54.1
Hospitals and clinics	8,418	66.0	14,760	53.5	20,678	54.2	5,490	51.9	7,591	53.1
Others	4,925	47.9	4,176	44.7	7,450	38.7	1,346	35.8	2,139	40.4
	131,195	57.6	144,085	58.7	167,003	51.7	28,581	49.4	52,519	50.4
Distributors and wholesalers	14,994	41.1	25,600	41.2	23,176	39.8	3,859	37.7	5,894	40.6
Total	**146,189**	**55.3**	**169,685**	**55.2**	**190,179**	**49.8**	**32,440**	**47.6**	**58,413**	**49.2**

During the Track Record Period, we recorded a higher gross profit margin for branded medicines as compared to health and wellness products and proprietary Chinese medicines, as we priced certain branded medicines with a higher margin taking into consideration their comparably strong brand positions. We also recorded a higher gross profit margin for direct sales as compared to distributors and wholesalers during the Track Record Period, as we priced our products to distributors and wholesalers generally with a lower margin taking into consideration their intermediary position in the supply chain. The decline in gross profit margin of direct sales since the year ended March 31, 2020 was mainly attributable to a shift in product mix towards products with relatively lower gross profit margins, such as personal hygiene products that were in high demand amid the COVID-19 outbreak.

Our overall gross profit margin remained relatively stable at 55.3% and 55.2% for the two years ended March 31, 2018 and 2019 but declined to 49.8% in the year ended March 31, 2020, and thereafter remained stable at a comparable level of 49.2% for the four months ended July 31, 2020. The decline in gross profit margin for the year ended March 31, 2020 was a result of the lower gross profit margins across all three business segments. In particular, (i) the decrease in the gross profit margin of branded medicines was mainly due to our joint effort with the third-party brand owner to provide substantial quantities of AIM Atropine 0.01% Eye Drops at a very minimal price point to an academic establishment for their research purposes; (ii) the decrease in the gross profit margin of health and wellness products was mainly due to our sales of face masks amid the COVID-19 outbreak which had a relatively low gross profit margin; and (iii) the decrease in the gross profit margin of proprietary Chinese medicines was partly due to a decrease in sales of Po Chai Pills as described above, which had a relatively high gross profit margin.

Profit for the year or period

Profit for the year increased by 35.2% from HK$43.8 million for the year ended March 31, 2018 to HK$59.3 million for the year ended March 31, 2019, then decreased by 25.3% to HK$44.3 million for the year ended March 31, 2020. The increase in the year ended March 31, 2019 was mainly due to (i) an increase in revenue as our business expanded; (ii) our share of profits of the Orizen Group, which became our associates as a result of our acquisition of 45% of the issued shares of Orizen on July 11, 2018; and (iii) our efforts to optimize our selling and distribution initiatives with cost control measures over traditional offline marketing campaigns that resulted in a decrease in selling and distribution expenses as a percentage of revenue. The decrease in net profit in the year ended March 31, 2020, despite the profit contribution of the Orizen Group following our acquisition of its controlling stake in August 2019, was mainly due to (i) an increase in selling and distribution expenses, which was primarily attributable to increased expenses incurred for the development of our branded healthcare business in China; and (ii) our lower overall gross profit margin, which was primarily attributable to (a) the lower gross profit margins of all three business segments, in particular proprietary Chinese medicines, for the year ended March 31, 2020 and (b) a decrease in the percentage revenue contribution of branded medicines. Profit for the period increased significantly by HK$4.7 million from HK$3.8 million for the four months ended July 31, 2019 to HK$8.5 million for the corresponding period in 2020, primarily due to the profit contribution of the Orizen Group.

Non-controlling interests for the two years ended March 31, 2018 and 2019 and the four months ended July 31, 2019 (unaudited) mainly represented minority interests of LCST (Holdings) (our Po Chai Pills business). As a result of our acquisition of additional stake and control of the Orizen Group in August 2019 and the consolidation of its results thereafter, non-controlling interests for the year ended March 31, 2020 and the four months ended July 31, 2020 comprised both minority interests of LCST (Holdings) and the Orizen Group.

Summary Consolidated Balance Sheet Data

	As of March 31,			As of July 31,	As of November 30,
	2018	2019	2020	2020	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)
Current assets	322,757	363,148	270,118	322,000	230,647
of which: inventories	*31,359*	*30,046*	*63,778*	*62,954*	*60,066*
trade and other receivables	*231,142*	*281,088*	*129,909*	*79,572*	*108,032*
Current liabilities	916,653	1,031,764	99,860	55,732	125,376
of which: trade and other payables and contract liabilities	*896,121*	*1,016,137*	*85,837*	*38,737*	*43,660*
Net current (liabilities)/assets	(593,896)	(668,616)	170,258	266,268	105,271
Non-current assets	802,963	929,494	1,098,118	1,104,773	1,094,300
of which: intangible assets	*599,155*	*591,774*	*854,014*	*864,521*	*858,633*
Non-current liabilities	87,877	82,768	553,672	484,033	298,710
of which: amount due to the immediate holding company	–	–	*440,000*	*372,933*	–
Net assets	121,190	178,110	714,704	887,008	900,861
Total equity attributable to equity shareholders of the Company	97,169	147,640	657,330	848,247	860,523
Non-controlling interests	24,021	30,470	57,374	38,761	40,338
Total equity	121,190	178,110	714,704	887,008	900,861

Inventories increased from HK$30.0 million as of March 31, 2019 to HK$63.8 million as of March 31, 2020, which was primarily a result of (i) our consolidation of the inventories of the Orizen Group; and (ii) increased inventories of antiseptic hand rubs in light of the COVID-19 outbreak.

Trade and other receivables decreased from HK$281.1 million as of March 31, 2019 to HK$129.9 million as of March 31, 2020. This was mainly caused by the assignment of a substantial portion of the amounts due from the Jacobson Connected Persons to the immediate holding company as part of the Reorganization. It further decreased to HK$79.6 million as of July 31, 2020, which was mainly due to the settlement of substantially all of the remaining balance in preparation for the Spin-off.

Trade and other payables and contract liabilities decreased substantially from HK$1.0 billion as of March 31, 2019 to HK$85.8 million as of March 31, 2020. This decrease was primarily a result of the substantial decrease in amounts due to the Jacobson Connected Persons mainly for the payment for various acquisitions (including the brands of Tong Tai Chung Woodlok Oil (唐太宗活絡油) and Ho Chai Kung (何濟公)) completed prior to the Track Record Period, which were set-off and capitalized as part of the Reorganization in preparation for the Spin-off.

As a result of the foregoing, we recorded net current liabilities of HK$593.9 million and HK$668.6 million as of March 31, 2018 and 2019, and net current assets of HK$170.3 million as of March 31, 2020, respectively. Net current assets further increased by HK$96.0 million, or 56.4%, to HK$266.3 million as of July 31, 2020 primarily as a result of our receipt of the Pre-IPO Investments from the Strategic Investors, but decreased by HK$161.0 million, or 60.5%, to HK$105.3 million as of November 30, 2020 primarily as a combined result of (i) a decrease in current assets upon the utilization of the proceeds from the Pre-IPO Investments, and (ii) an increase in current liabilities arising from the current portion of the new bank loan drawn down in November 2020.

Intangible assets under non-current assets include goodwill, club memberships, trade marks, unpatented drugs, customer relationship and distribution rights. As of July 31, 2020, we had net assets attributable to equity shareholders of our Company of HK$848.2 million, while the carrying amount of our intangible assets was HK$864.5 million, which represented 60.6% of our total assets, as a result of which we reported net tangible liabilities attributable to equity shareholders of our Company of HK$16.3 million.

Amount due to the immediate holding company under non-current liabilities increased from nil as of March 31, 2019 to HK$440.0 million as of March 31, 2020 mainly as a combined result of the assignment of the amounts due to and from the Jacobson Connected Persons to the immediate holding company and the partial set-off of such amounts by the issuance and allotment of Shares to the immediate holding company as part of the Reorganization as mentioned above. It was decreased to HK$372.9 million as of July 31, 2020 upon capitalization, and was fully settled as of November 30, 2020.

Net assets increased substantially from HK$178.1 million as of March 31, 2019 to HK$714.7 million as of March 31, 2020 mainly as a result of the Reorganization which involved, inter alias, the transfer of the relevant businesses and companies comprising our Group to our Company and the setting-off of amounts due to the immediate holding company by way of issuance and allotment of Shares to the immediate holding company. Our net assets were further increased to HK$887.0 million as of July 31, 2020 as a result of the Pre-IPO Investments.

Summary Consolidated Cash Flow Statements

	Year ended March 31,			Four months ended July 31,	
	2018	2019	2020	2019	2020
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
Net cash generated from operating activities	82,304	56,914	38,285	19,600	27,435
Net cash (used in)/generated from investing activities	(60,318)	(55,897)	43,402	(15,057)	(17,464)
Net cash (used in)/generated from financing activities	(15,135)	(6,699)	(59,320)	(8,770)	92,542
Net increase/(decrease) in cash and cash equivalents	6,851	(5,682)	22,367	(4,227)	102,513
Cash and cash equivalents at the beginning of the year/period	49,875	56,856	50,962	50,962	72,790
Effect of foreign exchange rate changes	130	(212)	(539)	2	418
Cash and cash equivalents at the end of the year/period	**56,856**	**50,962**	**72,790**	**46,737**	**175,721**

Our net cash generated from operating activities exhibited a decreasing trend during the three years ended March 31, 2018, 2019 and 2020 which differed from the trend of our profit for the corresponding years. This decreasing trend in net cash generated from operating activities was partly due to (i) an increase in trade receivables as of March 31, 2019 mainly as a result of the increase in sales of Ho Chai Kung branded products during the first quarter of 2019; and (ii) the longer average receivables turnover of our Ho Chai Kung branded products pursuant to their inclusion in our logistics arrangement with the Jacobson Connected Persons during the year ended March 31, 2020 (which included payment settlement services that has a longer settlement period than our previous arrangement), coupled with an increase in inventories as a result of an expansion of our product portfolio with the addition of a wider variety of third-party brand products and an increase in the inventory level of CCMG products.

We also had net cash outflow of HK$5.7 million in the year ended March 31, 2019, contributed mainly from (i) an increase in amounts due from a fellow subsidiary of Jacobson Pharma as part of our treasury management; (ii) payment for acquisition of an associate in the healthcare business; and (iii) our partial settlement of funds advanced mainly for the advertising and promotion of Po Chai Pills.

Key Financial Ratios

The following table sets forth our key financial ratios, the definitions of which are set forth in the section headed "Financial Information — Key Financial Ratios," as of the dates or for the periods indicated:

	As of/For the year ended March 31,			As of/For the four months ended July 31,
	2018	2019	2020	2020
Gross profit margin	55.3%	55.2%	49.8%	49.2%
Net profit margin	16.6%	19.3%	11.6%	7.2%
Return on equity	44.8%	39.6%	9.9%	N/A(1)
Return on total assets	4.0%	4.9%	3.3%	N/A(1)
Current ratio	0.35	0.35	2.70	5.78
Quick ratio	0.32	0.32	2.07	4.65
Gearing ratio	10.6%	2.7%	–	–

Note:

(1) This four-month number is not meaningful as it is not comparable to the annual numbers.

Key Operating Data

The following table sets forth the sales volume and average selling price of our five top-selling products for the periods indicated:

	Year ended March 31,						Four months ended July 31,			
	2018		2019		2020		2019		2020	
	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price
	Units	HK$ per unit	Units	HK$ per unit	Units	HK$ per unit	Units	HK$ per unit	Units	HK$ per unit
Po Chai Pills	5,508,331	16.8	5,628,415	18.9	4,664,574	16.6	717,925	16.9	1,612,813	17.7
Ho Chai Kung Tji Thung San	2,484,503	32.6	2,191,790	34.5	2,426,957	36.3	399,550	38.3	481,522	35.6
Dr. Freeman Antiseptic Hand Rubs(1)(2)	–	–	–	–	*	*	–	–	202,412	33.7
AIM Atropine 0.01% Eye Drops(3)	–	–	41,013	292.0	109,172	180.9	27,028	162.3	38,840	116.3
Contractubex	312,888	75.9	319,254	77.4	194,635	81.0	84,604	83.8	86,948	45.5
Oncotype DX Breast Recurrence Score® Assay(2)	187	32,188.2	*	*	406	32,936.5	*	*	*	*
Shiling Oil(2)	*	*	*	*	*	*	59,204	77.7	*	*
Flying Eagle Woodlok Oil(2)	*	*	1,334,682	9.3	*	*	*	*	*	*
Ho Chai Kung Analgesic Tab(2)	348,876	15.4	*	*	*	*	*	*	*	*

Notes:

(1) We launched Dr. Freeman Antiseptic Hand Rubs in February 2020.

(2) Products that were not among the five top-selling products for the period indicated are denoted with an asterisk (*).

(3) We launched AIM Atropine 0.01% Eye Drops in September 2018.

Throughout the Track Record Period, Po Chai Pills and Ho Chai Kung Tji Thung San were our two top-selling products. The sales volume of Ho Chai Kung Tji Thung San in the four months ended July 31, 2019 and 2020, when annualized, was comparably lower than the sales volume for the years ended March 31, 2019 and 2020, partly because our promotional efforts for Ho Chai Kung branded products were more concentrated in the second half of the 2019 and 2020 financial years, which generally resulted in higher sales in the corresponding periods. In terms of average selling prices, (i) the significant decreases in average selling prices of AIM Atropine 0.01% Eye Drops in the year ended March 31, 2020 and the four months ended July 31, 2020 were primarily driven by our joint effort with the third-party brand owner to provide substantial quantities of products at a very minimal price point to an academic establishment for their research purposes (the apparent decreasing trend in average selling prices across these two periods were largely driven by the increasing proportion of such special sales to our overall sales quantities of our AIM Atropine 0.01% Eye Drops in the four months ended July 31, 2020), while (ii) the significant decrease in the average selling price of Contractubex products in the four months ended July 31, 2020 was mainly attributable to lower price points given to bulk purchases coupled with promotional giveaways offered to select major modern trade chain stores during the period.

PRE-IPO INVESTMENTS

We have received the Pre-IPO Investments from three Strategic Investors, namely New Heritage Healthcare Limited, Gold Century Assets Limited and Profit Cape Limited, for an aggregate consideration of HK$97 million in respect of a total of 97,000,000 Shares, representing approximately 11.43% of the total issued Shares immediately after completion of the Pre-IPO Investments. The Subscription Shares subscribed by the Strategic Investors are subject to a lock-up period for the first six months after the Listing. For further details, see the section headed “History, Reorganization and Corporate Structure — Pre-IPO Investments.”

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Upon the Listing, Mr. Sum, Jacobson Pharma, JBM Group BVI, Kingshill, Queenshill and Lincoln’s Hill will be the Controlling Shareholders of our Company. Jacobson Pharma was established in the late 1990s and listed on the Main Board of the Stock Exchange since September 21, 2016 (stock code: 2633). Mr. Sum, Chairman of the Board and a non-executive Director, founded the Jacobson Pharma Group, which began its business as a pharmaceutical company and has become one of the largest generic drugs company in Hong Kong by sales in 2019, according to the Frost & Sullivan Report. Its wholly-owned subsidiary, JBM Group BVI, is a limited liability company incorporated in the BVI and is an investment holding company.

Immediately following the Spin-off, (i) our Company will be owned as to approximately 53.7% by JBM Group BVI and (ii) JBM Group BVI will continue to be wholly-owned by Jacobson Pharma. Mr. Sum is one of the founders of the Jacobson Pharma Group and is interested in, through Kingshill and Queenshill, an aggregate of approximately 58.9% in the Jacobson Pharma Shares as of the Latest Practicable Date. Our Company will remain as a subsidiary of Jacobson Pharma and our Controlling Shareholders will collectively own approximately 69.7% of our Shares upon the Listing. Our Directors are of the view that we are capable of carrying on our business independently from the Remaining Parent Group following the completion of the Public Offer. For further details, see the section headed “Relationship with Jacobson Pharma.”

For details of the continuing connected transactions between the Jacobson Connected Persons and the Group following the Listing, see the section headed “Connected Transactions.”

JACOBSON PHARMA DISTRIBUTION AND THE SPIN-OFF

On January 15, 2021, the Jacobson Pharma Board declared the Jacobson Pharma Distribution to the Qualifying Jacobson Pharma Shareholders, being registered holders of Jacobson Pharma Shares whose names appear on the register of members of Jacobson Pharma as of the Record Date. The Jacobson

Pharma Distribution will be satisfied wholly by way of a distribution in specie to the Qualifying Jacobson Pharma Shareholders of an aggregate of 241,777,625 Shares, representing approximately 28.5% of the entire issued share capital of our Company, in proportion to their shareholdings in Jacobson Pharma as of the Record Date. Pursuant to the Jacobson Pharma Distribution, the Qualifying Jacobson Pharma Shareholders will be entitled to one Share for every eight Jacobson Pharma Shares held as of the Record Date. Fractional entitlements of Qualifying Jacobson Pharma Shareholders to our Shares under the Jacobson Pharma Distribution will be disregarded and will instead be aggregated and sold on the market and the aggregate proceeds of such sale (net of expenses and taxes) will be retained for the benefit of Jacobson Pharma.

The Jacobson Pharma Distribution is subject to the Public Offer becoming unconditional. See the section headed "Structure of the Public Offer — Conditions of the Public Offer" for further details. If this condition is not satisfied, the Jacobson Pharma Distribution will not be made and the Spin-off will not take place. For further details, see the section headed "Jacobson Pharma Distribution and the Spin-off."

PUBLIC OFFER STATISTICS

The statistics below are based on the assumption that 44,686,000 Offer Shares are issued (which represent approximately 5.0% of the total issued Shares upon completion of the Spin-off) under the Public Offer:

	Based on the Offer Price of HK$1.20 per Share
Market capitalization of the Shares following the completion of the Public Offer(1)	HK$1,072.4 million
Unaudited pro forma adjusted net tangible assets per Share(2)	HK$0.01

Notes:

(1) The calculation of market capitalization is based on the assumption that 893,686,000 Shares will be in issue immediately following completion of the Public Offer.

(2) The unaudited pro forma adjusted net tangible assets per Share is calculated after the adjustments referred to in the section headed "Financial Information — Unaudited Pro Forma Financial Information" and on the basis of 893,686,000 Shares to be in issue immediately following completion of the Public Offer.

REASONS FOR AND BENEFITS OF THE SPIN-OFF AND USE OF PROCEEDS

Reasons for and Benefits of the Spin-off

Shareholders and prospective investors should note that the Spin-off will only involve a fund raising of HK$53.6 million through the Public Offer which, after deducting related listing expenses, will result in minimal net proceeds of HK$10.6 million for our business pursuits. Notwithstanding the above, both Jacobson Pharma and our Company hold the view that the Spin-off is in the interest of our Shareholders and the shareholders of Jacobson Pharma taken as a whole, on the basis that our Group's branded healthcare business and the Remaining Parent Group's generic drug business are distinct from each other in their respective market segmentation and growth path and are generally assessed under different market sub-segments which enjoy different market valuations. The Spin-off serves as an appropriate and viable means to provide liquidity for our Shares on an open trading market and unlock the intrinsic value of our Group, by providing us with an independent, separate listing platform, thereby allowing the investment market to attribute a market value to our Group based our own industry and growth benchmarks, and providing investors with an open trading market for our Shares to freely invest in and realize their investment with a standalone market valuation. In this connection, Jacobson Pharma had been trading at a market valuation between HK$2.1 billion to HK$3.7 billion since January 1, 2020 up to the Latest Practicable Date, attributing to us an implicit share of market valuation in the range of HK$401.1 million to HK$704.4 million based on our Group's share of profit contribution to the Jacobson Pharma Group for the year ended March 31, 2020. Our expected market capitalization upon completion of the Spin-off (i.e. our Listing), on the other hand, is HK$1,072.4 million which is well above the inferred range of market capitalization attributed to us. The Spin-off therefore facilitates an immediate positive value unlock for Jacobson Pharma and its shareholders. For other reasons for and benefits of the Spin-off, see the section headed "Jacobson Pharma Distribution and the Spin-off — The Spin-off — Reasons for and Benefits of the Spin-off."

Use of Proceeds

The net proceeds from the Public Offer, at the Offer Price of HK$1.2 per Offer Share and after deducting underwriting commissions and estimated expenses payable by us in connection with the Public Offer, are estimated to be approximately HK$10.6 million. We will apply such net proceeds for the following purposes:

Amount (HK$ million)	Approximate % of total estimated net proceeds	Intended use
5.0	47.2%	To fund the portfolio development and brand management of our proprietary Chinese medicines.
4.6	43.4%	To fund our payments (upfront, in stages or otherwise) for obtaining additional distribution rights from third-party brand owners, as part of our strategy to grow our third-party brand product portfolio.
1.0	9.4%	To supplement our working capital and for general corporate purposes.

For further details, see the section headed "Future Plans and Use of Proceeds — Use of Proceeds."

DIVIDENDS

Our Company currently does not have a pre-determined dividend payment ratio. Any future declaration of dividends may or may not reflect our prior declarations of dividends and any dividend recommendation will be at the discretion of our Board, subject to the Cayman Companies Act, Hong Kong laws and PRC laws. We may declare dividends in the future after taking into account our future operations and earnings, capital requirements and surplus, cash flows and general financial conditions, contractual restrictions and other factors that our Directors may deem relevant at such time.

RISK FACTORS

Our operations and the Spin-off involve certain risks and uncertainties, some of which are beyond our control and may affect your decision to invest in us and the value of your investment. Certain risks we face include, among others: (i) any incidents that affect the reputation of our product brands or our Group; (ii) the COVID-19 outbreak; (iii) competition from current and future competitors; (iv) failure to adapt our product offering to respond to changes in consumer preferences; (v) failure to maintain or renew our distributorship or in-licensing agreements with third-party brand owners; (vi) any quality or supply issues with our products; (vii) product liability and sufficiency of our insurance coverage; (viii) potential impairment losses on intangible assets, including goodwill, and (ix) any changes in relevant regulations or laws.

These risks are not the only significant risks that may affect the value of our Shares. See the section headed "Risk Factors" for details of risks and uncertainties related to us, which we strongly urge you to read in full before making an investment in our Shares.

COVID-19 OUTBREAK

Financial Impact

The COVID-19 outbreak has in general weakened consumer sentiment and adversely impacted retail spending in Hong Kong, as local economic activities and the number of visitors declined as a result of various social distancing measures and travel restrictions implemented from time to time.

The COVID-19 outbreak has had a negative impact on various aspects of our business performance:

- *During the first quarter of 2020*: We recorded higher sales and net profit for the year ended March 31, 2020 as compared to the year ended March 31, 2019 (both before and after taking into account the consolidation of HK$70.9 million revenue from the Orizen Group for the year ended March 31, 2020) primarily due to an increase of HK$19.1 million sales of personal hygiene products in response to the surge in demand driven by the COVID-19 outbreak. Nevertheless, the negative impact of the COVID-19 outbreak on retail spending in Hong Kong has negatively affected the sales of many of our branded healthcare products. In particular, sales of our products targeted primarily for Hong Kong retail market (namely excluding any ex-Hong Kong sales, sales of CCMG products which are targeted for Chinese medicine practitioners, and the relatively limited sales to hospitals and clinics in Hong Kong) have decreased by nearly 19% from the year ended March 31, 2019 to the year ended March 2020.
- *During the four months ended July 31, 2020*: Our business and results of operations have continued to be moderately affected by the COVID-19 situation in Hong Kong. As a result, our average monthly sales during the period from April to July 2020 have decreased relative to the year ended March 31, 2020 on a monthly average basis. Nonetheless, we recorded higher sales and net profit for the four months ended July 31, 2020 as compared to the corresponding period in 2019 (both before and after taking into account the consolidation of HK$33.7 million revenue from the Orizen Group in the four months ended July 31, 2020) and benefited from wage subsidies of HK$3.4 million under the Hong Kong government's employment support scheme of the anti-epidemic fund. In particular, we (i) recorded an increase in Po Chai Pills sales of HK$16.4 million during the four months ended July 31, 2020 as compared to the corresponding period in 2019 as we adjusted ours sales promotion practices while the COVID-19 situation continued; and (ii) generated HK$13.5 million revenue from sales of personal hygiene products in the four months ended July 31, 2020.

We expect our business and results of operations will be further negatively affected by the COVID-19 outbreak. For further details of the financial impact of COVID-19 subsequent to the Track Record Period, see the section headed "— Recent Developments — Sales Performance" below.

Operational Impact

Operationally, we have implemented various measures to reduce the impact of the COVID-19 outbreak on our business. For example, precautionary measures have been taken to maintain a hygienic working environment, such as providing adequate supply of masks and antiseptic hand rubs to our staff, implementing health screening procedures for all entrants of our premises, performing regular disinfection exercises at our premises, and closely tracked the health status of our staff. While we do not have a work from home policy, we have established clear quarantine policy that requires any staff member that is returning to Hong Kong from a foreign country, lives with someone who is subject to mandatory quarantine at home or lives in a listed building with confirmed case of COVID-19 as published by the Hong Kong government to quarantine for 7 to 14 days. The said policy has been revised from time to time with reference to the COVID-19 situation in Hong Kong. Since the outbreak of COVID-19 in Hong Kong in early 2020 up to the Latest Practicable Date, only one staff had been home quarantined for 14 days (ended in mid-December 2020) as a result of a confirmed case of COVID-19 in her residential building. Our other staff was able to cover for her temporary absence and therefore our business have not been materially impacted by our quarantine policy.

Up to the Latest Practicable Date, we had not experienced and do not expect to experience any disruption to our supply chain and sales and distribution that would have had a material adverse impact on our business operations and financial condition as a result of the COVID-19 outbreak. In addition, we had not experienced any issue with the discharge of our obligations under our existing contracts with third-party brand owners and customers, save as the minimum purchase amounts set by four of our third-party brand owners, which have not led to any financial damage or impact to our relationships with the relevant brand owners. For further details, see the sections headed "Business — Sourcing and Representation of Third-Party Brand Products — Distributorship" and "Business — Sourcing and Representation of Third-Party Brand Products — In-licensing."

Financial Viability

The extent to which the COVID-19 outbreak will negatively affect our results is uncertain and may change significantly in the future. In the worst case scenario where our production, contract manufacturing and sourcing of third-party brand products are suspended as a result of the COVID-19 outbreak, our Directors estimate that we will be financially viable for approximately 12 months from October 2020, taking into account our cash and bank balances, our available banking facilities and proceeds from the Public Offer, and based on the key assumptions that, among other things, (i) we will sell down all remaining finished goods inventories and recognize the corresponding cost of materials (including finished goods, raw materials and packaging materials) and third-party manufacturing fees, but otherwise will not earn any additional revenue or incur additional cost for purchases of materials or third-party manufacturing fees; (ii) while collection period for trade and other receivables will be extended further on top of our highest historical turnover days to cater for the potential worsening of financial position of our customers, trade and other payables will remain to be settled within a reasonable time frame with reference to the respective historical turnover days; (iii) we will continue to incur operating and administrating expenses (including staff costs and operating leases rentals), but otherwise arrangements will be in place to minimize non-essential expenses to the extent practicable; (iv) all marketing and promotional activities and all associated expenditures will be suspended; (v) all banking facilities standing as of the Latest Practicable Date will continue to be available to us and all payments of interests and repayments of principles will continued to be made by us in accordance with their terms; and (vi) the implementation of our future plans (as set forth in the section headed "Future Plans and Use of Proceeds") will be delayed until our business resume to normal, and the proceeds from the Public Offer (net of underwriting commissions), other that those allocated for general working capital purposes, will be conserved for application (in accordance with their stated uses set forth in the section headed "Future Plans and Use of Proceeds") as and when our business resume to normal.

RECENT DEVELOPMENTS

Sales Performance

Our business has, in certain aspects, continued to be negatively impacted by the COVID-19 outbreak subsequent to the Track Record Period. Based on our unaudited management accounts, despite the minor improvement in CCMG sales under the Orizen Group, we recorded a decrease of around 23% in our overall revenue for the four months ended November 30, 2020 as compared to the corresponding period in 2019. This decrease was mainly due to the negative impact of the COVID-19 outbreak on the economic, tourism and retail activities in Hong Kong. Nevertheless, our average monthly sales across the four-month period from August to November 2020 have remained stable, partly supported by the stable sales of CCMG products.

Government Subsidies and Finance Costs

Subsequent to the Track Record Period and up to November 30, 2020, we benefited further from wage subsidies in the amount of HK$6.7 million under the Hong Kong government's employment support scheme of the anti-epidemic fund, which alleviated our staff cost outlays to some extent. However, we expect our finance costs will substantially increase for the year ending March 31, 2021 compared to those borne by us during the Track Record Period, as we drew down HK$250.0 million of new bank borrowings for full settlement of all outstanding amounts due to the immediate holding company in November 2020.

Operational Performance

During the period from August to November 2020, we continued to implement our business expansion strategies, including our cross-border e-commerce initiatives. In an effort to deepen our product penetration in China, we have been in the process of establishing our new Tmall marketplace flagship store (天貓賣場型旗艦店), which we expect to launch in or around the Lunar New Year holidays in 2021. For further details, see the section headed "Business — Sales and Distribution — China — Cross-border e-commerce."

Operationally, we have implemented various measures to reduce the impact of the COVID-19 outbreak on our business (see further details in the section headed "— COVID-19 Outbreak — Operational Impact" above). As of the Latest Practicable Date, we had not received reports of any confirmed or suspected cases of COVID-19 from our employees and had not been required to suspend any of our facilities or operations.

No Material Adverse Change

Our Directors have confirmed that, since July 31, 2020 and up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects and no event has occurred which would materially and adversely affect the financial information included in the Accountants' Report in Appendix I to this prospectus.

LISTING EXPENSES

In connection with the Spin-off and the Public Offer, we expect to incur listing expenses totalling HK$43.0 million. During the Track Record Period, we incurred listing expenses in the amount of HK$11.9 million, of which HK$11.5 million was recognized in the consolidated statements of profit or loss and other comprehensive income, and HK$0.4 million was capitalized as deferred expenses in the consolidated statements of financial position as of July 31, 2020 to be recognized as a reduction in equity. We expect to incur underwriting commissions and additional listing expenses of approximately HK$31.1 million in the year ending March 31, 2021, of which approximately HK$27.2 million is expected to be recognized in our consolidated statements of profit or loss and other comprehensive income, and approximately HK$3.9 million is expected to be charged against equity upon the Listing under the relevant accounting standards. The listing expenses above are the latest practicable estimate for reference only and the actual amount may differ from the estimate. We expect that our net profit for the year ending March 31, 2021 will be significantly impacted by the non-recurring listing expenses to be charged to our consolidated statements of profit or loss and other comprehensive income.