JBM (Healthcare) Limited

Incorporated in the Cayman Islands with limited liability
Stock Code: 2161

Movement inspires

Annual Report 2021

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Wong Yat Wai, Patrick
(Chief Executive Officer)
Dr. Chu Ka Wing

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
Dr. Chu Ka Wing

COMPANY SECRETARY

Ms. Au Man Yee, Teresa

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS

Unit 2303-07, 23/F
Tower 1, Millennium City 1
388 Kwun Tong Road
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
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

AUDITOR

KPMG
Certified Public Accountants
Public Interest Entity Auditor
registered in accordance with
the Financial Reporting Council
Ordinance

COMPLIANCE ADVISOR

Ping An of China Capital
(Hong Kong) Company Limited

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

STOCK CODE

2161

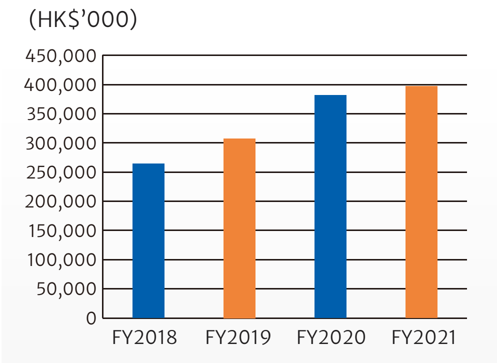
COMPANY WEBSITE

www.jbmhealthcare.com.hk

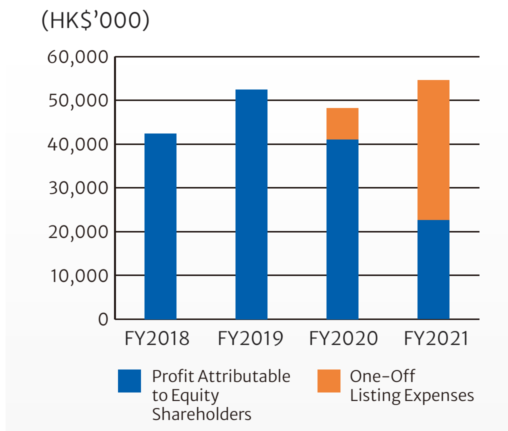
Contents

Financial Highlights

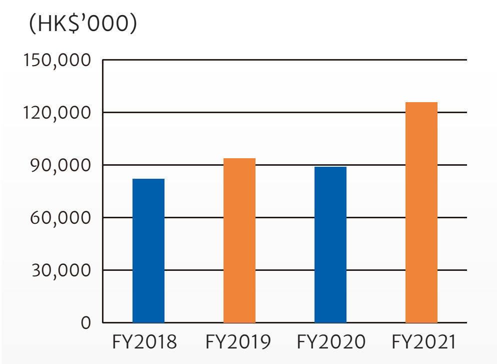
Revenue



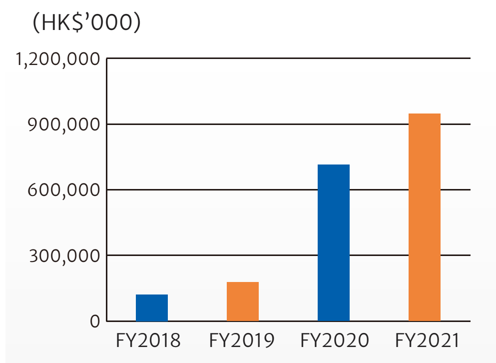
Adjusted Profit Attributable to Equity Shareholders



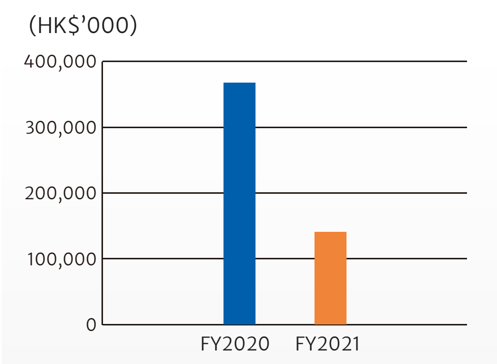
Adjusted EBITDA



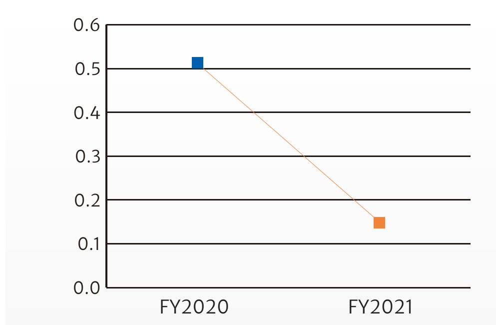
Net Assets



Net Debts (Note)



Net Gearing Ratio (Note)



Note: The Group was in net cash position in FY2018 and FY2019.

	Year ended 31 March 2021 HK$'000	Year ended 31 March 2020 HK$'000	Change
Revenue			
– Branded medicines	134,484	142,215	–5.4%
– Proprietary Chinese medicines	210,851	184,009	+14.6%
– Health and wellness products	51,823	55,318	–6.3%
Total	397,158	381,542	+4.1%
Gross profit	198,433	190,179	+4.3%
Gross profit margin (%)	50.0%	49.8%	
Profit attributable to equity shareholders of the Company	22,600	41,022	–44.9%
Profit margin attributable to equity shareholders of the Company (%)	5.7%	10.8%	
Adjusted EBITDA[(1)]	125,710	89,007	+41.2%
Adjusted EBITDA margin (%)[(2)]	31.7%	23.3%	
Return on equity (%)[(3)]	3.7%	9.9%	

	As at 31 March 2021 HK$'000	As at 31 March 2020 HK$'000	Change
Total assets	1,381,193	1,368,236	+0.9%
Total liabilities	434,250	653,532	–33.6%
Total equity	946,943	714,704	+32.5%

(1) Adjusted EBITDA is calculated based on adjusted earnings before interest, taxes, depreciation and amortisation, where "interest" is regarded as including interest income and interest expenses and "depreciation and amortisation" is regarded as including impairment losses on non-current assets. To arrive at adjusted EBITDA the Group's earnings are further adjusted for share of profits less losses of joint ventures and associates and non-recurring items not attributable to the operations of individual segments, including spin-off listing expenses.

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

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

Chairman's Statement

"2020 was an extraordinary and challenging year. However, we have moved steadfastly with resolve and resilience to advance our growth strategies."

JBM (Healthcare) Limited has always prided itself on being a company that caters to the healthcare needs of consumers and patients alike. In the face of the current global health crisis, we have built on this legacy. Our continued supply of branded medicines, proprietary Chinese medicines, as well as health and wellness products has served well to fulfill the needs of general consumers and healthcare professionals alike.

The pandemic dominated all aspects of life and business in 2020 and JBM was no exception, feeling the impact amongst both the operation and our people. Confronting this huge challenge, the resolve shown by our teams in their dedication to deliver financial and business performance has been praiseworthy. I have been truly gratified to witness JBM deliver on our financial guidance for the year and continue to make progress with our strategy. Over the course of the year, we made noteworthy advances towards the multifaceted strategies that we set out in our 3-year growth plan. We strengthened our pipelines, expanded our geographic reach, built cross-border e-commerce capabilities and forged strategic alliances with partners to better align JBM with our new strategic platform for long-term growth.

This is a testament to the total commitment of the management and operation teams who have navigated the Company through this testing time and ensured people across JBM remained focused on our purpose.

"Embrace transformation: We expect to see a raised awareness and demand for over-the-counter and self-care products which JBM's portfolio is well placed to cater for."

The Board is pleased to see continued progress being made towards the Company's strategic goals in 2020. JBM's transformation through the spin-off from Jacobson Pharma Group to a pure-play self-care consumer-health company has come a long way in just two short years. We sustained a topline revenue growth in 2020 amidst the challenges the pandemic posed, delivered on our financial guidance, reconfigured our portfolio of businesses, and streamlined our operational infrastructure by installing business intelligence capabilities. Operational and financial performance was resilient through the year. Importantly, we are seeing evidence of improved commercial capability and our execution in this area is driving the expansion of our key growth products. Management has also maintained its strong focus on cost control and cash generation.

JBM's capital allocation framework focuses on investing in pipeline development, new product launches, and disciplined business development.

Strengthening the pipeline remains the Company's number one priority. The strategic alliance with Kin Fung Weisen-U Company Limited to extend the sales coverage of Weisen-U in Singapore alongside the launch of Weisen-U Digestive Enzyme via the cross-border e-commerce platform is a meaningful move towards this goal. Further collaboration with Vemedia Shine Limited to represent their Excilor Skin-tag line in Taiwan also presents an opportunity for organic growth of the current business. The Board is also pleased to see the progress being made on cross-border e-commerce in which we are building our competence and capability to strengthen our presence and raise our revenue in the years to come.

"Our People and Culture"

Our people have shown remarkable dedication and resilience throughout the year in unprecedented circumstances. This has included those employees who have worked tirelessly in our manufacturing, logistics and marketing operations throughout the pandemic in a bid to ensure that our proprietary medicines and consumer health & wellness products continued to reach patients and consumers without disruption.

Their efforts have meant that despite the challenges 2020 posed, we are poised to enter 2021 with our pipeline stronger, our commercial execution sharper and our team spirit higher to ensure that we can deliver sustained growth for the Company.

There is much work to be done for us to pursue our strategic priorities and create shareholder value. The Board will continue to support the Company's priorities and ensure that they are executed effectively. In this regard, I want to thank our people and our partners, for without them we would not have gotten this far. We will continue to count on them as we prepare for our exciting future. Last but not least, I would like to thank our shareholders and customers for their trust and support during this unprecedented year.

Sum Kwong Yip, Derek
Chairman

Hong Kong, 29 June 2021

CEO's Statement

2020 has set off with a rough ride. The world was struck largely unprepared by the COVID-19 outbreak. Economic activities have been stalled by the restrictive measures that businesses have learned to adapt to and contend in a new mode. The pace of recovery also varies among countries and the global outlook remains uncertain.

Against the backdrop of the pandemic, we remained steadfast with our resolve to navigate the impact of COVID-19 on our business. Amid the hard-hit retail market, a priority response of our team in overcoming the sales challenge was the contemplation of new channel options and exploration of the e-commerce channel to re-connect with our consumers.

Our management team has responsively tailored our business development strategies to enhance our adaptability and build new strengths within the new competitive setting of businesses that emerged under the pandemic.

Thanks to the robust commitment of our team in delivering the strategies, along with our diversified portfolio of offerings and geographic markets, we managed to sustain a modest overall growth for our branded healthcare business in spite of the overwhelming market challenges.

Solid Performance in Branded Medicines

We have been adopting a multi-channel marketing approach for our branded medicine products to target our consumers effectively. In this regard, our household brand Ho Chai Kung, as a key revenue contributor among our branded medicines, has performed resiliently despite the severely dampened retail market.

Our AIM Atropine 0.01% Eye Drops is the first commercially available atropine with clinical research support in Hong Kong. It has become a well-recognised brand in myopia control for young-aged children among eye care professionals and the public through its collaborative education program with schools and sales penetration efforts. Backed by the solid market demand, AIM Atropine 0.01% Eye Drops has delivered notable sales growth despite hampered by closure measures of clinics and hospitals during the spikes of the COVID-19 outbreak. With its market leadership position, AIM Atropine Eye Drops is well-positioned to cater to the growth potential across targeted markets in Asia and Greater China where we have the exclusive marketing right.

Exploiting Growth Opportunities for Proprietary Chinese Medicines

Traditional Chinese medicine is gaining traction as an effective complement to modern western medication for its holistic healing benefits, especially on common illnesses usually associated with a sedentary lifestyle, stress, and unhealthy eating habits nowadays.

Apart from the household proprietary Chinese medicine brands we hold, such as Po Chai Pills, Shiling Oil, Tong Tai Chung Woodlok Oil and Flying Eagle Woodlok Oil, we have enhanced our portfolio with the addition of the concentrated Chinese medicine granules business to capture its rising demand. Deemed as "the revolution in dosage form of Chinese medicines", CCMG has gained acceptance by its convenience in use since standardised concentrated Chinese medicine granules possess the same degree of curative efficacy, taste, aroma, and flavor as in traditionally-prepared medicinal decoction.

Through our CCMG business, we have also gained access to an extensive network of Chinese medicine practitioners in Hong Kong for unleashing its distribution potential and capitalising on its business opportunities on a synergistic base.

Moreover, with the increasing support from the policy makers for traditional Chinese medicine products and their entry into the Greater Bay Area, we expect great market opportunities will be opened up for traditional Chinese medical practices and products both in Hong Kong and Greater Bay Area.

Tapping Evolving Demands in Health and Wellness

Our health and wellness products comprise supplements, medical consumables, diagnostic devices, and other healthcare products.

The pandemic has brought about a fundamental change in the demand and purchase behavior for healthcare products. Consumers have placed heightened concern on daily personal hygiene and infection prevention, giving rise to a surge in demand for infection control products and immunity support supplements. Also, retail lockdown and social distancing measures have driven shopping from offline to online.

In response to the change, we have actively updated our health and wellness product mix to cater to the evolving demands, such as the focus on diagnostic test kits and services for early detection of health conditions or common diseases and functional supplements for specific health-boosting needs.

In the online sales arena, we have been deploying significant resources for developing our cross-border e-commerce capabilities to tap the massive online consumption in China for overseas healthcare products. We have successfully opened our own JBM Tmall Flagship Store (健倍苗苗大賣場旗艦店) on Tmall Global (天貓國際) and JD-HK Open Platform (京東國際開放平台店鋪) which are directly supported by our own e-commerce team in Shenzhen.

Forward Momentum in Business Development

We are making good headway for our business development. On portfolio enhancement, we will be introducing chronic patient care products to our PRC cross-border e-commerce platform to capture the niche market where competition is sparse. We will also strengthen the pipeline with more home diagnostic products to be launched on the platform, such as the Helicobacter Pylori bacteria test for stomach ulcers and home test for prostate cancer.

On the collaboration front, we have set up strategic joint ventures with reputable partners. They include Kin Fung Weisen-U Company Limited, Tycoon Group, and a renowned PRC state-owned conglomerate, for leveraging our complementing expertise, portfolio, and distribution networks to drive portfolio enhancement and sales penetration in the selected markets in Asia. Also, expanded cooperations with our third-partner brand manufacturing partners in Taiwan and Korea in mutual leveraging of distribution networks are being explored.

Future Prospects

The driving force behind our developments will continue with the commitment of our team to executing our multifaceted growth strategies of which we have outlined in our Business Review.

In the long term, consumers' rising health consciousness is expected to lead to increased healthcare expenditure, particularly on OTC drugs and wellness products such as nutritional supplements. Proprietary Chinese medicines and CCMG products will continue to gain greater popularity. The pandemic has also shifted purchasing behavior increasingly from offline to online, whilst the fast-growing PRC cross-border e-commerce platform is expected to lead to notable growth in demand for healthcare products in China.

Ahead into 2021, we will continue to strengthen our commercial capabilities both offline and online, enrich our portfolio targeting unmet healthcare needs, expand our core market coverage in selected countries in Asia, and fortify our collaboration with strategic partners – to strengthen our position as a key branded healthcare player in the region.

WONG Yat Wai, Patrick
Chief Executive Officer

Hong Kong, 29 June 2021

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.

健倍苗苗
JBM (Healthcare) Limited

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 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 revitalizing the brand positioning of our heritage household brands based on changing demographics and consumer behaviors.

We carried a total of 20 principal brands, including 11 third-party brands and 9 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) and Tong Tai Chung (唐太宗), 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 of Jacobson Pharma

Jacobson Pharma Group has been a leading generic drug company in Hong Kong. As its subsidiary, we are a unique field player with drug expertise and a heritage that continues to foster a corporate culture of prioritizing product efficacy and quality. We attract industry talents with pharmaceutical or medical backgrounds that enable us to identify and secure third-party brands and products with a niche in the market. We believe third-party brand owners and product originators are also more inclined to choose to partner with us because of the reputation and high market standing of Jacobson Pharma Group in the pharmaceutical sector.

We also adhere to the high standard of quality control inherited from a pharmaceutical company with over 30 experienced quality management personnel for 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 our Hong Kong distributor, coupled with our reputation in delivering high quality products and our wide distribution network, have enabled us to generate effective retail penetration and commercialization of our new products.

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.

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

The impact of COVID-19 on Hong Kong and its neighboring economies has been far-reaching, deepening recession at an unprecedented pace since its outbreak at the beginning of 2020 with tourism and consumption-related sectors particularly hard hit. Retail sales of Hong Kong plummeted by a record 24.3% year-on-year for 2020 as the pandemic dampened consumer sentiment and cross-border restrictions kept tourists away. Despite a rebound Gross Domestic Product (GDP) at 7.9% in the first quarter of 2021 led by strong exports, the economic recovery of Hong Kong was uneven with consumer consumption grew only by 1.6% year-on-year in the first quarter, as suppressed by the fourth wave of the local COVID-19 outbreak. In this regard, a meaningful and substantive revival of the local economy appears to be unready at the moment, which will be heavily dependent on the ability and pace for Hong Kong to reach herd immunity through vaccination.

Amid the severe impact on retail consumption, the Group's branded healthcare business, which comprises branded medicines, proprietary Chinese medicines and health and wellness products, posted a total revenue of HK$397.2 million during the Reporting Period, representing a growth of 4.1% over the previous period. Gross profit also increased by 4.3%, totaling HK$198.4 million, whilst profit attributable to equity shareholders amounting to HK$22.6 million, reduced by about 44.9% mainly due to the one-off spin-off listing expenses which amounted to over HK$30 million. If discounted this one-off listing expenditure, such profit should have posted a growth of about 13.3% for the Reporting Period versus the preceding year on a like-for-like basis.

Broad Branded Healthcare Portfolio with Resilient Performance

As a leading branded healthcare operator carrying both OTC proprietary medicines and OTC proprietary Chinese medicines in Hong Kong, we manage a portfolio of well-established own brands and third-party brands. Among the host of over 190 brands, we carry a total of 20 principal brands, including 11 third-party brands and 9 own brands, which consist of heritage household brands such as Po Chai Pills, Ho Chai Kung Tji Thung San and Shiling Oil, alongside 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 Eye Drops of Taiwan.

The resilient performance of the Group's branded healthcare business rests upon its broad and yet targeted product offerings from notable brands in the segments of branded medicines, proprietary Chinese medicines and health and wellness products including health supplements, personal care products and diagnostic kits, which is buttressed by our proven brand management capability and extensive sales and distribution network in Hong Kong with footholds spanning from China, Macau, Taiwan to select countries in Southeast Asia, Europe, North America and the Caribbean Islands.

Branded Medicines

In respect of the branded medicines segment, AIM Atropine Eye Drops delivered a moderate growth of 9.7% despite the disruption by the pandemic on the consultation visits of children to hospitals and ophthalmologists.

As a leading branded healthcare operator in Hong Kong, JBM Healthcare manages a portfolio of well-established brands in consumer healthcare products and proprietary Chinese medicines.

AIM Atropine Eye Drops have taken up a leading position in the market for the control of myopia progression among young-aged children in Hong Kong.

As the exclusive distributor of AIM Atropine Eye Drops in the regional markets of Hong Kong, Macau, Singapore and the Guangdong Province of China, the Group vied for brand leadership by garnering continuous support for children in vision protection and myopia control. We had collaborated with the social enterprise, Hong Kong Health Care Alliance, and a popular optical chain in sponsoring a childcare program named "AI Childhood Myopia Prediction & Examination Program" which applied big data and artificial intelligence technology to help predict myopia progression for high-risk children and provided them with ophthalmic examinations. With encouraging results from the program, we plan to introduce similar service programs into schools to provide vision care and protection for more children.

We also collaborated with the Department of Ophthalmology and Visual Sciences of The Chinese University of Hong Kong in clinical research on "Low-Concentration Atropine for Myopia Prevention Study (LAMP2)" with approved funding from The Innovation and Technology Fund (ITF). One of the primary objectives of this study was to change the clinical paradigm of treatment for myopia progression and prevention.

Driven by our brand building efforts, vision care education program, strong sales penetration and ophthalmologists' recommendations, AIM Atropine Eye Drops have taken up a leading position in the market.

Despite the plummeted retail market due to the pandemic, Ho Chai Kung, our top selling household brands well-recognised in the analgesics OTC category, also demonstrated considerable resilience with a soft decline in sales revenue by 4.2% during the Reporting Period.

Proprietary Chinese Medicines

Sales revenue of the proprietary Chinese medicines segment overall delivered a notable growth of 14.6% to HK$210.9 million for the year ended 31 March 2021, with the consolidation of sales revenue of CCMG products under Orizen Group since our acquisition of a controlling stake in August 2019.

As we sell the majority of our proprietary Chinese medicine products through retail channels, such as major modern trade chain stores, registered pharmacies and drug stores, the COVID-19 outbreak has negatively affected sales because of the deep plunge in retail spending by local consumers and cliff-drop of the number of visitors in Hong Kong since 2020.

However, Po Chai Pills, one of our top selling heritage brands and leader in the gastro-intestinal proprietary Chinese medicine category, managed a soft decline of 3.8% in sales revenue during the Reporting Period. Flying Eagle Woodlok Oil, on the other hand, posted 16.8% growth with the strengthened sales penetration covering more than 30,000 drugstore outlets in China under a newly appointed distributor.

The popularity and consumer acceptance of proprietary Chinese medicines have greatly developed over the years, primarily driven by improved health consciousness and favourable government policies. Furthermore, the CCMG market is projected to undergo fast growth in Hong Kong as a result of increasing customer acceptance, convenience of use, and government initiatives to promote the use of CCMG products.

To promote the inheritance and development of traditional Chinese medicines, national policies under the framework documents "The Opinions of the CPC Central Committee and the State Council on Promoting the Preservation, Innovation and Development of Traditional Chinese Medicine《中共中央國務院關於促進中醫藥傳承創新發展的意見》" and "Construction Plan for Chinese Medicine Highlands in the Guangdong-Hong Kong-Macao Greater Bay Area (2020-2025)《粵港澳大灣區中醫藥高地建設方案 (2020-2025年)》" have been released to strengthen collaboration in the Greater Bay Area to develop Chinese medicine practice and proprietary Chinese medicines. With the increase in research and development support and facilitation of the entry of traditional Chinese medicine products into the Greater Bay Area, we expect great market opportunities will be opened up for traditional Chinese medical practices and products in Hong Kong.

Health and Wellness Products

Our health and wellness products segment comprises supplements, personal care products, medical consumables and diagnostic tools for the general health and wellness of consumers.

Sales revenue generated from our health and wellness products registered a moderate decline of 6.3% during the Reporting Period under the impact of the COVID-19 outbreak.

However, revenue from sales of personal hygiene and infection control products within the segment leaped significantly in response to the surge in demand driven by the COVID-19 outbreak.

The popularity and share of patients of Oncotype DX® Breast Cancer Recurrence Score Test, a diagnostic tool for personalised breast cancer treatment by Exact Sciences Inc. recognised by the National Comprehensive Cancer Network® (NCCN) clinical guidelines to predict adjuvant chemotherapy benefit, continued to grow amongst early stage breast cancer patients. This was bolstered by our public education program and the patient support financial assistance project initiated by the Group in collaboration with the Hong Kong Breast Cancer Foundation.

In spite of the enhanced patient demand, sales of Oncotype DX® Breast Cancer Recurrence Score Test was restrained due to the postponed surgery for patients in most hospitals of Hong Kong under the COVID-19 outbreak, resulting in a 7.4% decrease in revenue during the Reporting Period.

The popularity and share of patients of Oncotype DX® Breast Cancer Recurrence Score Test continued to grow amongst early stage breast cancer patients.

Furthermore, as part of our strategy to further enhance our health and wellness product offerings, we launched the Dr. Freeman® product series, our own brand health and wellness product line, in 2020 in response to the growing market demand for infection control and personal hygiene products.

Continued Enhancement of Competitive Market Position and Platform

Operating 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, we have established our eminent market position as a branded healthcare operator with a proven track record.

Our ability to continuously introduce and commercialise well-established branded healthcare products and manage the brands effectively is key to our success. By deploying a dual-engine approach, we drive our business developments and growth via organic business growth through the sourcing of quality third-party brand products, as well as strategic acquisitions of and investments in synergetic brands.

Through adopting a hybrid of sales and distribution model strategically tailored for different products and geographic markets, we have established an extensive sales and distribution network in Hong Kong, with a geographical reach covering China, Macau, Taiwan and select countries in Southeast Asia, Europe, North America and the Caribbean Islands.

Primed as a unique field player with drug expertise and ethical heritage that prioritises product efficacy and quality to meet consumers' healthcare needs, we have been effectively leveraging on the reputation and market standing of our parent company, Jacobson Pharma, for building strategic collaborations with reputable business partners. Also, our core management team comprises a group of technically seasoned industry veterans with a strong track record and proven execution capabilities. Their technical backgrounds are crucial to the success of our knowledge-driven sourcing methodology in identifying attractive products and acquisition opportunities.

For years, we have been cultivating the regional markets and established solid local distribution networks and collaborative relationships with select partners and product originators, with the commitment to developing a sustainable regional platform in Asia for branded healthcare products.

Strategic Focuses and Business Developments

Expand product offerings and deepen product penetration in China through cross-border e-commerce initiatives

With an increasingly structured and formalised cross-border e-commerce channel supported by favourable government policy development, the PRC cross-border e-commerce market has grown rapidly into one of the country's major sales channels. The gross merchandise volume of the pharmaceutical products e-commerce market in China reached HK$50.5 billion in 2019, representing a compound annual growth rate (CAGR) of 61.1% from 2015, and is forecasted to reach HK$452.2 billion by 2024, according to the market research report prepared by Frost & Sullivan.

Therefore, the ability to gain direct borderless access to sell our select branded healthcare products without additional registration requirements in China will allow us to increase our product penetration to end consumers across all provinces, cities and counties in China and shorten our product launch time.

To tap into the potential of the fast-growing PRC cross-border e-commerce, we have established our self-operated flagship online stores on Tmall Global Marketplace (天貓賣場型旗艦店), and JD-HK Open Platform (京東國際開放平台店鋪) with an expanding offering of more than 40 branded quality healthcare products for Chinese consumers. We have set up our own e-commerce team in Shenzhen providing direct operational support for our online flagship stores.

We have also set up our own operation upstream and have been enlisted as an official supplier to Tmall for its own selling platform. Our B2B (business-to-business) operation also covered other large scale cross-border e-commerce platforms in exploiting the sales potential.

Further expand our portfolio through organic growth and mergers and acquisitions

Our ability to continuously identify products that satisfy changing consumer preferences and expand the variety of quality products we offer is key to maintaining our competitive position and ensuring our future growth and success.

We aim to seek organic growth for our product portfolio through expanding our collaborations with strategic partners, as well as existing third-party brand owners both in terms of product and geographical representation, and sourcing from new third-party brand owners with synergetic products.

For instance, we have set up a joint venture with Kin Fung Weisen-U Company Limited to expand the sales coverage of Weisen-U to ASEAN markets and develop extended product lines under the Weisen-U brand. Near term plans include the launch of Weisen-U in Singapore, along with the launch of the new line extension product Weisen-U Digestive Enzymes via our cross-border e-commerce sales platform in China, followed by markets in Singapore and other ASEAN countries.

Our ability to continuously identify products that satisfy changing consumer preferences is key to maintaining our competitive position and ensuring our future growth and success.

Moreover, the Group has entered into collaboration agreements with Tycoon Group to leverage the complementing expertise and resources of the Group and Tycoon Group in the market of proprietary Chinese medicines, Chinese healthcare and supplement products. Under the strategic co-operations, the Group will develop and manufacture own brand products to cater for market trends and consumer needs, with a newly formed joint venture company between the parties to provide distribution, strategic marketing and sales support for the own-brand products. The own-brand products will be launched in the third quarter of 2021.

In addition, we have added new items, namely Skin Tag, Warts 2-in-1 and Protection Spray, apart from Fungal Nails, to the Excilor portfolio for our exclusive distributorship in the foot care markets of China. We have also been granted the right to market Excilor Skin Tag in Taiwan.

We have also signed an agreement with Atos Medical AB ("**Atos Medical**") of Sweden for the sales and distribution of its laryngectomy neck stoma care medical consumable product via our Tmall cross-border e-commerce platform to direct patients in China. Atos Medical is a world-leading brand of laryngectomy care that captures a niche market in China without considerable competitors. Likewise, we will continue to include more medical consumables to enhance our portfolio of chronic patient care products for our cross-border e-commerce platform in China. At the same time, we have plans to launch more home diagnostic products on the platform, such as the Helicobacter Pylori bacteria test for stomach ulcer in 2021 and prostate-specific antigen (PSA) test for prostate cancer in 2022.

Referring to our proprietary Chinese medicines portfolio, we have enriched our scope to include third-party brand, Angong Niuhuang Wan (安宮牛黃丸) and Ganoderma Spores (靈芝胞子) to capture the high demand of the Chinese market.

Develop a branded healthcare product sourcing and distribution platform in Asia through the integration of our regional resources and foothold

Our long-term goal is to strengthen our geographical reach in selected markets in Asia and Greater China and capture its growing demand for health and wellness products.

We aim to extend our existing collaboration with third-party brand owners in terms of geographical representation to certain strategic locations. Ultimately, we will seek to leverage our track record in those strategic locations to further source and introduce new third-party brand products and eventually develop into a sustainable branded healthcare product sourcing and distribution platform in Asia.

For China, its general health and wellness market is one of the largest constituents of its national economy. Demand for health and wellness products is expected to continue to increase alongside an aging population and a burgeoning middle-class. In addition to increasing our online presence through our cross-border e-commerce initiatives, we have established a joint venture with a renowned PRC state-owned conglomerate ("**JV Partner**") to leverage the sales and distribution network of this JV Partner to increase our product penetration and explore other collaborative opportunities in China.

In Taiwan, we aim to expand our existing collaborative relationship with Taiwan Biotech Company Limited, a Taiwanese pharmaceutical company established in 1945 with a sales and distribution network covering local medical treatment outlets, pharmacies and convenience stores. They are also the holding company for our third-party brand AIM Atropine Eye Drops. The enhanced cooperation between the two companies will not be limited to leveraging their strong sales and distribution network to distribute our select products and increase our brand exposure, but also to expand the sales coverage of AIM Atropine Eye Drops to other countries.

In South Korea, our joint venture partner is a seasoned healthcare company with vertically integrated operations encompassing research and development capabilities, GMP-accredited manufacturing facilities and sales & distribution. We seek to enter into mutually beneficial arrangements to cross-sell comprehensive products from each other. We believe this will enable us to build on their network and establish our product presence in the South Korean health and wellness market, and provide us with valuable resources to identify and secure new products that are synergistic with our existing portfolio and our strategic directions.

Unleash the sales and distribution potential of our Chinese medicine practitioner network

With the incorporation of the CCMG business to our proprietary Chinese medicines segment, we have an extensive network of Chinese medicine practitioners in Hong Kong. According to the market research report prepared by Frost & Sullivan, our own CCMG brand has been a leading brand among Chinese medicine practitioners in Hong Kong in 2019, selling our 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.

We believe our direct access and frequent interaction with Chinese medicine practitioners in Hong Kong enables us to gain specific insights and understanding of their practices, preferences and operational environment, utilising such insights to capture new business opportunities and capitalise on this distribution channel. In particular, we plan to identify suitable branded healthcare product candidates, including select Chinese medicine-based health supplements and other health and wellness products, for the clientele of Chinese medicine practitioners and explore mutually beneficial collaborative opportunities with these practitioners to further unleash the distribution potential of this unique network.

As consumer purchasing behaviour has shifted increasingly away from offline to online, we have been actively deploying efforts and resources to develop our e-commerce channels and implement of our crossborder e-commerce initiatives.

Capitalising on the Trends of Market

The market of branded healthcare products in Hong Kong has increased gradually in recent years as consumers have become more health conscious, along with increased resident income and improved living standard, and ageing population, as well as higher outbound demand driven by the economic growth in China and other regions, according to the market research report prepared by Frost & Sullivan.

Amidst the projected prevalence of branded healthcare products, branded medicines may be used for intermediate self-care treatment, health and wellness products such as home diagnostic kits are expected to negate the need for clinical intervention in a large number of circumstances and proprietary Chinese medicines are no longer limited to disease treatment but also used for daily wellness and disease prophylaxis. The increase in health awareness has therefore widened the consumer base of branded healthcare products to include people of all ages. To cater for the needs of consumers of different ages and differentiate from competitors, product customisation is expected with respect to dosage form, packaging and flavour.

Consumer purchasing behaviour has also increasingly shifted away from offline to online. An increasing number of cross-border e-commerce pilot zones are expected to be set up across China to cater for the strong demand in China for overseas healthcare products, which in turn will lead to a growth in the import market of healthcare products.

As a result, we have been actively deploying efforts and resources to develop our e-commerce channels, including the distribution of products through our own online platform, GoSmart and selected third-party online platforms such as Big Big Shop, MAMA730 and HKTVmall, and the implementation of our cross-border e-commerce initiatives.

Also, an increasing number of dispensaries and chain registered pharmacies along with online merchants and social media have increased the overseas exposure and popularity of Hong Kong branded healthcare products on their channels. Hence, a growing portion of our revenue is expected to generate from outbound sales in the longer run. It is one of our strategies to grow our business through expansion and further penetration in the Asia region.

In particular, overseas consumers are projected to be a major consumption source of proprietary Chinese medicines as a result of government policies in Hong Kong and China in favour of cooperation and expansion of international trade of proprietary Chinese medicines. Meanwhile, an increasing number of overseas consumer healthcare products is also expected to be introduced in Greater Bay Area as a result of its improving regulatory environment, robust purchasing power and high education level.

In the long term, according to the market research report prepared by Frost & Sullivan, consumers' rising health consciousness is expected to lead to increased healthcare expenditure, in particular on OTC drugs and wellness products such as nutritional supplements. Meanwhile, consumer acceptance of proprietary Chinese medicines, including CCMG products, may potentially increase as a result of the extensive attention brought to Chinese medicines due to the PRC government's utilisation of certain proprietary Chinese medicines in the treatment of COVID-19. With the ongoing development of attractions in Hong Kong and the campaigns promoted by the Hong Kong Tourism Board, upon recovery of the tourism industry, Hong Kong is well-positioned to remain an attractive tourist destination for the purchase of branded healthcare products due to their high quality and efficacies.

Remuneration Policy

As at 31 March 2021, the Group had a total of 274 employees. For the Reporting Period, the total staff cost of the Group was HK$74.2 million, compared to HK$67.3 million for the year ended 31 March 2020 because the payroll of PCCH was incorporated into the Group from August 2019. The staff cost of PCCH covered 9 months for financial year 2019/2020 and a full year for financial year 2020/2021.

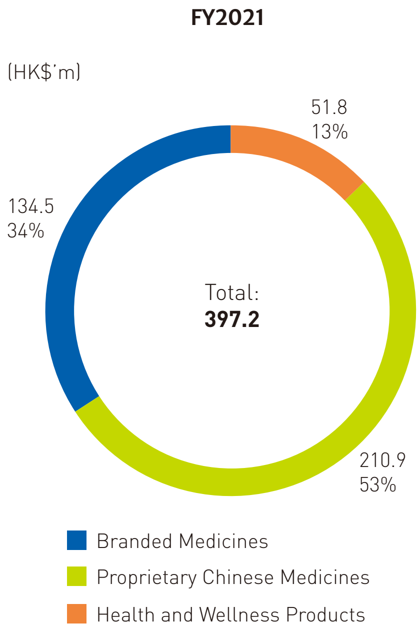
All the employees have signed the standard employment contracts with the Group. Employees' remuneration packages incorporate one or more of the following items: basic salary, sales incentive, productivity-related incentives and discretionary performance bonus. The Group sets out performance attributes for the employees based on their positions and job levels. 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.

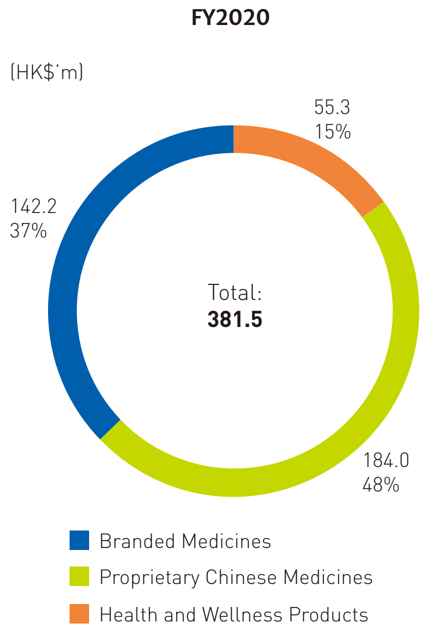
Employees are the most valuable assets to the Group. Therefore, the Group has implemented a comprehensive recruitment procedure for selecting the right candidates, provides competitive compensation and benefit packages to attract and retain talents. The Group also emphasises on training and developing her 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 increase in revenue of HK$15.7 million or 4.1% compared to FY2020 was due to the increase in revenue of HK$26.9 million in the proprietary Chinese medicines segment, partly offset by the decrease of HK$7.7 million in the branded medicines segment and decrease of HK$3.5 million in the health and wellness products segment. The revenue split of the three segments was at the ratio of 53%, 34% and 13%.

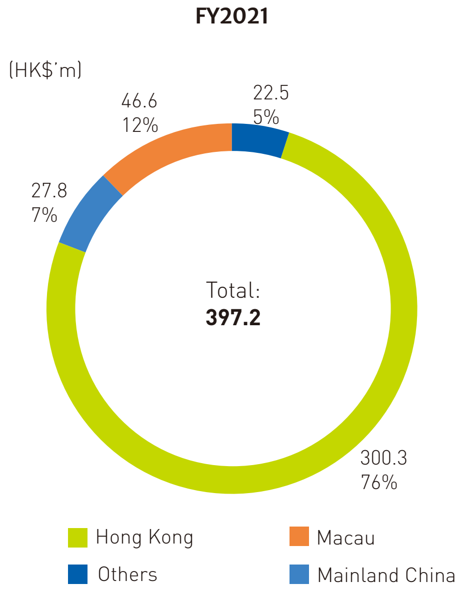
In the proprietary Chinese medicines segment, the increase in revenue mainly resulted from the incremental contribution of Orizen Group, which the Group acquired a controlling stake in August 2019.

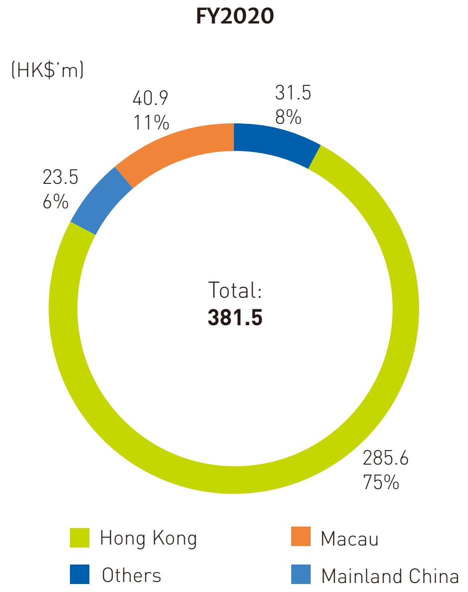
Despite the plummeted retail market due to the COVID-19 pandemic, the branded medicines segment and the health and wellness products segment demonstrated considerable resilience with a soft decline in sales revenue by 5.4% and 6.3% respectively during the Reporting Period.

In the branded medicines segment, AIM Atropine Eye Drops delivered steady growth in high single digit despite the disruption by the pandemic on the consultation visits of children to hospitals and ophthalmologists. Ho Chai Kung Tji Thung San, one of the top-selling products of the Group, also demonstrated solid performance, with a soft decline in revenue only during the Reporting Period.

In the health and wellness products segment, the revenue from personal hygiene and infection control products increased significantly due to the surge in demand driven by the COVID-19 outbreak, which largely offset the negative impact on sales revenue caused by the pandemic.

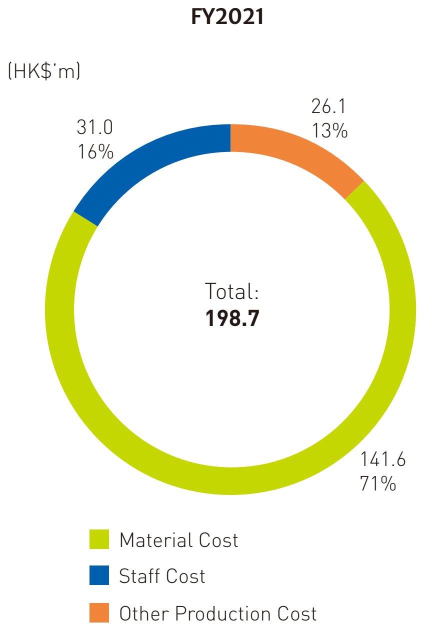
Revenue by Geographic Location

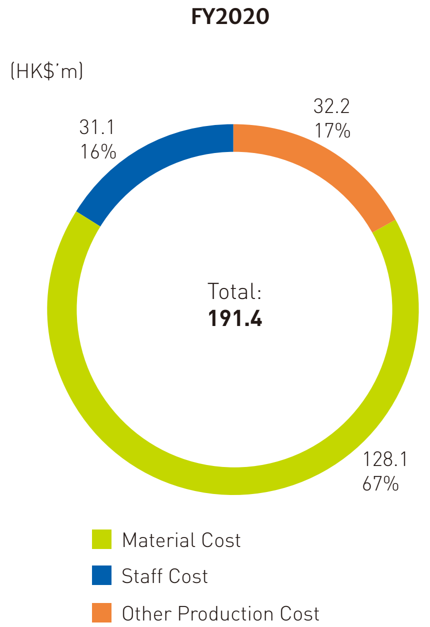




Hong Kong continued to be the major revenue stream, representing 76% of the total revenue with an increase in revenue of HK$14.7 million. The increase is mainly due to the incremental contribution of Orizen Group. The revenue in Mainland China increased by HK$4.3 million, mainly due to the increase in sales of Puji Pills and Flying Eagle Woodlok Oil following the change in distributors during the Reporting Period. The revenue increase in Macau by HK$5.7 million was mainly contributed by the increase in sales of AIM Atropine Eye Drops. The decrease in revenue from other overseas markets by HK$9.0 million was mainly due to the decrease in sales in Singapore and Malaysia.

Cost of Sales

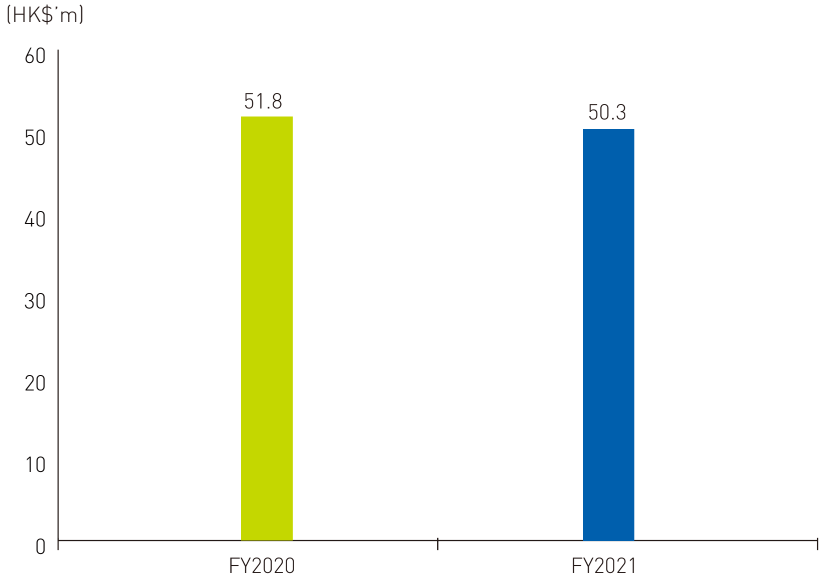




Material cost continued to be the major component which constituted approximately 71% of the total cost of sales. The increase in material cost of HK$13.5 million or 10.5% was in line with the incremental sales contribution of Orizen Group.

The decrease in staff cost of HK$0.1 million or 0.3% and other production cost of HK$6.1 million or 18.9% were mainly attributed to the implementation of optimisation program and cost control measures during the Reporting Period.

Profit from Operations



The profit from operations dropped by HK$1.5 million or 2.9% to HK$50.3 million, which was mainly attributable to the one-off spin-off listing expenses of HK$32.0 million (FY2020: HK$7.2 million), that was compensated partially by the Employment Support Scheme subsidy from the Hong Kong Government and increase in gross profit.

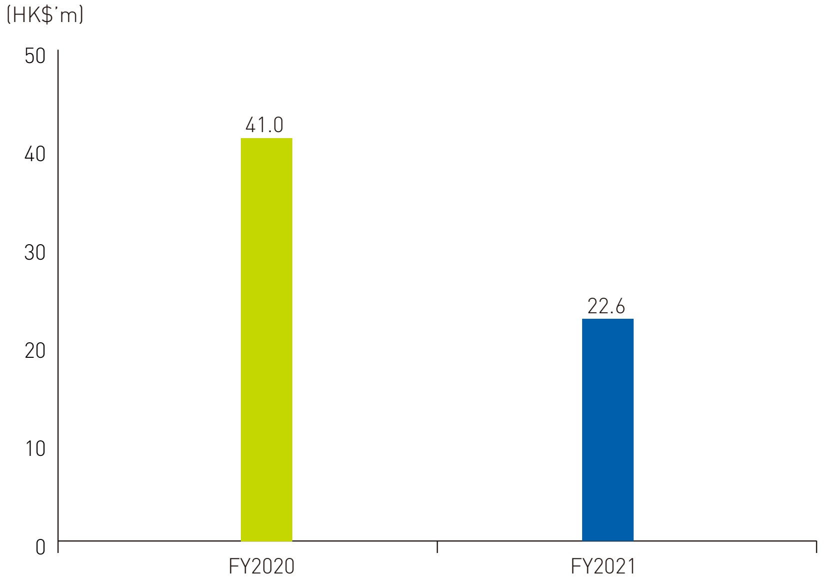
Finance Costs

The increase in finance costs was mainly attributable to a committed banking facility granted and utilised by the Group in November 2020 and interest expenses for an amount due to the immediate holding company, as part of the reorganisation for the spin-off and separate listing of the Company on the Main Board in February 2021.

Income Tax

The increase in income tax and effective tax rate was mainly due to the non-deductible spin-off listing expenses and finance costs that are capital in nature during the Reporting Period, partly compensated by the non-taxable Employment Support Scheme subsidy recognised during the Reporting Period.

Profit Attributable to Equity Shareholders



The decrease in profit attributable to equity shareholders mainly reflected the one-off spin-off listing expenses as well as increase in finance costs and income tax.

Assets

Property, Plant and Equipment

The increase in property, plant and equipment principally reflected the additions of HK$35.5 million, offset partially by the depreciation of HK$24.9 million and disposals of property, plant and equipment with net book value of HK$0.2 million.

Intangible Assets

The decrease in intangible assets was principally attributable to amortisation of HK$18.7 million, partly compensated by the additions of HK$16.4 million mainly arising from the distribution rights of in-licensed health and wellness products.

For goodwill and intangible assets with indefinite useful lives, the recoverable amount is estimated annually and determined on the basis of value-in-use calculation. The value-in-use is determined based on the discounted cash flow forecasts which is prepared by the management. The key assumptions included gross margins and the discount rate applied. The management of the Group believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of cash-generating units of the Group to exceed its recoverable amount.

The estimated recoverable amount of the cash-generating units in proprietary Chinese medicines segment exceeds their carrying amount as at 31 March 2021 by approximately HK$270.1 million (2020: HK$229.9 million) ("**headroom**") and the estimated recoverable amount of the cash-generating unit in branded medicines segment exceeds its carrying amount as at 31 March 2021 by approximately HK$65.1 million (2020: HK$71.5 million).

Inventories

The decrease in inventories by HK$15.8 million or 24.7% mainly reflected the accelerated inventory movement due to an increase in demand for some of our top-selling products.

Cash and Cash Equivalents

Approximately 90.5% of cash and cash equivalents as at 31 March 2021 were denominated in Hong Kong dollars (as at 31 March 2020: 58.1%), while the remaining balance was denominated in Euros, United States dollars, Renminbi and Singapore dollars.

Liabilities

Bank Loans

The carrying amount as at 31 March 2021 was related to a committed banking facility granted to and utilised by the Group since November 2020 (carrying amount as at 31 March 2020: Nil). As at 31 March 2021, the bank loan of the Group was 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**"). There has not been any change to the intended use of the IPO Proceeds or the allocated amount as disclosed in the Prospectus issued by the Company.

The table below sets forth the status of utilisation of the IPO Proceeds as at 31 March 2021 and the expected timeline of the use of the unutilised IPO Proceeds:

Use of IPO Proceeds as set out in the Prospectus	Proposed application HK$'000	As at 31 March 2021 Actual utilised amount HK$'000	 Unutilised amount HK$'000	Expected timeline for utilising the remaining IPO proceeds
Portfolio development and brand management of proprietary Chinese medicines	5,000	741	4,259	On or before 31 March 2022
Payments for obtaining additional distribution rights from third-party brand owners	4,523	–	4,523	On or before 31 March 2022
General working capital	1,000	1,000	–	N/A
Total	10,523	1,741	8,782	

The Group intends to apply the remaining IPO Proceeds according to the plans disclosed in the Prospectus as shown above.

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 borrowings.

Charge on Group Assets

The carrying value of assets pledged against bank loans was HK$79.0 million as at 31 March 2021. As at 31 March 2020, HK$81.6 million assets were pledged against banking facilities shared with certain fellow subsidiaries and an intermediate holding company of the Group. Such banking facilities were terminated in November 2020 and the related pledged assets were released.

Net Gearing Ratio

The net gearing ratio of the Group (bank loans and interest-bearing amount due to the immediate holding company less cash and cash equivalents, divided by total equity multiplied by 100%) decreased from 51.4% as at 31 March 2020 to 14.9% as at 31 March 2021. The decrease in net gearing ratio was attributable to cash generated from operations and proceeds from shares issued under initial public offering ("**IPO**") in February 2021 and the fund raised through the issuance of new shares to the pre-IPO investors in July 2020.

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 31 March 2021, the Group did not have any significant contingent liabilities.

Non-Adjusting Events After the Reporting Period

On 8 April 2021, the Group and Tycoon Group have entered into a joint venture agreement for the establishment of a company, which is owned as to 50% by the Group and 50% by Tycoon Group which will be jointly controlled by the two groups. Aiming at leveraging the Group's strong capabilities in product development and manufacturing with Tycoon Group's expertise of the market, the joint venture company is formed for strategic co-operations in the development and manufacture of own-brand products by the Group to cater for market trends and consumer needs, as well as to provide distribution, strategic marketing and sales support for the own-brand products.

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 year ended 31 March 2021. The Group had no significant investments held during the Reporting Period.

Corporate Governance Report

Corporate Governance Practices

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.

For the year ended 31 March 2021, the Company has complied with all the code provisions of the CG Code and adopted most of the best practices set out therein.

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. Having made specific enquiry with the Directors, all Directors confirmed that they have complied with the required standard as set out in the Model Code during the period from the Listing Date to 31 March 2021.

The Company has also established written guidelines, the Code for Securities Transactions by Employees (the "**Employees Code**"), with terms no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Code by the employees was noted by the Company during the period from the Listing Date to 31 March 2021.

Board of Directors

The Board oversees the Group's businesses, strategic decisions and performance and should take decisions objectively in the best interests of the Company.

The Board regularly reviews the contribution required from a Director to perform his responsibilities to the Company, and whether the Director is spending sufficient time performing them.

Board Composition

The Board currently comprises eight Directors, consisting of two executive Directors, three non-executive Directors and three independent non-executive Directors.

The Board currently comprises the following Directors:

Executive Directors

Mr. Wong Yat Wai, Patrick *(Chief Executive Officer)*
Dr. Chu Ka Wing

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

The biographical information of the Directors are set out in the section headed "Directors' Biographies" of this annual report.

To the best knowledge of the Company, there is no other financial, business or family relationship among the members of the Board.

Chairman and Chief Executive Officer

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

The positions of Chairman and the chief executive officer are held by Mr. Sum Kwong Yip, Derek and Mr. Wong Yat Wai, Patrick respectively. The chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The chief executive officer focuses on the Company's business development and daily management and operations generally.

Independent Non-Executive Directors

During the period from the Listing Date to 31 March 2021, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors, representing at least one-third of the Board, with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Appointment and Re-Election of Directors

The non-executive Directors (including independent non-executive Directors) of the Company are appointed for a specific term of three years, subject to renewal after the expiry of the then current term.

The Company's articles of association provides that all Directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment and all Directors appointed as an addition to the Board shall be subject to election by shareholders at the first annual general meeting of the Company after appointment.

Under the articles of association of the Company, at each annual general meeting, one-third of the Directors for the time being, or if their number is not three or a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. The retiring Directors shall be eligible for re-election.

In accordance with the Company's articles of association, all the existing Directors shall retire and being eligible, have offered themselves to be re-elected and re-appointed at the forthcoming annual general meeting of the Company.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company and is collectively responsible for management and operations of the Company.

The Board oversees the Company's strategic development and determines the objectives, strategies and policies of the Group. The Board also monitors and controls operating and financial performance and sets appropriate policies for risk management in pursuit of the Group's strategic objectives. The Board will also be responsible for the formulation of the corporate governance policies of the Group.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company.

The Board delegates the implementation of strategies and day-to-day operation of the Group to the management. The management shall exercise all of the powers, authorities and discretions of the Board in so far as they concern the management and day-to-day operation of the Group in accordance with such policies and directions as the Board may from time to time determine with the exception of matters mentioned above which require the prior approval of the Board.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received formal, comprehensive and tailored induction to ensure appropriate understanding of the business and operations of the Company and has full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Regular updates and briefings for Directors would be arranged and reading materials on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended 31 March 2021, all Directors have participated in a training session conducted by the legal adviser of the Company as to Hong Kong law, on directors' duties, responsibilities and obligations under the Listing Rules and the SFO. The Directors have also attended seminars organised by external professional parties on different topics, including review of environmental, social and governance practices of the Group and economics substance requirements.

All Directors have provided the Company with a record of the training they received during the Reporting Period and such records were maintained by the Company.

During the Reporting Period, all Directors pursued continuous professional development and relevant details are set out below:

Directors	Type of Training
Executive Directors	
Mr. Wong Yat Wai, Patrick	A, B
Dr. Chu Ka Wing	A, B
Non-Executive Directors	
Mr. Sum Kwong Yip, Derek	A, B
Mr. Yim Chun Leung	A, B
Mr. Yeung Kwok Chun, Harry	A, B
Independent Non-Executive Directors	
Mr. Chan Kam Chiu, Simon	A, B
Mr. Luk Ting Lung, Alan	A
Mr. Lau Shut Lee, Tony	A

Remarks:

A – Attending seminars/conferences/forums
B – Reading journals/updates/articles/materials

Board Committees

The Board has established committees, namely, the Audit Committee, Remuneration Committee, Nomination Committee and Award Committee, for overseeing particular aspects of the Company's affairs. All these committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, Remuneration Committee and Nomination Committee are posted on the websites of the Company and the Stock Exchange, and are available to shareholders upon request.

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 with Mr. Chan Kam Chiu, Simon who possesses the professional qualification and accounting expertise in compliance with the requirements under Rules 3.10(2) and 3.21 of the Listing Rules.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code.

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. The Audit Committee is provided with sufficient resources to discharge its duties and it can seek independent professional advice according to the Company's policy if considered necessary. The major roles and functions of the Audit Committee are included in its terms of reference, which are available on the respective websites of the Stock Exchange and the Company.

As the Company has just been listed on 5 February 2021, only one meeting of the Audit Committee was held during the period from the Listing Date to 31 March 2021. Up to the date of this annual report, a meeting of the Audit Committee was also held on 29 June 2021.

The Audit Committee performed the works as summarised below:

(i) reviewed the auditing progress and planning for the year ended 31 March 2021;

(ii) reviewed and approved the engagement of external consultant for internal audit function and regular review on risk management and internal controls;

(iii) evaluated and assessed the effectiveness of the Audit Committee and the adequacy of its terms of reference; and

(iv) reviewed and recommended to the Board various corporate governance policies and procedures for consideration and adoption.

Up to the date of this annual report, the Audit Committee also met the external auditor once without the presence of the executive Directors.

Remuneration Committee

The Remuneration Committee currently consists of four members including three independent non-executive Directors, namely Mr. Luk Ting Lung, Alan (chairman of the Remuneration Committee), Mr. Chan Kam Chiu, Simon and Mr. Lau Shut Lee, Tony and one non-executive Director namely Mr. Yim Chun Leung.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code.

The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of all Directors and senior management with reference to the prevailing market benchmark as well as his roles and duties with the Group, the remuneration policy and structure for all Directors and senior management and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his associates will participate in deciding his own remuneration.

During the period from the Listing Date to 31 March 2021, one meeting of the Remuneration Committee was held to review the remuneration of the non-executive Directors, evaluate and assess the effectiveness of the Remuneration Committee and the adequacy of its terms of reference.

Details of the remuneration of the Directors are set out in note 6 to the consolidated financial statements. The emoluments of the Directors by band for the year ended 31 March 2021 is set out below:

In the band of	Number of individuals
Nil to HK$1,000,000	6
HK$1,000,001 to HK$2,000,000	1
HK$2,000,001 to HK$3,000,000	1

Nomination Committee

The Nomination Committee currently consists of four members, including one non-executive Director namely Mr. Sum Kwong Yip, Derek (chairman of the Nomination Committee) and three independent non-executive Directors namely Mr. Chan Kam Chiu, Simon, Mr. Luk Ting Lung, Alan and Mr. Lau Shut Lee, Tony.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code.

The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board diversity policy (the "**Board Diversity Policy**"), including but not limited to skills, experience and diversity of perspectives that are required to support the execution of its business strategy and to maximise the Board's effectiveness. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would refer to the policy adopted by the Company for selection of directors (the "**Director Nomination Policy**") and consider candidates against objective criteria, such as candidate's character, integrity, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

The Nomination Committee has been taking opportunities to increase female representation on our Board when selecting and making recommendation on suitable candidates for Board appointments. It aims to identify and recommend at least one suitable female candidate for the Board's consideration within one year of Listing.

One meeting of the Nomination Committee was held during the period from the Listing Date to 31 March 2021 to review the structure, size and composition of the Board, the Board Diversity Policy and Director Nomination Policy. In addition, the Nomination Committee also evaluated and assessed the effectiveness of the Nomination Committee and the adequacy of its terms of reference.

Award Committee

The Award Committee was established under the Board on 18 January 2021. As at the date of this annual report, the Award Committee consists of three members including one non-executive Director, namely Mr. Sum Kwong Yip, Derek (chairman of the Award Committee) and two executive Directors namely Mr. Wong Yat Wai, Patrick and Dr. Chu Ka Wing.

The primary function of the Award Committee is to administer the Share Award Scheme adopted by the Company on 18 January 2021 (the "**Adoption Date**") and shall be valid and effective for a period of ten (10) years commencing from the Adoption Date.

No meeting of the Award Committee was held during the period from the Listing Date to 31 March 2021.

Board Diversity Policy

The Board Diversity Policy was adopted by the Company on 18 January 2021. The Company is committed to equality of opportunity in all aspects of its business and does not discriminate on the grounds of race, gender, disability, nationality, religious or philosophical belief, age, sexual orientation, family status or any other factor so as to enable the Company to serve its shareholders and other stakeholders going forward.

The Company would enhance the effectiveness of the Board by maintaining the highest standards of corporate governance and recognising and embracing the benefits of diversity in the boardroom. The Company sees diversity as a wide concept and believes that a diversity of perspectives can be achieved through consideration of a number of factors mentioned above. In forming its perspectives on diversity, the Company will also take into account factors based on its own business model and specific needs from time to time.

The Board endeavors to ensure that its Board has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy and to maximise the Board's effectiveness.

Board appointments will continue to be made on a merit basis and candidates will be considered against objective criteria, with due regard for the benefits of diversity on the Board.

The Board will review the Board Diversity Policy on a regular basis to ensure its continued effectiveness and disclose any measurable objectives it has set in this regard, if any.

During the Reporting Period, the Board reviewed and confirmed the effectiveness of the Board Diversity Policy.

Director Nomination Policy

The Director Nomination Policy was adopted by the Company pursuant to the Board resolutions passed on 18 January 2021.

A summary of the Director Nomination Policy is set out below.

Criteria Adopted for Selection and Recommendation for Directorship

In evaluating and selecting any candidate for directorship, the following criteria should be considered:

- Character and integrity.
- Qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy that are relevant to the Company's business and corporate strategy.
- Any measurable objectives adopted for achieving diversity on the Board.
- Requirement for the Board to have independent directors in accordance with the Hong Kong Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules.
- Any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity.
- Willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company.
- Such other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning.

Director Nomination Policy (Continued)

Nomination Process

(a) Appointment of New Director

(i) The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

(ii) If the process yields one or more desirable candidates, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).

(iii) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.

(iv) For any person that is nominated by a shareholder for election as a director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Where appropriate, the Nomination Committee and/or the Board should make recommendation to shareholders in respect of the proposed election of director at the general meeting.

(b) Re-election of Director at General Meeting

(i) The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring director and the level of participation and performance on the Board.

(ii) The Nomination Committee and/or the Board should also review and determine whether the retiring director continues to meet the criteria as set out above.

(iii) The Nomination Committee and/or the Board should then make recommendation to shareholders in respect of the proposed re-election of director at the general meeting.

Where the Board proposes a resolution to elect or re-elect a candidate as director at the general meeting, the relevant information of the candidate will be disclosed in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

As delegated by the Board, the Nomination Committee will, in addition to conducting regular review on the structure, size and composition of the Board, conduct regular review on the Director Nomination Policy and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and business needs.

Dividend Policy

Apart from compliance with the applicable legal requirements, a dividend policy (the "**Dividend Policy**") was adopted by the Company on 18 January 2021, which sets out the guidelines for the Board to determine whether to pay a dividend and the level of such dividend to be paid. In general, it is the policy of the Company to share with its shareholders in the Company's profits with reasonably stable and consistent dividends whilst retaining adequate reserves and financial resources for future growth drivers such as mergers and acquisitions activities. The Board may propose to declare interim, final and special dividends. The policy also contains a number of factors for which the Board has to consider in determining the frequency, amount and form of any dividend in any financial year/period.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and the CG Code, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report during the Reporting Period.

Board Meetings

Attendance Record of Directors and Committee Members

Code provision A.1.1 of the CG Code provides that regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors.

During the period from the Listing Date to 31 March 2021, the Board has held one meeting. After listing on the Stock Exchange, the Company has adopted the practice of holding Board meetings regularly for at least four times a year at approximately quarterly intervals to discuss overall strategy as well as operations and financial performance of the Group.

The attendance record of each Director at the Board meetings and Board Committee meetings of the Company held during the period from the Listing Date to 31 March 2021 is set out in the table below:

	Attendance/Number of Meetings					
Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	Award Committee[(1)]	Annual General Meeting[(2)]
Mr. Sum Kwong Yip, Derek *(Chairman)*	1/1	N/A	N/A	1/1	0	N/A
Mr. Wong Yat Wai, Patrick	1/1	N/A	N/A	N/A	0	N/A
Dr. Chu Ka Wing	1/1	N/A	N/A	N/A	0	N/A
Mr. Yim Chun Leung	1/1	N/A	1/1	N/A	N/A	N/A
Mr. Yeung Kwok Chun, Harry	1/1	N/A	N/A	N/A	N/A	N/A
Mr. Chan Kam Chiu, Simon	1/1	1/1	1/1	1/1	N/A	N/A
Mr. Luk Ting Lung, Alan	1/1	1/1	1/1	1/1	N/A	N/A
Mr. Lau Shut Lee, Tony	1/1	1/1	1/1	1/1	N/A	N/A

Notes:

(1) No meeting of Award Committee was held for the period from the Listing Date to 31 March 2021.

(2) The Company was incorporated on 7 January 2020. No annual general meeting was held from the date of incorporation up to date of this annual report.

Accountability and Audit

Financial Reporting

The Directors acknowledged their responsibility for preparing, with the support from the finance department of the Company, the consolidated financial statements of the Group. In preparing the consolidated financial statements for the year ended 31 March 2021, the accounting principles generally accepted in Hong Kong have been adopted and the requirements of the Hong Kong Financial Reporting Standards (which also include Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance have been complied with. The Directors believe that they have selected suitable accounting policies and applied them consistently, and made judgements and estimates that are prudent and reasonable and ensure the consolidated financial statements are prepared on a going concern basis.

The Directors were not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The reporting responsibilities of the Company's external auditor, Messrs. KPMG, are set out in the Independent Auditor's Report on pages 69 to 72 of this annual report.

Risk Management and Internal Control

I. Risk Governance Structure

The Group's risk management framework is guided by the "Three Lines of Defense" model as shown below:

Board of Directors

The Board has overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic business objectives, and ensuring the Group establishes and maintains appropriate and effective risk management and internal controls systems.

The Board acknowledged its responsibility for the risk management and internal control systems and reviewed their effectiveness.

Risk Management Function

The Risk Management Function, comprising both the chief operating officer and senior finance manager, is responsible for overseeing the Group's overall risk management framework and to advise the Audit Committee and the Board on the Group's risk-related matters.

First Line of Defense

At the first line of defense, operating subsidiaries of the Group, as the risk owners, are responsible for identifying, assessing and monitoring risks associated with each business operation.

Second Line of Defense

The Risk Management Function, as the second line of defense, is responsible for assessing relevant risks and carrying out necessary control activities, exercising appropriate supervision to ensure the effectiveness and efficiency of control over activities within and between different departments, and assessing and presenting regular reports to the Audit Committee.

Third Line of Defense

As the third line of defense, the Internal Audit (which was outsourced to external consultants) performs internal audit work on annual basis and ensures that the first and second lines of defense are effective. It provides independent assurance to the Audit Committee and the Board on the adequacy and effectiveness of internal controls for the Group.

Risk Management and Internal Control (Continued)

II. Risk Management Process

During the period from the Listing Date to 31 March 2021, the Group uses a blended top-down and bottom-up approach for identifying risks. Sources of risk, areas of impact, events and their potential consequences are identified. A risk universe has been created to ensure the entire spectrum risks are captured. The identified risks are categorised into Financial, Operational, Reputation, Legal and Regulatory and People.

The Group uses a 5-by-5 risk matrix (heat map) to assess risks. The risk rating is scored in terms of the consequence and likelihood of occurrence. Risks are rated according to their residual risk levels. Residual risk levels refer to the scoring of risks which exist, taking into account all existing controls. The result from the risk analysis is evaluated to determine whether or not identified risks are within predefined risk appetite and tolerance levels.

Based on the risk evaluation, risks are transferred, eliminated or effectively controlled through proposed risk mitigation measures. Each proposed risk mitigation measure has a designated risk owner and an expected completion date assigned to ensure accountability for risk mitigation, which is documented in the top risk records of the Group.

III. Risk Monitoring and Reporting

We highlighted below the reporting channel and frequency of our key risk reporting activities:

Bottom-up reporting: From risk owner to Risk Management Function

- Any significant risks identified from operating subsidiaries (semi-annually)
- The remediation status of the proposed risk mitigation measure documented in the top risk records (semi-annually)
- Any risks that exceed the risk appetite of the Group (real time)

From the Risk Management Function to the Audit Committee and the Board

- The remediation status of top risks (semi-annually)
- Any updates to the risk universe (semi-annually)
- Update of risk management policy, including risk assessment criteria (annually)
- Top risk identification including top risk dashboard, risk universe and top risk records (annually)
- Any risks that exceed the risk appetite of the Group (real time)

IV. Annual Confirmation

The Group's risk management and internal control systems are designed to provide reasonable, but not absolute assurance against material misstatement or loss; to manage rather than completely eliminate the risk of failure to achieve business objectives. It has a key role in the management of risks that are significant to the fulfilment of business objectives. The Board, through the Audit Committee and with the assistance of the Company's external consultants, conducted risk management and internal control reviews of the business operations for the year ended 31 March 2021 and considered them to be effective and adequate. The management has provided a confirmation to the Audit Committee (and the Board) on the effectiveness of these systems for the Reporting Period.

Internal Audit

The internal audit function plays an important role in providing independent appraisal and assurance to the Audit Committee (acting on behalf of the Board) that sound risk management and internal control systems are maintained and operated by the management.

Through Internal Audit Report, significant risks or internal control issues were discussed and addressed to the Audit Committee and the Board. The internal control issues raised in the Internal Audit Report would be addressed and managed promptly by the management, and the Audit Committee and the Board are satisfied that there are adequate risk management and internal control systems in the Company.

Handling and Dissemination of Inside Information

The Company adopted the latest Guidelines on Disclosure of Inside Information issued by Securities and Future Commission on 9 March 2021 for handling and disseminating the inside information of the Company in compliance with the requirements under Part XIVA of the Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong) and the Listing Rules. The policy regulates the handling and dissemination of inside information, which includes:

- designated reporting channel from relevant officers in possession of potential inside information informing such information to the designated persons;
- designated persons to assess the potential inside information and provide advice, and where appropriate, to escalate such information for the attention of the Board to resolve on further actions complying with applicable laws and regulations; and
- restrictive access to inside information to a limited number of employees on a need-to-know basis.

Auditor's Remuneration

The remuneration paid/payable to the external auditor of the Company, Messrs. KPMG, in respect of audit services and non-audit services for the year ended 31 March 2021 were HK$5,960,000 and HK$1,355,000 respectively. The non-audit services for the year ended 31 March 2021 mainly consisted of tax consultancy services, other reporting services and advisory services.

Shareholders' Rights

The Company engages with shareholders through various communication channels and a shareholders' communication policy is in place to ensure that shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

To safeguard shareholders' interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director.

All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Procedures for Shareholders to Convene and to Put Forward Proposals at an Extraordinary General Meeting

Article 58 of the Company's articles of association provides that any one or more duly registered shareholder(s) of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Note: Any such written requisition from the shareholders should be marked "Shareholders' Communication" on the envelope.

Procedures for Shareholders to Propose a Person for Election as Director

Shareholders may propose a person for election as Director. For detailed procedures, please refer to the section "Corporate Governance" under "Investor Relations" on the Company's website.

Procedures for Shareholders to Put Forward Enquiries to the Board

For putting forward any enquiries to the Board, shareholders may send written enquiries to the Company and the Company has an investor relation function to attend to enquiries from the shareholders.

Constitutional Documents

The amended and restated memorandum and articles of association of the Company was adopted pursuant to written resolutions of the shareholders of the Company passed on 18 January 2021 with effect from the listing of shares of the Company on the Stock Exchange on the Listing Date. During the period from the Listing Date to 31 March 2021, there had been no change in the Company's constitutional documents.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address:	Unit 2303-07, 23/F Tower 1, Millennium City 1 388 Kwun Tong Road Kwun Tong, Kowloon Hong Kong
Telephone no.:	(+852) 2267 2178
Email:	enquiry@jbmhealthcare.com.hk
Attention:	Strategic Public Relations Group/Company Secretary

The Company will not normally deal with verbal or anonymous enquiries. For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full names, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Contact Details (Continued)

Communication with Shareholders and Investors

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavors to maintain an on-going dialogue with shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, directors (or their delegates as appropriate) are available to meet shareholders and answer their enquiries. Auditor of the Company is also invited to attend the Company's annual general meeting pursuant to code provision E.1.2.

During the period from the Listing Date to 31 March 2021, the Company has not made any changes to its articles of association. The Company's articles of association is available on the Company's website (http://www.jbmhealthcare.com.hk) and the Stock Exchange's website (http://www.hkex.com.hk).

Company Secretary

The company secretary is an employee of the Group and reports directly to the Chairman and chief executive officer. The Board approves the selection, appointment or dismissal of the company secretary. All Directors have access to the advice and services of the company secretary.

During the Reporting Period, the company secretary undertook the requisite professional training.

Environmental, Social and Governance Report

About This Report

About JBM

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. 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 over-the-counter proprietary Chinese medicines and 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.

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.

Reporting Framework

This environmental, social and governance report (the "**ESG Report**") is prepared by JBM (Healthcare) Limited and together with its subsidiaries in compliance with the ESG Reporting Guide under Appendix 27 of the Listing Rules, meeting the "comply or explain" provision of the ESG Reporting Guide. This report summarises the initiatives, quantitative data, and approaches that the Group undertakes to manage its material environmental, social and governance ("**ESG**") issues, as well as discloses environmental quantitative information related to its sustainability performance and involvement which aims to provide the transparency and accountability of the Group's actions to stakeholders.

An index that cross-reference the disclosures set out in the ESG Reporting Guide and the relevant information contained in the ESG Report is provided in Appendix A.

Reporting Period

This report covers JBM's ESG management approach and performance for the period from 1 April 2020 to 31 March 2021.

Scope of this Report

The scope of this report primarily covers our core business and includes the offices and its manufacturing facilities located in Hong Kong. These manufacturing facilities comprise a PIC/S GMP-accredited manufacturing facility for the production of our Ho Chai Kung branded products, two GMP-accredited manufacturing facilities mainly for the production of Po Chai Pills and Flying Eagle Woodlok Oil, and other manufacturing facilities primarily used for the production of certain other proprietary Chinese medicines.

Endorsement and Approval

The Board is responsible for overseeing the statutory compliance, stakeholder engagement, ESG performance and risk management. The ESG Report was approved by the Board on 29 June 2021.

Feedback for this Report

We value your feedback as we set the direction for our development and seek to address your concerns wherever possible. Comments and suggestions regarding the Group's ESG performance are also welcome and can be sent to the Company Secretary. Feedback on the ESG Report could also be submitted online at https://www.jbmhealthcare.com.hk/contact.html.

Environmental Protection

JBM strictly follows the local laws and regulations on environmental protection. We are committed to reducing the environmental impacts through proper management. We operate manufacturing facilities for the production of certain of our branded medicines and proprietary Chinese medicines, which are subjected to various environmental regulations in Hong Kong. These include regulations concerning the discharge of effluent water and general waste and the controlled use, storage, handling and disposal of hazardous materials and chemicals.

The Group strives to minimise its environmental emissions and resource consumptions by adopting environmental friendly measures in its business operations where practicable. We have incorporated an environmental policy that provide guidance on energy saving and promotion for waste reduction and recycling.

During the Reporting Period, the Group was neither involved in any significant regulatory non-compliance related to applicable environmental laws and regulations, nor was it involved in any material environmental claims, lawsuits, penalties or administrative sanctions.

Emissions

Greenhouse Gas Emissions

The use of diesel vehicles, the consumption of town gas and electricity, and water usage and treatment during the production process had all generated Greenhouse Gases (GHGs) either directly or indirectly. The types of GHG emissions in CO_2 equivalent emissions (“**CO_2e**”) unit during the Reporting Period were as below[1]:

Types of GHG emissions	Emission volume (tCO_2e)	Intensity[2] ($kgCO_2e$/HKD)
Direct emissions (Scope 1)		
Self-owned vehicles	7	0.00002
Energy indirect emissions (Scope 2)		
Purchased electricity	1,959	0.005
Other indirect emissions (Scope 3)		
Fresh water & sewage treatment	23	0.00006
Total emissions	1,989	0.005

Use of Energy

JBM advocates the philosophy of environmental protection and energy conservation in our business and operations. We strive to cultivate an awareness among our employees so that we can reduce energy use and the associated costs in our daily operations. In office, employees are encouraged to turn off their computers and monitors after working hours. Our printers are switched into energy-saving mode automatically when not in use to reduce energy usage. Across its premises, the Group has placed green tips at prominent locations to remind staff members to turn off lights, air-conditioning and all electrical appliances when not in use and to set room temperature at 25°C.

The major energy source JBM relies on for production is electricity. The Group’s clean rooms are under stringent and continual temperature and humidity controls, which are the most energy-intensive aspect among its facilities. JBM has adopted various strategies in energy conservation. For example, in some of the manufacturing sites, we adjust the temperature set points and damper controls on the air-side systems, install monitoring devices to keep track of electricity consumption, and collect data on different ESG aspects for analysis.

1 The GHG emissions are calculated according to “Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purpose) in Hong Kong (2010 edition)” compiled by the Electrical and Mechanical Services Department and the Environmental Protection Department of Hong Kong.

2 Intensity figures are calculated using the Group’s revenue of HKD397.2 million in FY2021.

Environmental Protection (Continued)

Use of Energy (Continued)

Other energy consumption includes fuel used in the diesel vehicles of JBM's in-house logistic team that distributes its products to various locations, including but not limited to retail outlets and trading companies in Hong Kong. The vehicles used by JBM are mostly EURO V diesel trucks. Compared to other types of truck, the EURO V diesel trucks enhance the efficiency of fuel consumption and reduce greenhouse gas emissions. In addition, the Group also implements best routing practices by identifying the most efficient routes for delivery to minimise fuel consumption and delivery time. We believe that good routing practices can save fuel costs, reduce labour overtime, and minimise manpower and resources.

Use of Energy[3]	Unit	FY2021
Use of electricity	kWh	3,436,094
Intensity of electricity use	kWh/HKD	0.009
Use of fuel (diesel)	Litre	2,608
Intensity of fuel (diesel) use	Litre/HKD	0.000007

Water Resource Management

We endeavour to conserve water and use water responsibly throughout our operations. Water is an essential element in JBM's production process and its quality is critical. Water is used widely during the production such as formulation, rinsing, sanitizing and cleaning. JBM has stringent requirements on water quality and purify water using water purification system. We maintain monitoring system to ensure the quality of water meet with relevant standards. JBM has not encountered any issue in the sourcing of water that is fit for purpose. In addition, we have various monitoring devices alongside to ensure the rigorous water quality requirement is met. In the future, we will continue to practise water conservation measures to reduce water wastage.

The Group has complied with laws and regulations related to water discharge which include the Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong). Wastewater produced at its production facilities in Hong Kong is discharged into designated sewage network pipelines operated by the Drainage Services Department.

Water consumption[4]	Unit	FY2021
Use of water	m^3	36,360
Intensity of water use	m^3/HKD	0.00009

Waste Management

Waste from the Production Process

In the course of manufacturing, our collection and disposal of chemical waste is regulated by laws and regulations such as the Hong Kong's Waste Disposal Ordinance (Chapter 354), Waste Disposal (Chemical Waste) (General) Regulation (Chapter 354C), Dangerous Goods Ordinance (Cap. 295) and Public Cleansing and Prevention of Nuisances Regulation related to the disposal of hazardous waste. Majority of waste generated were from the production and preparation of pharmaceutical products, as well as waste drugs and a small amount of chemical wastes generated from the quality control testing of pharmaceutical products. The procedures for proper handling, storage and recording of hazardous wastes on-site is detailed in the standard operating procedures (SOPs) of our Goods Destruction policy, which is implemented throughout the manufacturing process.

To avoid hazard and protect the health and safety of our employees, all hazardous waste are required to be disposed of, collected and stored in safe isolated areas which have restricted access and only authorised persons are allowed to enter. Those designated personnel handling waste are also equipped with mask and gloves. The quality assurance department of each business unit is responsible for the handling and disposal of hazardous wastes of its business unit. When a reasonable amount of waste has been accumulated, licensed waste collectors are appointed (as appropriate) for its collection, treatment and disposal. In addition, for any 'Part A' chemical wastes including waste types like Dangerous Drugs, Poison (Part 1) and Antibiotics, a checklist of waste to be disposed of and a notification under Section 17 for 'Part A' chemical wastes shall be filed and endorsed by the Environmental Protection Department (EPD) according to the Waste Disposal Ordinance (Chapter 354) prior to the disposal by the licensed waste collectors.

[3] Intensity figures are calculated using the Group's revenue of HKD397.2 million in FY2021.
[4] Intensity figures are calculated using the Group's revenue of HKD397.2 million in FY2021.

Environmental Protection (Continued)

Waste Management (Continued)

Waste from the Production Process (Continued)

During the Reporting Period, all of our general waste and chemical waste generated during our manufacturing process were collected by licensed waste collecting service providers listed by the EPD.

Waste disposal[5]	Unit	FY2021
Hazardous waste disposed	kg	5,570
Intensity of hazardous waste disposed	g/HKD	0.014

General Waste

The Group promotes recycling of waste to achieve waste reduction. Our general waste mainly consists of office wastepaper and used packaging materials of raw materials purchased, the impact of which is immaterial compared to other ESG aspects. Non-hazardous wastes are collected by authorised collection service provider for proper processing and disposal according to the Waste Disposal Ordinance.

Environment and Natural Resources

JBM adheres to the production guideline of not using wild endangered species in the production of proprietary medicines. The Group uses artificially propagated Saussurea costus as an ingredient for the manufacturing of one of its proprietary medicines which is listed in the Schedule 1 to the Protection of Endangered species of Animals and Plants Ordinance (Cap. 586). The Group has also complied with all licencing requirements in accordance with the Protection of Endangered Species of Animals and Plants Ordinance (Chapter 586) and Import and Export Ordinance (Cap. 60).

Social Responsibility

Employment

	Unit	FY2021
Total number of employees	No.	314
By employment type		
Contracted and full-time employees	No.	309
Non-contracted and part-time employees	No.	5
By gender		
Male	No.	128
Female	No.	186
By age group		
18-30	No.	33
31-50	No.	138
Above 50	No.	143
By employment category		
Management	No.	43
Non-management	No.	271

5 Intensity figures are calculated using the Group's revenue of HKD397.2 million in FY2021.

Social Responsibility (Continued)

Employment (Continued)

	Unit	FY2021
Total number of resigned employees	No.	41
Overall turnover rate	%	13.1
Turnover rate by gender		
Male	%	15.6
Female	%	11.3
Turnover rate by age group		
18–30	%	33.3
31–50	%	10.1
Above 50	%	11.1

JBM relies on its dedicated employees to execute its corporate strategies and deliver product and service excellence. The Group is committed to provide equal opportunities in employment, making full use of the talents, skills, experience, cultural perspectives of different people, and making sure that it is an organisation where employees are respected and valued, and can achieve their full potential, regardless of gender, marital status, family status, disability or race. Our Policy on Equal Opportunities sets out the standard of conduct expected of all employees, prevention of discrimination behaviour and its handling procedures with regards to any inappropriate discrimination behaviour at a workplace. Any employment-related decisions such as recruitment, compensation, promotion, and performance evaluation are conducted solely based on employees' competence and qualifications.

We strictly abide by local legislations such as the Employment Ordinance of Hong Kong, Labour Contract Law and Labour Law of the PRC. Our Employee Handbook covers policies related to compensation and benefits, recruitment and employment, work attendance, leave, training and development, equal opportunities, bribery prevention and code of conduct.

During the Reporting Period, there was no regulatory non-compliance that has a significant impact on the Group related to remuneration and dismissal, recruitment and promotion, working hours, leave and holidays, equal opportunities, anti-discrimination and other matters related to staff benefits.

Employee Welfare

Our employees enjoy a wide range of benefits, including paid leave, maternity and paternity leave, marriage leave, group medical insurance and group travel insurance. The Group offers competitive remuneration packages comparable to others in the same industry. It regularly reviews the internal remuneration packages at all levels and collects external remuneration information from the labour market. The Group strives to create a fair, reasonable and competitive remuneration system based on position, individual skills and competencies, as well as work performance. Share incentive schemes are also available to employees who make significant contributions to the Group.

Occupational Health and Safety

The wellbeing of employees is of paramount importance to JBM and ensuring their safety at the workplace is our priority. We are subject to various safety laws and regulations in Hong Kong that stipulate the requirements to maintain safe manufacturing conditions and to protect the occupational health of employees. To ensure occupational health and safety, the design, manufacture, installation, use, inspection and maintenance of manufacturing facilities and equipment are required to conform to applicable national or industrial standards.

We have implemented safety measures at our manufacturing facilities to ensure compliance with applicable regulatory requirements and to minimise the risk of injury to employees. Personal Protective Equipment including safety helmets, gloves, eye protectors, respiratory protective equipment, ear protectors and safety shoes have been provided to employees in our manufacturing facilities. All employees should be familiar with safety measures and emergency procedures. Any potential safety risks should be reported to the responsible personnel.

We provide manufacturing safety education and training to our employees to raise safety awareness and minimise the risks of potential hazards at work. For example, laboratory safety training has been provided for new joiners. Other training topics include but not limited to safety regulations, the Group's safety policies, SOPs, chemical storage/waste, general lab housekeeping procedures, emergency procedures, etc. We also conduct periodic inspections of our facilities to ensure our operations are in compliance with existing laws and regulations. A proper system is in place for recording and handling accidents and maintaining health and safety laws and regulations in all material respects.

Social Responsibility (Continued)

Occupational Health and Safety (Continued)

During the COVID-19 pandemic, we have adopted a thorough disease prevention scheme to protect our workers. For example, precautionary measures have been taken to maintain a hygienic working environment, such as providing adequate supply of masks and antiseptic hand rubs, implementing health screening procedures for all entrants of our premises, performing regular disinfection exercises at our premises, and tracking the health status of our staff members.

	Unit	FY2021
Number of lost days[6]	Days	445
Number of injuries	No.	5

Development and Training

We believe the investment in employee training and development can build and retain professional talents, and contribute to the success of the Group. Tailored on-the-job training programs are held to improve employees' knowledge and skillsets in the industry. The Group offers a wide spectrum of training, including courses in areas such as manufacturing skills, equipment operations, health and safety practices, GMP and PIC/S standards. An orientation program which introduces the general outline of employee benefits, regulations and office practices will be arranged for new hires. They will also be guided and trained by experienced staff. Their training will be considered as complete if the trained techniques, operation procedures, manufacturing process can be performed correctly and independently, and approved by the manufacturing supervisor or manufacturing manager.

Besides internal training, we also encourage our employees at all levels to acquire professional knowledge by providing sponsorship for external training or education. Employees can apply for training sponsorship in accordance with the Group Sponsorship for External Studies/Training Policy.

Performance management is an on-going process that builds up overall business success. An effective performance assessment mechanism has been adopted. Periodical performance reviews are carried out from time to time as deemed necessary and an overall performance assessment is conducted once a year. This enables the Group to plan relevant training and development programs effectively. Also, the performance review provides an opportunity for all staff members to discuss career planning, identify areas for further development and maximise career potential with their managers or supervisors.

The Group also offers job rotation opportunities to potential employees by transferring them to different departments or business units so that their career paths are developed in line with their personal aspiration and capabilities.

	Unit	FY2021
Number of staff trained by gender		
Male	No.	57
Female	No.	72
Total training hours by gender		
Male	Hours	268
Female	Hours	194
Number of staff trained employment category		
Management	No.	16
Non-management	No.	113
Total training hours by employment category		
Management	Hours	123
Non-management	Hours	339

6 The number of lost days during the Reporting Period include a staff member taking a long leave.

Social Responsibility (Continued)

Labour Standards

JBM respects the human rights of our people. We firmly oppose employing child labour and uphold high labour standards. In the recruitment process, identity checks are performed by the human resource department to ensure all recruited employees are above the legal working age. Forced labour is also not tolerated by the Group, in which reasonable arrangement of working hours is made and employees should follow the working hours as stipulated in the employment contract. In case employees are assigned to different work schedules, they would be informed of the exact working hours in advance by the Department Manager. As stipulated in the employee handbook, when an employee is aware or suspicion of any violation to the Group's code of conduct by another employee, including but not limited to child and forced labour, he or she will have the responsibility to report such incident immediately to the personnel appropriate to the circumstance.

During the Reporting Period, the Group was not found with nor involved in any non-compliance in employment and labour or employment of any child labour or forced labour.

Supply Chain Management

JBM actively engages with its suppliers so that they are aware of and comply with its standards on business ethics, environment, and health and safety. In relation to the supply chain, the Group's operations are subject to various laws, rules, regulations and policies in each jurisdiction that it operates including Dangerous Goods (General) Regulations, Import and Export Ordinance, Import and Export (General) Regulations, Import and Export (Registration) Regulations.

In selecting suppliers, the Group collects their certificates, accreditations, organisation charts, assess their performance and ensure they meet our internal standards. Our "Active Pharmaceutical Ingredient Vendor Approval Questionnaire" and "Raw Material Vendor Assessment Form" are in place to evaluate suppliers' regulatory profile, premise and facility, quality assurance and quality control and personnel, etc. Those who fail to meet the standard and show no improvement after remedial actions were communicated will be terminated. The Procurement SOP defines the framework, the responsibilities and the process for purchasing of goods and services in compliance with the relevant regulatory requirement and encompasses current regulatory requirements and expectations where applicable.

During the Reporting Period, raw materials used for the production of the Group are sourced from over 106 suppliers, primarily located in Hong Kong, China and Japan.

Third-Party Manufacturing

We have implemented strict quality control procedures to ensure the quality, safety and reliability of our products that are outsourced to third-party manufacturers. We typically conduct site inspections of the manufacturing facilities of potential third-party manufacturers and select them based on a variety of factors, including their compliance with GMP standards and other relevant international safety standards, relevant experience and reputation in the industry, quality control measures, receipt of required certificates, licenses and permits and pricing terms. We also implement stringent product quality requirements on our third-party manufacturers and quality control checks on the final products to ensure that they meet the quality requirements as set out by us.

The third-party manufacturer is generally required to carry out all necessary quality control measures and keep the manufacturing records well in order to meet our product quality standards and relevant manufacturing requirements. A certificate of analysis is typically attached to the products delivered to us confirming that the products comply with the specifications and quality standards as required by us or endorsed by the relevant regulatory requirements. We only accept products that meet the prescribed specifications.

Product Responsibility

Quality Management

High-quality products and services are the key to business success. We have established a quality control system in accordance with ISO 9001. When we receive active pharmaceutical ingredients (API), the API manufacturers must include a certificate of analysis confirming that the materials comply with the prescribed specifications. Each lot of raw materials, packaging materials, work in progress and finished products are quarantined until they have been sampled, tested and released for use by our quality control personnel. Final release of products from quarantine area is carried out only when all documents pertaining to the production have been reviewed by the heads of the related departments and approved by the authorised person.

Social Responsibility (Continued)

Product Responsibility (Continued)

Quality Management (Continued)

Our quality control team is responsible for arranging or carrying out all necessary and relevant tests on raw materials, work in progress, finished products, verification of manufacturing processes, environmental and water monitoring, method and process validation and equipment calibration. We have adopted manufacturing quality control policies strictly in accordance with Hong Kong and international standards. These policies are implemented throughout our manufacturing process, including supplier qualification, raw material inspection, manufacturing process control, packaging and product inspections.

As for the finished products, all finished batches are sampled for quality control testing according to finished product specifications after final packaging and become quarantined. Products are released for sale only after confirming compliance to product specifications. The head of production team reviews and counterchecks the production batch records, packaging records and other related documents.

We have also established relevant product recall procedures with reference to relevant requirements, including the GMP. Once we identify a branded medicine or proprietary Chinese medicine that is known or suspected to be harmful to users due to defective quality, safety, efficacy or regulatory status in the market, we will initiate our recall procedure pursuant to the recall guidelines issued by the Department of Health. A pharmaceutical product problem report form (including details of products and nature of problem) will be submitted to the Department of Health as notification. Once the recall is approved by the Department of Health, a recall letter and a recall reply form will be sent to all affected parties (which may include retailers, distributors, trading companies, corporate clients or consumers depending on the level of recall) according to our distribution records requesting the return of unused stock. Distributors and trading companies are required to arrange recall from its retailers systematically and then return all unused stock to us. All recalled products will be returned to us and a final report form of recall shall be prepared and submitted to Department of Health. The report shall record the reconciliation between the delivered and recovered quantities of the product. For regulatory recalls not due to quality issues and recall of our health and wellness products, we will initiate recall procedures internally. Similar procedures will be followed, except filling and submission of pharmaceutical product problem report form and final report form of recall to the Department of Health are not necessary.

There was neither products subject to recalls for safety and health reasons nor products received material complaints from customers which caused a significant negative impact on our business during the Reporting Period.

Procurement of Raw Materials

The primary raw materials for our self-manufactured products are menthol, paracetamol, Chinese herbs, chemicals and excipients. Over 75% of the active materials (by type) used in our GMP-accredited manufacturing facilities for the year ended March 31, 2021 were manufactured by GMP-accredited manufacturers. We uniformly apply our quality management procedures and quality control standards for our active materials procured in compliance with our adopted PIC/S or GMP standards (as the case may be), regardless of whether the relevant manufacturers are themselves GMP-accredited. For instance, all product quality-related suppliers for our PIC/S or GMP-accredited manufacturing facilities must undergo our vendor approval process, comprising an on-site audit or audit by questionnaire and other relevant continuous monitoring measures such as requiring relevant active materials to be accompanied with a certificate of analysis and conducting relevant analytical activities including chemical and physical analysis to confirm that they comply with our prescribed specifications.

Intellectual Property Rights

The formulations and manufacturing processes of primarily all of our own brand branded healthcare products are not confidential or patentable. In particular, our own brand branded medicines and proprietary Chinese medicines are based on long established proprietary formulations based on ancient prescriptions, pharmacopeia prescriptions or customary Chinese prescriptions which are common to the public domain. These products are generally not eligible for grant of a patent as they are not patentable, new and inventive innovations that are capable of industrial applications.

To protect our intellectual property rights, trade mark registration of our own brands is the most critical protection of our own brand branded healthcare products. Due to the proprietary or branded nature of branded healthcare brands and consumer recognition of branded healthcare products by their brands, the most valuable intellectual property protection associated with these products are their widely recognizable brand names, product names and logos, which are protected by trademarks. Besides, our confidential proprietary technologies, processes and know-how are protected by intellectual property, confidentiality or non-competition clauses in the employment contracts of relevant employees and distribution agreements. We have also applied certain anti-counterfeit protection to the packaging of our products to differentiate them from fake or counterfeit products, such as anti-counterfeit ultraviolet marks to our Po Chai Pills (including Puji Pills for sales in China) and Flying Eagle Woodlok Oil and unique identification numbers to certain Ho Chai Kung branded products that correspond with our internal record of product batch list. In addition, our sales team regularly visits retail outlets in Hong Kong that carry our products to observe their general end market responses and incidents of fake or counterfeit products.

Social Responsibility (Continued)

Intellectual Property Rights (Continued)

We have designated personnel that work with external lawyers and consultants to handle our intellectual property matters, such as the registration and maintenance of our intellectual property rights, the coordination to obtain or grant intellectual property licenses, and the litigation of any infringement or misappropriation actions. We identify potential infringement incidents by regularly conducting intellectual property searches (such as patent infringement searches) and review of competitors' trademarks conducted or obtained by our designated personnel.

During the Reporting Period, the Group complied with the laws and regulations that have a significant impact on it relating to advertising, labelling and privacy matters relating to products and services provided and methods of redress.

Data Protection

We use information systems in the daily operations of our business. Our information systems record various operational data, including but not limited to sales information, payment records as well as inventory records, which allow us to analyse our business performance, and make timely business and financial decisions.

Our IT Acceptable Use Policy and Employee Handbook lay out standards for the use of confidential data and outlines specific security controls to protect this data. Our privacy policy and internal control procedure aim to ensure compliance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) or other applicable laws in relation to the proper collection, use and storage of the personal date we collected. It is critical for the Group to preserve and protect its confidential information, as well as the confidential information of investors, portfolio companies, suppliers, and third parties.

Anti-Corruption

The Group regards honesty, integrity and fairness as core values that must be upheld by all employees at all time. The Group's Policy on Bribery Prevention is in place which sets out the basic standard of conduct expected of all staff, report of acceptance of advantage and declaration of conflict of interest when dealing with the Group's business. In conducting all business or affairs of the Group, all staff members must comply with the Prevention of Bribery Ordinance of Hong Kong.

Our Code of Conduct also includes whistleblowing channels for employees to report any sub-standard behaviour or fraudulent activity. Any employee having information or knowledge of any potential, suspected, or actual violation of, or conduct inconsistent with, the Policy on Bribery Prevention must promptly report such matter to the Department Manager or the Vice President, Human Resources or the Vice President, Administration. Upon receipt of the report, the Group will leverage internal and/or external resources to investigate promptly in a manner intended to protect confidentiality as much as practicable.

During the Reporting Period, the Group has not recorded any misconduct or regulatory non-compliance related to bribery, extortion, fraud and money laundering.

Community Investment

We are committed to our social obligations towards the communities where we operate. Employee volunteering is an integral part of our community service and we partner with non-profit organisations on a variety of sponsorship and donation programs that promote health for the public.

During the Reporting Period, we provided product sponsorships including Tong Tai Chung Woodlok Oil, Po Chai Pills and Flying Eagle Woodlok Oil in various elderly events or activities organised by charitable and non-governmental organisations in Hong Kong. In addition, the Group collaborates with Hong Kong Breast Cancer Foundation on a Financial Assistance Programme and has been providing sponsorship on testing service for breast cancer patients since March 2019.

Apart from that, the Group has provided the opportunity to students to apply acquired knowledge to real work experience in the pharmaceutical industry through Premier Concentrated Chinese Herbs Sponsorships (海天濃縮中藥獎學金) for the School of Chinese Medicine of the Chinese University of Hong Kong.

Appendix A: HKEX ESG Reporting Guide Index

	Aspects	Section
A	**Environmental**	
A1	**Emissions** Policies relating to air and greenhouse gas emissions, discharges into water and land and generation of hazardous and non-hazardous waste. Compliance with relevant laws and regulations that have a significant impact on the issuer.	Emissions
A1.1	The types of emissions and respective emission data.	Our in-house logistics EURO V diesel vehicles are the main contributor to air emission during the Reporting Period. Data for air emission was not collected since the impact of it is immaterial compared to other ESG aspects.
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Greenhouse Gas Emissions
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste from the Production Process
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	General Waste Data for non-hazardous waste was not collected since the impact of it is immaterial compared to other ESG aspects.
A1.5	Description of measures to mitigate emissions and result achieved.	Emissions
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Waste Management
A2	**Use of Resources** Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Energy Water Resource Management Environment and Natural Resources
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in ’000s) and intensity (e.g. per unit of production volume, per facility).	Use of Energy
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Water Resource Management
A2.3	Description of energy use efficiency initiatives and result achieved.	Use of Energy
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Water Resource Management
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	General Waste
A3	**The Environment and Natural Resources** Policies on minimizing the issuer’s significant impact on the environment and natural resources.	Environment and Natural Resources
A3.1	Description of the significant impacts of activities on the environment and natural resources and the action taken to manage them.	Environment and Natural Resources

Appendix A: HKEX ESG Reporting Guide Index (Continued)

	Aspects	Section
B	**Social**	
B1	**Employment** Policies on employment and compliance with local laws and regulations that have a significant impact on the issuer regarding the following: • Compensation and dismissal • Recruitment and promotion • Working hours and rest periods • Equal opportunity and anti-discrimination • Diversity • Other benefits and welfare	Employment Our employees are all from Hong Kong.
B2	**Health and Safety** Policies on providing a safe working environment and protecting employees from occupational hazards and compliance with relevant laws and regulations.	Occupational Health and Safety
B3	**Development and Training** Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
B4	**Labour Standards** Policies and compliance with laws and regulations on preventing child and forced labour.	Labour Standards
B5	**Supply Chain Management** Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
B6	**Product Responsibility** Policies and compliance with relevant laws and regulations on health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility Intellectual Property Rights Data Protection
B7	**Anti-corruption** Policies and compliance with relevant laws and regulations relating to bribery, extortion, fraud and money laundering.	Anti-Corruption
B8	**Community Investment** Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment

Report of the Directors

The board of directors of the Company are pleased to present their report and the audited financial statements of the Group for the year ended 31 March 2021.

Principal Activity

The principal activity of the Company is investment holding. The subsidiaries of the Company are principally engaged in manufacturing and trading of branded medicines, health and wellness products and proprietary Chinese medicines. Details of the principal subsidiaries of the Company are set out in note 12 to the consolidated financial statements.

Business Review

A fair review of the Group's business, the performance of the Group for the Reporting Period with reference to key financial performance indicators, the particulars of important events and indications of likely future development in the Group's business have been included in the "CEO's Statement" and "Management Discussion and Analysis" sections of this annual report which form part of this report.

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.

– The outbreak of COVID-19 has 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. As we sell the majority of our products through retail channels, such as major modern trade chain stores, registered pharmacies and drug stores, the COVID-19 outbreak has negatively affected the sales of many of our branded healthcare products. Any further prolonged outbreak of COVID-19 may materially and adversely impact on our business and financial performance going forward.

– 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. Further details on "Risk Management and Internal Control" are set out in the Corporate Governance Report of this annual report.

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. Further details are set out in the "Environmental, Social and Governance Report" of this annual report.

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.

Key Relationships

Customers

To ensure our products are safe, effective and of high quality to our customers, we have GMP-accredited manufacturing facilities for proprietary Chinese medicines and a PIC/S GMP-accredited manufacturing facility for branded medicines in Hong Kong. We are required to comply with the respective standards, which contain minimum requirements for quality controls used in manufacturing, processing and packaging, when producing the relevant products. Furthermore, product registration is generally required for our branded medicines and proprietary Chinese medicines before they can be sold and supplied in Hong Kong, China and other select overseas markets. We have a dedicated team that closely monitors applicable regulatory regimes to ensure the successful and timely registration of our products in various countries and the continuous compliance with relevant product registration and product license requirements.

Employees

Human resources are crucial to the continued success of the Group. The Group has provided staff with different kinds of benefit and staff compensation. For the personal training and development of our employees, the Group nominates employees to participate in internal and external training and development programs. Employees can also initiate application for training sponsorship for attending different courses to enhance their professional and management skills and knowledge. When new employees join, they will be closely monitored by experienced staff, and their training will be deemed complete if the trained techniques, operation procedures, manufacturing process can be performed correctly and independently and with the approval of the manufacturing supervisor or manufacturing manager. Details of our remuneration policy are set out in the "Remuneration Policy" section in the "Management Discussion and Analysis" section of this annual report.

Suppliers

Our quality control personnel are responsible for arranging or carrying out all necessary and relevant tests on raw materials, work in progress, finished products, verification of manufacturing processes, environmental and water monitoring, method and process validation and equipment calibration. We have adopted manufacturing quality control policies strictly in accordance with Hong Kong and international standards. These policies are implemented throughout our manufacturing process, including supplier qualification, raw material inspection, manufacturing process control, packaging and product inspections. Our quality control personnel are responsible for the preparation of analytical procedures, establishing raw materials and product specifications and arranging or carrying out sampling and analysis. Analytical activities include chemical and physical analysis of raw materials, work in progress and finished products, setting up stability program, performing microbiological testing to prevent biological hazards for branded medicines and carrying out stability studies to determine storage condition and product shelf life.

Further details are set out in the "Environmental, Social and Governance Report" of this annual report.

Results and Dividends

The Group's profits for the Reporting Period and the Group's financial position at the end of Reporting Period are set out in the financial statements on pages 73 to 74 of this annual report.

The Board does not recommend the payment of a final dividend for the year ended 31 March 2021.

Summary Financial Information

A summary of the results and of the assets and liabilities of the Group for the last four financial years, is set out on page 129. This summary does not form part of the audited financial statements.

Share Capital and Shares Issued

Details of the movements in the share capital of the Company are set in note 24 to the consolidated financial statements.

Distributable Reserves

The reserves available for distribution to the shareholders by the Company at 31 March 2021 consisted of share premium, distributable reserve and retained profits totaling HK$802,364,000 (31 March 2020: HK$528,000,000). Movements in the reserves of the Company and the Group during the year are set out in note 25 to the consolidated financial statements on page 117 and the Consolidated Statement of Changes in Equity on page 75 respectively.

Borrowings

Particulars of borrowings of the Group as at 31 March 2021 are set out in note 21 to the consolidated financial statements.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange throughout the period from the Listing Date to 31 March 2021.

Directors

The directors of the Company during the Reporting Period and up to the date of this report were:

Mr. Sum Kwong Yip, Derek^ *(Chairman)*	(appointed as Director and the Chairman on 22 September 2020)
Mr. Wong Yat Wai, Patrick* *(Chief Executive Officer)*	(appointed as Director on 7 January 2020, re-designated as executive Director and appointed as the chief executive officer on 22 September 2020)
Dr. Chu Ka Wing*	(appointed as Director on 7 January 2020, re-designated as executive Director on 22 September 2020)
Mr. Yim Chun Leung^	(appointed on 22 September 2020)
Mr. Yeung Kwok Chun, Harry^	(appointed on 22 September 2020)
Mr. Chan Kam Chiu, Simon**	(appointed on 18 January 2021)
Mr. Luk Ting Lung, Alan**	(appointed on 18 January 2021)
Mr. Lau Shut Lee, Tony**	(appointed on 18 January 2021)

* Executive Director
^ Non-executive Director
** Independent non-executive Director

In accordance with Article 83(3) of the articles of association of the Company, all the existing Directors appointed by the Board during the years 2020 and 2021, shall hold office until the first annual general meeting. All the existing Directors will retire and being eligible, have offered themselves to be re-elected at the 2021 AGM.

During the Reporting Period, there was no Director tendering resignation, refusing to stand for re-election to office, nor has the Company received any notice in writing from any Director specifying that the resignation or refusal is due to reasons relating to the affairs of the Company.

Pursuant to Rule 3.13 of the Listing Rules, the Company has received a written annual confirmation of independence from each of the existing independent non-executive Directors confirming that they had met the independence guidelines set out in Rule 3.13 of the Listing Rules during the Reporting Period, and as such the Company considered them to be independent.

Change of Information on Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes and updated information regarding the Directors since the Company's Prospectus and up to the date of this annual report are set out below:

(a) The annual director's fee of Mr. Sum Kwong Yip, Derek has been revised to HK$18,000 with effect from 1 April 2021.

(b) The annual director's fee of Mr. Yim Chun Leung has been revised to HK$18,000 with effect from 1 April 2021.

(c) Dr. Chu Ka Wing has been appointed as a member of the Chinese Medicine Council of Hong Kong for the period from 21 July 2021 to 12 September 2023.

(d) Mr. Yeung Kwok Chun, Harry ceased to act as the member of the Regulatory Committee of Chinese Medicines Traders at the Chinese Medicine Council of Hong Kong in July 2021.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules.

Directors' Biographies

(A) Executive Directors

Mr. Wong Yat Wai, Patrick ("Mr. Wong"), aged 58, was appointed as a Director on 7 January 2020 and has been re-designated as an executive Director and the chief executive officer of the Company since 22 September 2020. He is responsible for the commercial operations of our Group and for overseeing our local and overseas business and the strategic development of our consumer healthcare products. Mr. Wong joined Jacobson Pharma Group in October 2017. He has over 32 years of experience in the healthcare business sector, with 18 years in the pharmaceutical industry and another 14 years in the medical devices sector.

Prior to joining us, Mr. Wong served as a senior business consultant and was later promoted to the executive director heading up the global medical devices business for Daewoong Pharmaceuticals Co., Ltd., a South Korean company, from September 2014 to July 2017, where he was based in Hong Kong and was responsible for business development covering markets in Asia, the Middle East and South America. From March 2014 to August 2014, he worked at KCI Hong Kong Holding Limited as vice president of medical and science affairs – Asia PAC. From October 2003 to September 2013, he held various roles at Coloplast (Hong Kong) Limited, including acting as the Asia export manager, the market director since April 2004, the general manager for Asian emerging markets since October 2008 until he took on the role as regional marketing director for China and Japan in 2009. Between July 1996 and September 2003, he worked at Ferring Pharmaceuticals Limited as marketing manager – Hong Kong. From March 1993 to April 1995, he was the OTC generic department marketing manager at Mekim Limited. Mr. Wong worked at Fandasy Co., Ltd., where the last position he held was sales manager, from August 1987 to February 1993.

Mr. Wong graduated from the Hong Kong Polytechnic University in November 1987, where he received his professional diploma in Occupational Therapy. He subsequently obtained a master's degree in Medical Sciences from the University of Hong Kong in November 2000.

Dr. Chu Ka Wing ("Dr. Chu"), aged 48, was appointed as a Director on 7 January 2020 and has been re-designated as an executive Director of the Company since 22 September 2020. Dr. Chu is also the president of the proprietary Chinese medicine business of our Group. He is responsible for the operations and business development of our proprietary Chinese medicine business. Dr. Chu has over 18 years of experience in the pharmaceutical industry, and he is also an inventor of patents on the preparation and standardization of immunomodulatory peptide-linked glucans from the medicinal mushroom Coriolus versicolor (U.S. Patent No. 7048932 B2 and China Patent No. ZL03141007.3). Furthermore, on 5 July 2021, Dr. Chu has been appointed as a member of the Chinese Medicine Council of Hong Kong for the period from 21 July 2021 to 12 September 2023.

Dr. Chu joined Jacobson Pharma Group in May 2010 as a general manager of operation and quality management at Li Chung Shing Tong (Holdings) Limited and was subsequently transferred to act as general manager of traditional Chinese medicine at Jacobson Group Management Limited in July 2014 before his promotion as vice president of traditional Chinese medicine in January 2015. Dr. Chu was further appointed as senior vice president of Chinese medicine in October 2016, where he was responsible for overseeing the operations of Chinese medicine business.

Prior to joining Jacobson Pharma Group, Dr. Chu served as a business development manager at the Hong Kong Jockey Club Institute of Chinese Medicine Limited from March 2009 to May 2010. From April 2002 to July 2008, he worked as a research and development manager, regulatory affairs manager, production manager and was later promoted to a technical director and direct sales director at PuraPharm International (H.K.) Limited, a subsidiary of PuraPharm Corporation Limited whose shares are listed on the Stock Exchange (stock code: 1498).

Directors' Biographies (Continued)

(A) Executive Directors (Continued)

Dr. Chu obtained his bachelor's degree in Pharmacy and his Ph.D. degree from the Chinese University of Hong Kong, in December 1995 and November 2001, respectively. He has also been an honorary adjunct assistant professor of the School of Pharmacy of the Chinese University of Hong Kong since September 2005. He has been a registered pharmacist under the Pharmacy and Poisons Board of Hong Kong since July 1996. Dr. Chu also concurrently serves as a member of the Committee on Research and Development of Chinese Medicines since January 2020, as well as an assessment panel member of the Enterprise Support Scheme under the Innovation and Technology Fund of the Hong Kong Government since July 2017. In addition, Dr. Chu was appointed as a director of the Hong Kong Chinese Patent Medicine Manufacturers' Association Limited in March 2019.

(B) Non-Executive Directors

Mr. Sum Kwong Yip, Derek ("Mr. Sum"), aged 58, has been appointed as a non-executive Director and Chairman since 22 September 2020 and the chairman of the Nomination Committee since 4 February 2021. He is the founder of Jacobson Pharma Group and also a director of substantial shareholder and controlling shareholder of the Company, namely Kingshill Development Limited. With extensive experience in the pharmaceutical industry, Mr. Sum is responsible for advising on business plans and strategies and facilitating high-level monitoring and supervising of our Group. He has over 32 years of sales and corporate management experience in the pharmaceutical industry.

Mr. Sum founded Jacobson Pharma Group in September 1998 and as a managing director, he was mainly responsible for business management and strategic development. Prior to founding Jacobson Pharma Group, Mr. Sum held various management positions with several multi-national corporations. He started his career in the pharmaceutical industry with Sandoz Division of Edward Keller Limited in April 1988 and moved on to take up a management position with Watsons Pharmaceutical Limited under Hutchison Whampoa Limited in December 1988. In 1990, Watsons Pharmaceutical Limited was renamed as JDH Pharmaceutical Limited. Since then, Mr. Sum had worked in the Inchcape Group and he was the chief executive of the pharmaceutical division under Inchcape JDH Limited in 1996 before he embarked upon his entrepreneurial pursuit with Jacobson Pharma Group. Since June 2007, Mr. Sum has also been a member of the advisory board at the School of Pharmacy of the Chinese University of Hong Kong.

Mr. Sum is currently the chairman of the board of directors, the chief executive officer and an executive director of Jacobson Pharma (listed on the Stock Exchange) (stock code: 2633), where he is responsible for overall strategic planning and operation management of Jacobson Pharma Group. He also spearheads the planning of product development and technological research functions.

Mr. Sum graduated from Cardiff University (formerly known as the University of Wales) in the United Kingdom with an honorary bachelor's degree in Pharmacy in July 1986 and was registered as a pharmaceutical chemist and accredited as a member of The Royal Pharmaceutical Society of Great Britain (formerly known as the Pharmaceutical Society of Great Britain) in August 1987. He was admitted into the registrar as a registered pharmacist under the Pharmacy and Poisons Board of Hong Kong in August 1987.

Mr. Yim Chun Leung ("Mr. Yim"), aged 59, has been appointed as a non-executive Director since 22 September 2020 and a member of the Remuneration Committee since 4 February 2021. Mr. Yim has over 36 years of experience in the auditing, accounting and corporate finance fields. He is responsible for advising on corporate strategies, business plans and governance development of our Group as a member of the Board.

Mr. Yim first joined Jacobson Pharma Group in September 2008 where he is mainly responsible for the corporate management, strategic development and investor relationship functions of Jacobson Pharma Group. Mr. Yim has served in numerous companies listed on the Main Board. He served as an executive director of LVGEM (China) Real Estate Investment Company Limited (stock code: 95) from December 2004 and its chief executive officer from July 2014, respectively until he resigned in March 2016. From May 2002 to June 2004, Mr. Yim served as the financial controller of Soundwill Holdings Limited (stock code: 878). From December 2000 to February 2002, Mr. Yim served as the chief financial officer of Sinolink Worldwide Holdings Limited (stock code: 1168). From January 1998 to April 1999, Mr. Yim served as an executive director of NPH International Holdings Limited (currently known as Concord New Energy Group Limited, stock code: 182). From January 1994 to January 1998, Mr. Yim served as the finance director of Tysan Holdings Limited (stock code: 687). From June 1987 to December 1993, Mr. Yim worked at GPI International Limited (a subsidiary of Gold Peak Industries (Holdings) Limited, stock code: 40) and his last position was assistant financial controller.

Mr. Yim is currently an executive director of Jacobson Pharma (listed on the Stock Exchange with stock code: 2633) and an independent non-executive director of China New City Commercial Development Limited (stock code: 1321).

Mr. Yim obtained a master of Business Administration degree from the University of Manchester, United Kingdom in June 2008. He has been a member of the Hong Kong Institute of Certified Public Accountants since January 1991, a fellow of the Chartered Association of Certified Accountants since October 1995, and a fellow of the Institute of Chartered Accountants in England and Wales since April 2015.

Directors' Biographies (Continued)

(B) Non-Executive Directors (Continued)

Mr. Yeung Kwok Chun, Harry ("Mr. Yeung"), aged 62, has been appointed as a non-executive Director of the Company with effect from 22 September 2020. Mr. Yeung has over 40 years of experience in the pharmaceutical and Chinese medicinal herbal industry. He is responsible for advising on corporate strategies and business plans in relation to our Group's business in China.

Prior to joining us, Mr. Yeung held various managerial positions in both local and international pharmaceutical companies, covering areas such as strategic planning, research and development, marketing and corporate affairs. He had worked at LKK Health Products Group for over 24 years, where he held various positions such as senior vice president from March 2007 to December 2018, and his last held position was senior advisor to the chairman of LKK Health Products Group Limited from January 2018 to December 2018. Mr. Yeung's roles in LKK Health Products Group also included serving as senior vice president of Infinitus (China) Limited, where he led his team in successfully applying for the direct selling license for such company, implementing brand internationalization strategy, brand equity management, strengthening the company's research and development excellence, scientific collaborations and product development, and implementation of corporate social responsibility strategies. He was appointed as the director of corporate development of LKK Health Products Group Limited in April 2001. He was also a general manager of Caring International Group Limited from October 1995 to March 2001, during which he was responsible for the management of its direct selling business whilst concurrently acting as the managing director of the Hong Kong Traditional Chinese Medicine Research Centre, a collaborative research venture and research facility established jointly by LKK Group Limited and The Hong Kong University of Science & Technology, where his term of office commenced in July 1996. He joined Lee Kum Kee Pharmaceutical Company Limited as a general manager in December 1994, where he was responsible for developing and executing business plans. From July 1990 to October 1994, Mr. Yeung was general manager of the Glaxo Laboratories Division of Glaxo Hong Kong Limited, where he was responsible for the overall management, including sales and marketing, training and strategic planning. In July 1978, he started his career in the pharmaceutical industry as a medical representative at Glaxo Hong Kong Limited.

Mr. Yeung received a diploma in Management Studies and a master's degree in Business Administration from Hong Kong Polytechnic University in November 1986 and November 1993, respectively. He also obtained a diploma in Marketing from The Institute of Marketing, United Kingdom in November 1985. Mr. Yeung also held various public roles in government and Chinese medicine professional associations in China and Hong Kong. In China, he was a member of the twelfth Jilin Provincial Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議吉林省第十二屆委員會) since January 2018. In Hong Kong, Mr. Yeung has been a founding member of Modernized Chinese Medicine International Association Limited since 2000, a chairman of MCMIA Foundation Limited since June 2014, a member of the Chinese Medicines Industry Subcommittee under the Chinese Medicine Development Committee at the Food and Health Bureau of the Hong Kong Government since February 2019 and was a member of the Regulatory Committee of Chinese Medicines Traders at the Chinese Medicine Council of Hong Kong from July 2015 to July 2021.

Mr. Yeung is a founding member of Hong Kong Asthma Society, which is a non-profit charitable organization established in 1989 to provide information and services about asthma.

(C) Independent Non-Executive Directors

Mr. Chan Kam Chiu, Simon ("Mr. Chan"), aged 72, has been appointed as an independent non-executive Director of the Company since 18 January 2021, the chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee since 4 February 2021. Mr. Chan has over 35 years of experience in financial management and integrated supply chain management in the consumer healthcare industry. He is responsible for providing independent advice and judgment to our Board. Prior to joining our Group, Mr. Chan held various positions at Fung Group (formerly known as Li & Fung Group) for over 16 years between January 2000 to June 2016. From January 2011 to June 2016, he served as the chief operating officer of LF Asia (a wholly-owned subsidiary of Li & Fung Limited, the shares of which were listed on the Stock Exchange (stock code: 494) until its privatization in May 2020). LF Asia, primarily engaging in providing supply chain services to multinational brands of consumer healthcare products, was acquired by Dah Chong Hong Holdings Limited in 2016. He facilitated the business transfer and continued his role until January 2018.

From July 1989 to December 1999, Mr. Chan held various roles at Inchcape Pacific Limited, including acting as its regional finance director for its consumer and healthcare business in North Asia prior to Li & Fung Group's acquisition of the business in 1999. Prior to joining Inchcape Pacific Limited, Mr. Chan served as a senior manager of Touché Ross & Co. CPA. from January 1981 to June 1984, and worked at Johnson & Johnson (HK) Limited from July 1984 to July 1989 where his last position was financial director.

Directors' Biographies (Continued)

(C) Independent Non-Executive Directors (Continued)

Mr. Chan graduated from the University of San Francisco, California, U.S., with a bachelor's degree in Science in the college of Business Administration in December 1972, and subsequently received his master of Business Administration degree in Accounting from Golden Gate University, California, U.S. in June 1976. He also obtained a master's degree in Buddhist Studies from the University of Hong Kong in November 2015.

Mr. Chan obtained his qualification as a member of the Institute of Chartered Accountants of Ontario, Canada in September 1980, and has been a member of the Hong Kong Institute of Certified Public Accountants since October 1981.

Mr. Chan is the co-founder and director of Lang Qing Charity Limited, which is a non-profit organization established to facilitate and enhance the education on environmental protection and sustainable development in Hong Kong and Mainland China.

Mr. Luk Ting Lung, Alan ("Mr. Luk"), aged 59, has been appointed as an independent non-executive Director of the Company since 18 January 2021, the chairman of the Remuneration Committee and member of the Audit Committee and the Nomination Committee since 4 February 2021. Mr. Luk has over 35 years of experience in the financial services industry. He is responsible for providing independent advice and judgment to our Board.

Since November 2010, Mr. Luk has been the head of private banking and trust services at Hang Seng Bank Ltd., a company whose shares are listed on the Stock Exchange (stock code: 0011), where he is primarily responsible for the overall management of the private banking and trust services. He also previously served as the head of investment advisory at Hang Seng Bank Ltd. from November 2008 to October 2010.

From November 1999 to October 2008, Mr. Luk had held various roles at American Express Bank Ltd., Hong Kong, including serving as its alternate chief executive. His responsibilities included balance sheet management, investment product sales and development, the establishment of risk management systems and internal controls over the bank's activities and operations. Before that, Mr. Luk had worked at Schroders Asia Ltd., Hong Kong from June 1990 to November 1999, with his last held position there as assistant director, during which he was involved in managing its dealing and trading activities. Previously, Mr. Luk had worked at HSBC Investment Bank Asia Limited (formerly known as Wardley Limited) from March 1984 to June 1990, with his last held position there as a bond trader.

Mr. Luk received his master's degree in Business Administration from Murdoch University, Perth, Australia in July 1999 through distance learning. He then obtained his master of science degree in Global Finance jointly conferred by the Hong Kong University of Science and Technology and the New York University Leonard N. Stern School of Business, U.S. in May 2009.

Mr. Lau Shut Lee, Tony ("Mr. Lau"), aged 52, has been appointed as an independent non-executive Director of the Company since 18 January 2021, a member of the Audit Committee, the Remuneration Committee and the Nomination Committee since 4 February 2021. Mr. Lau has over 14 years of experience in the e-commerce and technology industries. He is responsible for providing independent advice and judgment to our Board.

Since March 2015, Mr. Lau has served as the managing director of Fung Omni Services (HK) Limited, a member of Fung Group, through Fung Group's acquisition of the e-commerce business of Fireswirl Technologies Inc., a Canadian public company (stock code: TSX-V:FSW) in the same year, where the principal business of Fung Omni Services (HK) Limited is to provide e-commerce and omni-channel commerce services. For this role, Mr. Lau has been primarily responsible for the overall management of the e-commerce marketing services and technology innovation. Before joining Fung Omni Services (HK) Limited, Mr. Lau also held multiple positions at Fireswirl Technologies Inc., previously known as Redstone Capital Corp., including acting as chief executive officer from December 2008 to September 2015, chairman of the board of directors from October 2007 to March 2015 and chief technology officer from August 2006 to September 2015. Mr. Lau's responsibilities at Fireswirl Technologies Inc. included technology development, product strategy, and business development.

Mr. Lau obtained his bachelor's degree in Electronics Systems and Microcomputer Engineering from the University of Glasgow, United Kingdom, in July 1990.

Senior Management Biographies

Ms. Au Man Yee, Teresa ("Ms. Au"), aged 49, is the Chief Operations Officer and the Company Secretary of our Company. She has over 23 years of experience in auditing, financial management, operational management and risk management in multinational companies. Ms. Au re-joined Jacobson Pharma Group in April 2020. She is responsible for overseeing the corporate affairs, project management, information technology, human resources, company secretarial, legal and administrative functions of our Group.

Prior to re-joining Jacobson Pharma Group, Ms. Au served as the regional chief financial and administrative officer at Euler Hermes Asia Pacific, a subsidiary group of Allianz, from March 2013 to August 2018, where she was responsible for the management of finance, legal and compliance, and operations for the Asia Pacific region. Ms. Au worked at Jardine Lloyd Thompson Limited from September 2010 to February 2013, and her last position was the finance director. From January 2009 to August 2010, Ms. Au served as the group financial controller of Jacobson Pharma Group, where she was responsible for its financial, corporate strategic and operational matters. From September 1996 to February 2008, Ms. Au worked at PricewaterhouseCoopers, where her last held position was senior manager. Ms. Au also served different roles in the Financial Reporting Council from September 2018 to March 2020.

Ms. Au obtained her bachelor of commerce degree majoring in Accounting (with honors) from the University of British Columbia, Canada in May 1995. She subsequently received a master of Business Administration degree from the Hong Kong University of Science and Technology in November 2002. She has been a member of the American Institute of Certified Public Accountants in the United States since May 1996 and a fellow member of the Hong Kong Institute of Certified Public Accountants since July 2011. Ms. Au has been active in public service and she concurrently serves on various panels and committees of different public bodies in Hong Kong.

Mr. Wong Ka Kin, Andy ("Mr. Wong"), aged 47, is the Vice President, Greater China sales and e-commerce of our Company. He joined Jacobson Pharma Group in March 2019 and is responsible for the strategic planning, business development and establishment of trade distribution channels for its branded healthcare products. He has over 20 years of experience in the pharmaceutical and healthcare industries.

Prior to his engagement with Jacobson Pharma Group, Mr. Wong held various key positions with well-known multi-national companies. He was the Head of Health at Watsons Hong Kong of A.S. Watson Group from January 2018 to August 2018, where he was responsible for the trading and brand development of health category products. Prior to that, Mr. Wong worked at The Dairy Farm Company Limited since August 2003. His last held position there was as senior manager, health & category development at The Dairy Farm Company Limited – GNC from February 2017 to January 2018. Previously, Mr. Wong also worked as a pharmacist, senior pharmacist, category manager and was later promoted to senior manager, health development at The Dairy Farm Company Limited – Mannings Hong Kong & Macau. Before joining The Dairy Farm Company Limited, Mr. Wong worked at Yan Chai Hospital from January 1998 to June 1999, where his last held position was dispenser. From July 1996 to September 1997, Mr. Wong worked at Lloyds Retail Chemist Limited in the United Kingdom, where the last position held by him was pharmacist manager.

Mr. Wong obtained his bachelor's degree in Pharmacy from the School of Pharmacy, University of London, United Kingdom in August 1996. He has been accredited as a registered pharmaceutical chemist with the Royal Pharmaceutical Society of Great Britain since July 1997 and was subsequently admitted into the registrar as a registered pharmacist with the Pharmacy and Poisons Board of Hong Kong since October 1998. He has been a member of the General Pharmaceutical Council in the United Kingdom since August 1997. He also holds various advisory roles in government, academic institutions and professional associations. He has been a member of the Pharmacy Internship Training Committee of the Pharmacy and Poisons Board of Hong Kong since January 2016 to December 2017 and an assessment panel member of the Social Workers Registration Board from January 2014 to December 2019. He was a member of the Pharmacy and Poisons Board of Hong Kong from August 2013 to August 2017, and has served as a member of the Advisory Board of the Bachelor of Pharmacy Programme under the Department of Pharmacology and Pharmacy at the University of Hong Kong from July 2010 to June 2019. From December 2012 to December 2017, Mr. Wong was a member of the General Council of the Pharmaceutical Society of Hong Kong Limited. Currently, he serves as a College Council Member of the College of Pharmacy Practice of Hong Kong since June 2014.

Mr. Lam Kau Lap ("Mr. Lam"), aged 34, was the Group Financial Controller of our Group until April 2021. He was mainly responsible for the management of the finance and accounting functions of our Group. He had over 10 years of experience in auditing, accounting and finance fields.

He joined Jacobson Pharma Group in January 2015 as the finance manager, and was later promoted to deputy financial controller in May 2019. He was re-designated as the Group Financial Controller to our Group from July 2020, Mr. Lam served as the finance manager of Design Pool Limited from October 2012 to May 2014. Before that, he worked at KPMG from July 2008 to October 2012 where his last held position was an assistant manager.

Mr. Lam obtained a bachelor's degree in Business Administration in Accounting and Finance from the University of Hong Kong in June 2008. He has been a member of the Hong Kong Institute of Certified Public Accountants since September 2011.

Senior Management Biographies (Continued)

Ms. Wang Lin ("Ms. Wang"), aged 56, is the Deputy General Manager for the proprietary Chinese medicine business segment of our Group. She has over 30 years of experience in traditional Chinese medicines industry, with extensive experiences in GMP quality management and operational practices for different traditional Chinese medicines manufacturing facilities, as well as substantial experience in medical product registration. Ms. Wang joined Jacobson Pharma Group as a traditional Chinese medicines quality assurance manager & operation manager at Europharm Laboratoires Co. Ltd. from March 2008 to March 2017, before she was promoted to an assistant general manager of Chinese medicine in April 2017. Starting from April 2021, she was promoted to General Manager at Europharm Laboratoires (HK) Co. Ltd. where she is responsible for the quality management of the manufacturing process, product regulatory affairs and daily operations of traditional Chinese medicines.

Before joining Jacobson Pharma Group, Ms. Wang worked in Shenzhen Huakang Medicine Co., Ltd from August 2003 to February 2008 as the quality assurance manager and assistant general manager, in charge of quality management, GSP implementation and authentication, product registration as well as daily operations. From May 2001 to July 2003, she worked at the Guangning pharmaceutical manufacturing plant of Million King Group. From May 1999 to June 2001, Ms. Wang was employed as a manager of the software department at Anhui Fengyang Keyuan Pharmaceutical Co., Ltd. (安徽鳳陽科苑藥業有限公司). Prior to that, she worked as a pharmaceutical manufacturing engineer at Huainan Shuangyin Pharmaceutical Co., Ltd. (淮南市雙銀藥業有限公司) (formerly known as Huainan First Pharmaceutical Manufacturing Factory (淮南市第一製藥廠)), Anhui province, the PRC, from July 1985 to April 1999, where she was responsible for production engineering, product research & development and product registration.

Ms. Wang obtained a diploma majoring in Chinese Medicine at Anhui University of Traditional Chinese Medicine (安徽中醫藥大學) (formerly known as Anhui College of Traditional Chinese Medicine (安徽中醫學院)) in China in July 1991 through distance-learning. She became a licensed pharmacist in China since October 2002. She was awarded with the Anhui Province certificate of scientific and technological research achievement (安徽省科學技術研究成果證書) from the Anhui Province science and technology committee in August 1999.

Ms. Lo Chui Yee ("Ms. Lo"), aged 53, is the Senior Marketing Manager of our Group. She is responsible for the brand building and marketing of our proprietary Chinese medicine products. She has over 20 years of industry experience in the sales and marketing of fast-moving consumer goods, health supplements and Chinese medicines in Hong Kong.

Ms. Lo joined our Group in November 2013 as a marketing manager at Li Chung Shing Tong (Holdings) Limited and was subsequently promoted as its senior marketing manager in February 2019, mainly in charge of brand building and marketing of products.

Prior to joining Jacobson Pharma Group, Ms. Lo was employed as a marketing consultant at KADOSH Health & Beauty Co. Ltd. from October 2012 to February 2013. From October 2010 to October 2012, she worked as a senior product manager at Green Science International Limited. Prior to that, Ms. Lo served various positions at The Kowloon Dairy Ltd and was assistant marketing manager, senior product manager, product manager and marketing assistant between July 1991 and March 2010. Ms. Lo left Kowloon Dairy in August 1998 to pursue a master's degree in Middlesex University. Before Ms. Lo re-joined The Kowloon Dairy Ltd in August 2001, she was employed as a brand manager at Sims Trading Company Limited from March 2000 to August 2001. Ms. Lo began her marketing career as a marketing assistant at Giant Sky Limited (Premier Travel), from November 1990 to March 1991.

Ms. Lo received a diploma in Business Administration from Hong Kong Shue Yan University (formerly known as Hong Kong Shue Yan College) in July 1990. She then obtained a master's degree in Marketing Management from Middlesex University, United Kingdom in February 2000. She has become a member and a chartered marketer of The Chartered Institute of Marketing, United Kingdom since February 2012 and July 2013, respectively.

Ms. Leung Hoi Ki ("Ms. Leung"), aged 38, is the Operation Manager, proprietary Chinese Medicine of our Group. She is responsible for production and operation, new product development and proprietary Chinese medicine quality assurance. She has over 13 years of experience in the Chinese medicine industry in Hong Kong and has worked in a number of pharmaceutical companies in Hong Kong.

Ms. Leung joined our Group in December 2014 as an operation manager at Jetstar Company Limited, where she is responsible for overseeing the production, operation, product development and quality assurance affairs of our proprietary Chinese medicine products. Prior to this, Ms. Leung was employed as a quality assurance manager at Hong Kong Zihua Pharmaceutical Limited from April 2011 to December 2014, during which she was the quality assurance manager with the responsibility of establishing good manufacturing practice (GMP) for proprietary Chinese medicines. From January 2010 to April 2011, Ms. Leung was a factory manager at Po Wo Tong Medicines (HK) Limited. From June 2006 to January 2010, Ms. Leung was also employed at Wai Yuen Tong Medicine Co. Ltd. as a quality assurance officer.

Ms. Leung graduated from Hong Kong Baptist University in November 2006 with a bachelor of pharmacy degree in Chinese Medicine. She subsequently received her master's degree in Nutrition, Food Science and Technology from The Chinese University of Hong Kong in December 2010.

Directors' Emoluments

The directors' remuneration is determined by the Board with reference to directors' duties, responsibilities and performance and the results of the Group, and reviewed by the Remuneration Committee. Particulars of the duties and responsibilities of the Remuneration Committee are set out in "Corporate Governance Report" of this Annual Report.

Details of the emoluments of the Directors on a named basis are set out in note 6 to the consolidated financial statements.

Directors' Material Interests in Transactions, Arrangements and Contracts

No transactions, arrangements and contracts that were significant in relation to the Company's business to which the Company or any of its subsidiaries was a party and in which any Director or the Director's connected entity had a material interest, whether directly or indirectly, subsisted at the end of the FY2021 or at any time during the FY2021.

Contracts of Significance

Other than disclosed in the sections headed "Continuing Connected Transactions" and "Management Discussion and Analysis" and note 30 to the consolidated financial statements contained in this annual report, no contract of significance was entered into between the Company or any of its subsidiaries and the Controlling Shareholders or any of its subsidiaries during the year ended 31 March 2021 or subsisted at the end of the year and no contract of significance for the provision of services to the Company or any of its subsidiaries by a Controlling Shareholder or any of its subsidiaries was entered into during the year ended 31 March 2021 or subsisted at the end of the year.

Interests in Competing Business

Mr. Sum Kwong Yip, Derek and Mr. Yim Chun Leung, both our non-executive Directors, who are executive directors of Jacobson Pharma (also as chairman of the board of directors in the case of Mr. Sum), do not have any executive role or function in our Group. Jacobson Pharma and its wholly-owned subsidiary JBM Group BVI, which are beneficially controlled by Mr. Sum, are the controlling shareholders of the Company. The Board considered that (i) our Group's business is adequately delineated from the business of Jacobson Pharma Group; and (ii) our Group is independent from Jacobson Pharma Group in terms of our operations, finance and management.

Saved as disclosed above, none of the Directors or Controlling Shareholders is interested in any business apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business.

Directors' Service Contracts

Each of the executive Directors has entered into a service agreement with the Company for a term of three years from 22 September 2020, all of which may be terminated by either party giving to the other party not less than three months' notice in writing. Each of the non-executive Directors, has entered into a letter of appointment with the Company for a term of three years from 22 September 2020, all of which may be terminated earlier by either party serving on the other party not less than one month's notice in writing. Each of the independent non-executive Directors, has entered into a letter of appointment with the Company for a term of three years from 18 January 2021, all of which may be terminated earlier by either party serving on the other party not less than one month's notice in writing.

None of the Directors proposed for re-election at the 2021 AGM is a party to any service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group, which were not a contract of service with any Director or any person engaged in the full-time employment of our Company, were entered into or in existence during the Reporting Period.

Equity-Linked Agreements

Share Award Scheme

The share award scheme of the Company was adopted by the Board on 18 January 2021. 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 does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules, and is a discretionary scheme of the Company.

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 or subscribe for new ordinary shares from the Company 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). Details of the rules of the Share Award Scheme were set out in the Prospectus.

Up to 31 March 2021, the Trustee has not yet purchased any existing shares of the Company from the market. During the Reporting Period, no share was issued under the Share Award Scheme, and no share was granted to any selected participant under the Share Award Scheme.

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.

Continuing Disclosure Obligations Pursuant to the Listing Rules

Save as disclosed in this annual report, the Company does not have any other disclosure obligations under Rules 13.21 and 13.22 of the Listing Rules.

Permitted Indemnity Provision

Save for the Directors' and officers' liability insurance and the public offering of securities insurance coverages for the Directors and officers of the Group, no other permitted indemnity provision for the benefit of any Director or who had been a Director of the Company, or of its subsidiaries, where applicable, is in force during the Reporting Period.

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

As at 31 March 2021, 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 [(1)]	Beneficial owner Interests in controlled corporation Settlor of trusts	622,594,375	69.67%	Long position
Mr. Wong Yat Wai, Patrick	Beneficial owner	204,500	0.02%	Long position
Dr. Chu Ka Wing	Beneficial owner	113,750	0.01%	Long position
Mr. Yim Chun Leung	Beneficial owner	3,727,500	0.42%	Long position
Mr. Yeung Kwok Chun, Harry	Beneficial owner	125,000	0.01%	Long position
Mr. Chan Kam Chiu, Simon	Beneficial owner	12,500	0.01%	Long position

Note:

(1) Jacobson Pharma is owned as to approximately 43.98%, 14.86% and 0.1% by Kingshill, Queenshill and Mr. Sum (in his personal capacity), respectively. Each of Lincoln's Hill and Kingshill 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. Queenshill is wholly-owned by Mr. Sum. By virtue of the SFO, Mr. Sum is deemed to be interested in the 622,594,375 shares of the Company in which Jacobson Pharma, Lincoln's Hill and Queenshill 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)

Name of Director	Capacity/Nature of Interest	Number of shares	Approximate percentage of issued share capital of Jacobson Pharma	Long position/ Short position/ Lending pool
Mr. Sum [1]	Beneficial owner Interests in controlled corporation Settlor of trusts	1,140,276,000	58.95%	Long position
Mr. Wong Yat Wai, Patrick	Beneficial owner	1,636,000	0.08%	Long position
Dr. Chu Ka Wing	Beneficial owner	910,000	0.05%	Long position
Mr. Yim Chun Leung	Beneficial owner	29,820,000	1.54%	Long position
Mr. Yeung Kwok Chun, Harry	Beneficial owner	1,000,000	0.05%	Long position
Mr. Chan Kam Chiu, Simon	Beneficial owner	100,000	0.01%	Long position

Note:

(1) Mr. Sum is the registered and beneficial owner of 2,000,000 shares in Jacobson Pharma. Queenshill, a company wholly-owned by Mr. Sum, also held 287,592,000 shares in Jacobson Pharma. By virtue of the SFO, Mr. Sum is deemed to be interested in the 287,592,000 shares held by Queenshill. UBS Trustees (B.V.I.) Limited, the trustee of The Kingshill Trust, holds the entire issued share capital of Trust Co through its nominee, UBS Nominees Limited. Trust Co holds the entire issued share capital of Kingshill. Kingshill in turn holds 850,684,000 shares Jacobson Pharma. The Kingshill Trust is a discretionary trust established by Mr. Sum (as the settlor) with Mr. Sum and his family members as the discretionary beneficiaries (directly and through The Queenshill Trust). By virtue of the SFO, Mr. Sum, as the settlor and a discretionary beneficiary of The Kingshill Trust and The Queenshill Trust, is deemed to be interested in the 850,684,000 shares of Jacobson Pharma held by Kingshill.

Save as disclosed above, so far as known to any Directors as at 31 March 2021, 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 31 March 2021, 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
JBM Group BVI[1]	Beneficial owner	480,222,375	53.74%	Long position
Jacobson Pharma[1][2]	Interests in controlled corporation	480,222,375	53.74%	Long position
Kingshill[2]	Interests in controlled corporation	480,222,375	53.74%	Long position
Lincoln's Hill[2]	Beneficial owner	106,335,500	11.90%	Long position
Trust Co[2]	Interests in controlled corporation	586,557,875	65.63%	Long position
UBS Trustees (B.V.I.) Limited[2]	Interests in controlled corporation Trustee	586,557,875	65.63%	Long position
Mr. Sum[2]	Beneficial owner Interests in controlled corporation Settlor of trusts	622,594,375	69.67%	Long position

Notes:

(1) JBM Group BVI is wholly-owned by Jacobson Pharma. By virtue of the SFO, Jacobson Pharma is deemed to be interested in the Shares held by JBM Group BVI.

(2) Jacobson Pharma is owned as to approximately 43.98%, 14.86% and 0.1% by Kingshill, Queenshill and Mr. Sum (in his personal capacity), respectively. Each of Lincoln's Hill and Kingshill 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. Queenshill is wholly-owned by Mr. Sum. By virtue of the SFO, (i) each of Kingshill, Trust Co, UBS Trustees (B.V.I.) Limited and Mr. Sum is deemed to be interested in the Shares in which Jacobson Pharma is interested; (ii) each of Trust Co, UBS Trustees (B.V.I.) Limited and Mr. Sum will be deemed to be interested in the Shares in which Lincoln's Hill is interested; and (iii) Mr. Sum is deemed to be interested in the 622,594,375 shares of the Company in which Queenshill is interested.

Connected Transaction

Continuing Connected Transaction

The Company is owned as to approximately 53.74% by JBM Group BVI which in turn is wholly-owned by Jacobson Pharma. Jacobson Pharma and JBM Group BVI are two of our Controlling Shareholders.

Accordingly, Jacobson Pharma, JBM Group BVI and their respective associates other than our Group are our connected persons by virtue of Rule 14A.07 of the Listing Rules and for the purposes of connected transactions under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.76(2)(a) of the Listing Rules, each of the following transactions were exempt from the circular and independent shareholders' approval requirements but subject to the announcement, reporting, and annual review requirements under Chapter 14A of the Listing Rules.

1. Logistics Services Agreement

On 19 January 2021, our Company (on behalf of our subsidiaries) entered into an agreement (the "**Logistics Services Agreement**") with Jacobson Pharma (on behalf of its subsidiaries excluding our Group) which is conditional upon the Listing, to govern the provision of logistics services by the Jacobson Connected Persons to us.

The initial term of the Logistics Services Agreement shall commence on the Listing Date and expire on 31 March 2023, and is renewable upon expiry at the discretion of our Group on terms to be agreed by the parties. The Logistics Services Agreement may be terminated during its term by us by giving Jacobson Pharma not less than three-month's prior written notice.

The maximum charges and service fees payable by us under the Logistics Services Agreement for the period from Listing Date to 31 March 2021 and each of the two years ending 31 March 2023 shall not exceed the caps set forth below:

	Proposed annual cap for the period ended/ year ending 31 March (HK$'000)		
	2021 (from the date of Listing)	2022	2023
Provision of logistics services by the Jacobson Connected Persons	2,200	5,500	6,500

2. Manufacturing Services Agreement

On 19 January 2021, our Company (on behalf of our subsidiaries) entered into an agreement (the "**Manufacturing Services Agreement**") with Jacobson Pharma (on behalf of its subsidiaries excluding our Group) which is conditional upon the Listing, to govern (i) the provision of manufacturing services of selected generic drugs (being primarily non-branded and non-proprietary cough syrup and capsules for cough and nasal congestion (the "**Selected Generic Drugs**")) by us to the Jacobson Connected Persons and (ii) the provision of manufacturing services of antiseptic hand rubs and other selected branded healthcare products (such as antiseptic alcohol, lotion and mouthwash) under our Dr. Freeman (醫臣) brand (together, "**Dr. Freeman Products**") by the Jacobson Connected Persons to us.

The initial term of the Manufacturing Services Agreement shall commence on the Listing Date and expire on 31 March 2023, and is renewable upon expiry at the discretion of our Group on terms to be agreed by the parties. The Manufacturing Services Agreement may be terminated during its term by us (in respect of the manufacturing services of Dr. Freeman products) by giving Jacobson Pharma not less than three-month's prior written notice or by agreement of both parties.

Connected Transaction (Continued)

Continuing Connected Transaction (Continued)

2. Manufacturing Services Agreement (Continued)

The maximum annual manufacturing services fees payable by the Jacobson Connected Persons and by us under the Manufacturing Services Agreement for the period from Listing Date to 31 March 2021 and each of the two years ending 31 March 2023 shall not exceed the caps set forth below:

	Proposed annual cap for the period ended/ year ending 31 March (HK$'000)		
	2021 (from the date of Listing)	2022	2023
Provision of manufacturing services of the Selected Generic Drugs to the Jacobson Connected Persons	1,500	3,500	3,500
Provision of manufacturing services of the Dr. Freeman Products by the Jacobson Connected Persons	2,500	6,500	6,500

3. Overseas Sales Administrative Services Agreement

On 19 January 2021, our Company (on behalf of our subsidiaries) entered into an agreement (the "**Overseas Sales Administrative Services Agreement**") with Jacobson Pharma (on behalf of its subsidiaries excluding our Group) which is conditional upon the Listing, in order to govern the provision of the Remaining Parent Group's overseas sales administrative services in Macau, Singapore and Taiwan to us.

The Overseas Sales Administrative Services Agreement shall commence on the Listing Date and expire on 31 March 2023, and is renewable upon expiry at the discretion of our Group on terms to be agreed by the parties. The Overseas Sales Administrative Services Agreement may be terminated during its term by us by giving Jacobson Pharma not less than three-month's prior written notice or by agreement of both parties.

The maximum service fees payable by us under the Overseas Sales Administrative Services Agreement for the period from Listing Date to 31 March 2021 and each of the two years ending 31 March 2023 shall not exceed the caps set forth below:

	Proposed annual cap for the period ended/ year ending 31 March (HK$'000)		
	2021 (from the date of Listing)	2022	2023
Provision of overseas sales administrative services by the Jacobson Connected Persons	1,500	4,200	4,500

The transactions contemplated under each of (1) Logistics Services Agreement; (2) Manufacturing Services Agreement; and (3) Overseas Sales Administrative Services Agreement as mentioned above (collectively known as the "**CCT Agreements**") constitutes continuing connected transactions of the Group under Chapter 14A of the Listing Rules.

For further details of the above the continuing connected transactions, please refer to "Partially exempt continuing connected transactions" in the section headed "Connected Transactions" of the Prospectus.

Connected Transaction (Continued)

Continuing Connected Transaction (Continued)

Details of the Group's related party transactions are set out in note 30 to the consolidated financial statements in accordance with the applicable Hong Kong Financial Reporting Standards for preparing these financial statements. Save as disclosed above, none of the related party transactions constitutes a discloseable connected transaction or a continuing connected transaction under Chapter 14A of the Listing Rules. It is confirmed that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors have reviewed the CCT Agreements, and confirmed the CCT Agreements have been entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) according to the agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Messrs. KPMG, the auditor of the Company, was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Messrs. KPMG has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed above in accordance with Rule 14A.56 of the Listing Rules. A copy of the above auditor's letter will be provided by the Company to the Stock Exchange in accordance with Rule 14A.57 of the Listing Rules.

Major Customers and Suppliers

For the Reporting Period, the aggregate revenue attributable to the Group's five largest customers was 44.2% (FY2020: 28.3%) of the total revenue. The largest customer accounted for 33.4% (FY2020: 7.1%) of the Group's revenue.

For the Reporting Period, the aggregate purchases attributable to the Group's five largest suppliers accounted for 46.1% (FY2020: 48.7%) of the total purchases for the year. The largest supplier accounted for 17.1% (FY2020: 16.2%) of the Group's purchase.

To the best knowledge of the Directors, neither the Directors, their associates, nor any shareholders who own more than 5% of the Company's issued shares, had any beneficial interest in the Group's five largest customers or suppliers during the Reporting Period.

Retirement Benefit Schemes

Details of the Company's retirement benefit schemes are set out in note 4(B) to the consolidated financial statements.

Pre-Emptive Rights

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

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued shares was held by the public as at the date of this annual report.

Charitable Donation

During the Reporting Period, the Group does not make any charitable donations (FY2020: HK$ Nil).

Auditor

Messrs. KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Messrs. KPMG as auditor of the Company is to be proposed at the 2021 AGM.

On behalf of the Board

Sum Kwong Yip, Derek
Non-executive Director and Chairman
Hong Kong, 29 June 2021

Independent Auditor's Report

To the shareholders of JBM (Healthcare) Limited
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of JBM (Healthcare) Limited ("**the Company**") and its subsidiaries ("**the Group**") set out on pages 73 to 128, which comprise the consolidated statement of financial position as at 31 March 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("**the Code**") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

ASSESSING POTENTIAL IMPAIRMENT OF INTANGIBLE ASSETS

Refer to note 11 to the consolidated financial statements and the accounting policies in note 1(N)(ii).

The Key Audit Matter	How the matter was addressed in our audit
The carrying value of the Group's intangible assets as at 31 March 2021 totalled HK$851.8 million, which included goodwill of HK$260.5 million and trademarks with indefinite useful life of HK$367.1 million. Management allocates intangible assets, including goodwill, to separately identifiable cash generating units ("**CGUs**"). For goodwill and intangible assets with indefinite useful lives, the recoverable amount is estimated annually whether or not there are any indications of impairment. For intangible assets with useful lives, management assesses if there are any indications of impairment of these CGUs. If any indications of impairment are identified, management will estimate the recoverable amounts of the CGUs. Recoverable amount of a CGU is the higher of value-in-use and fair value less costs of disposals of the related assets. Value-in-use is determined based on the discounted cash flow forecasts. Management exercises significant judgement in determining certain key assumptions, including revenue growth rates, gross margins and the discount rates applied, when preparing the discounted cash flow forecasts.	Our audit procedures to assess the potential impairment of intangible assets included the following: • evaluating management's identification of CGUs and the allocation of assets to each relevant CGU and assessing the methodology applied by management in its impairment assessments with reference to the requirements of the prevailing accounting standards; • challenging the revenue growth rates and gross margins adopted by management in its preparation of the discounted cash flow forecasts by referring to industry and other available third party information, the recent financial performance of each relevant CGU subject to impairment assessment and management's plans for future operations; • assessing the discount rates used in the discounted cash flow forecasts by benchmarking against other comparable companies and considering the risks specific to each relevant CGU subject to impairment assessment; • obtaining from management sensitivity analyses of the key assumptions, including revenue growth rates, gross margins and the discount rates, adopted in the discounted cash flow forecasts to evaluate the impact on the headroom for each relevant CGU subject to impairment assessment and assessing the impact of changes in the key assumptions to the conclusions reached and whether there are any indicators of management bias; • comparing the key assumptions included in the discounted cash flow forecasts prepared in the prior year with the current year's performance of each relevant CGU subject to impairment assessment and make enquiries of management as to the reasons for any significant variations identified, to assess whether the judgement made by management in the preparation of the discounted cash flow forecasts in the prior year indicated possible management bias; and • assessing the reasonableness of the disclosures in the consolidated financial statements in respect of management's impairment assessment with reference to the requirements of the prevailing accounting standards.

Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

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

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

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Lee Ka Nang.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
29 June 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2021 (Expressed in Hong Kong dollars)

	Note	2021 HK$'000	2020 HK$'000
Revenue	2	397,158	381,542
Cost of sales		(198,725)	(191,363)
Gross profit		198,433	190,179
Other net income	3	11,371	8,087
Selling and distribution expenses		(85,705)	(89,000)
Administrative and other operating expenses		(41,816)	(50,229)
Listing expenses		(32,007)	(7,189)
Profit from operations		50,276	51,848
Finance costs	4(A)	(7,409)	(845)
Share of (losses)/profits of associates		(1,054)	2,963
Share of losses of joint ventures		(132)	–
Profit before taxation	4	41,681	53,966
Income tax	5(A)	(11,062)	(9,669)
Profit for the year		30,619	44,297
Other comprehensive income for the year			
Item that will not be reclassified subsequently to profit or loss, net of nil tax:			
Revaluation of financial assets at fair value through other comprehensive income		(10,720)	–
Item that may be reclassified subsequently to profit or loss, net of nil tax:			
Exchange differences on translation of financial statements of operations outside Hong Kong		1,194	(537)
Other comprehensive income		(9,526)	(537)
Total comprehensive income for the year		21,093	43,760
Profit attributable to:			
Equity shareholders of the Company		22,600	41,022
Non-controlling interests		8,019	3,275
Total profit for the year		30,619	44,297
Total comprehensive income attributable to:			
Equity shareholders of the Company		13,074	40,485
Non-controlling interests		8,019	3,275
Total comprehensive income for the year		21,093	43,760
		HK cents	HK cents
Earnings per share			
Basic and diluted	8	2.78	5.68

The notes on pages 77 to 128 form part of these financial statements.

Consolidated Statement of Financial Position

At 31 March 2021 (Expressed in Hong Kong dollars)

	Note	2021 HK$'000	2020 HK$'000
Non-current assets			
Property, plant and equipment	10	190,070	179,665
Intangible assets	11	851,750	854,014
Interests in associates	13	16,905	17,959
Interests in joint ventures	14	4,036	2,500
Other non-current assets	15	6,741	6,584
Other financial assets	18	25,321	36,041
Deferred tax assets	23	2,062	1,355
		1,096,885	1,098,118
Current assets			
Inventories	16	48,016	63,778
Trade and other receivables	17	141,248	129,909
Current tax recoverable		668	3,641
Cash and cash equivalents	19	94,376	72,790
		284,308	270,118
Current liabilities			
Trade and other payables and contract liabilities	20	56,970	85,837
Bank loans	21	60,000	–
Lease liabilities	22	12,882	9,025
Current tax payable		7,290	4,998
		137,142	99,860
Net current assets		147,166	170,258
Total assets less current liabilities		1,244,051	1,268,376
Non-current liabilities			
Bank loans	21	175,000	–
Lease liabilities	22	20,036	6,515
Amount due to the immediate holding company	20(C)	–	440,000
Deferred tax liabilities	23	102,072	107,157
		297,108	553,672
NET ASSETS		946,943	714,704
CAPITAL AND RESERVES			
Share capital	24	8,937	10
Reserves	26	895,771	657,320
Total equity attributable to equity shareholders of the Company		904,708	657,330
Non-controlling interests		42,235	57,374
TOTAL EQUITY		946,943	714,704

Approved and authorised for issue by the Board on 29 June 2021.

Wong Yat Wai, Patrick
Director

Chu Ka Wing
Director

The notes on pages 77 to 128 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2021 (Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company								
	Share capital HK$'000	Share premium HK$'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 2019	81	6,483	(60,596)	(380)	–	202,052	147,640	30,470	178,110
Profit for the year	–	–	–	–	–	41,022	41,022	3,275	44,297
Other comprehensive income	–	–	–	(537)	–	–	(537)	–	(537)
Total comprehensive income for the year	–	–	–	(537)	–	41,022	40,485	3,275	43,760
Deemed contribution (note 26(D))	–	–	–	–	–	4,545	4,545	–	4,545
Acquisition of subsidiaries (note 27)	–	–	–	–	–	–	–	23,989	23,989
Dividends declared (note 9)	–	–	–	–	–	(66,000)	(66,000)	–	(66,000)
Dividends paid by subsidiaries attributable to non-controlling interests (note 9)	–	–	–	–	–	–	–	(360)	(360)
Issuance of new shares	1	–	–	–	–	–	1	–	1
Reorganisation (Note)	(72)	530,731	–	–	–	–	530,659	–	530,659
	(71)	530,731	–	(537)	–	(20,433)	509,690	26,904	536,594
At 31 March 2020 and 1 April 2020	10	537,214	(60,596)	(917)	–	181,619	657,330	57,374	714,704
Profit for the year	–	–	–	–	–	22,600	22,600	8,019	30,619
Other comprehensive income	–	–	–	1,194	(10,720)	–	(9,526)	–	(9,526)
Total comprehensive income for the year	–	–	–	1,194	(10,720)	22,600	13,074	8,019	21,093
Deemed distribution (note 26(D))	–	–	–	–	–	(307)	(307)	–	(307)
Contribution from non-controlling interests	–	–	–	–	–	–	–	40	40
Dividends declared by subsidiaries attributable to non-controlling interests (note 9)	–	–	–	–	–	–	–	(3,840)	(3,840)
Capitalisation of amount due to the immediate holding company	–	–	70,000	–	–	–	70,000	–	70,000
Capitalisation Issue (note 24(iii))	7,210	(7,210)	–	–	–	–	–	–	–
Issuance of new shares and acquisition of non-controlling interests (notes 24(iv) and 27)	1,270	125,730	(10,642)	–	–	–	116,358	(19,358)	97,000
Shares issued under initial public offering, net of share issuance expenses (note 24(v))	447	47,806	–	–	–	–	48,253	–	48,253
	8,927	166,326	59,358	1,194	(10,720)	22,293	247,378	(15,139)	232,239
At 31 March 2021	8,937	703,540	(1,238)	277	(10,720)	203,912	904,708	42,235	946,943

Note: The amounts represent the transfer of businesses to the Company under the Reorganisation (see note 1(B)) and issuance and allotment of shares to JBM Group BVI, the immediate holding company of the Group, settled by setting-off the Company's amount due to the immediate holding company (see note 24).

The notes on pages 77 to 128 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 March 2021 (Expressed in Hong Kong dollars)

	Note	2021 HK$'000	2020 HK$'000
Operating activities			
Cash generated from operations	19(B)	70,346	56,046
Income tax paid		(11,590)	(17,761)
Net cash generated from operating activities		58,756	38,285
Investing activities			
Payment for purchase of property, plant and equipment and intangible assets		(22,958)	(4,523)
Proceeds from disposals of property, plant and equipment and intangible assets		–	11
Decrease in amounts due from fellow subsidiaries		–	42,516
Net cash inflow from acquisition of subsidiaries	27	–	5,260
Payment for interest in a joint venture		(1,668)	–
Interest received		175	138
Net cash (used in)/generated from investing activities		(24,451)	43,402
Financing activities			
Capital element of lease rentals paid	19(C)	(11,763)	(10,297)
Interest element of lease rentals paid	19(C)	(618)	(495)
Proceeds from bank loans	19(C)	250,000	–
Repayment of bank loans	19(C)	(15,000)	(4,733)
Decrease in amounts due to fellow subsidiaries	19(C)	(1,127)	(34,699)
Decrease/(increase) in amount due from an intermediate holding company		10,793	(1,009)
Decrease in amount due to an intermediate holding company	19(C)	(10,824)	(7,682)
Decrease in amount due to the immediate holding company	19(C)	(374,550)	–
Other borrowing costs paid	19(C)	(2,241)	(45)
Dividends paid to non-controlling interests		(3,840)	(360)
Issuance of new shares	24(iv)	97,000	–
Gross proceeds from shares issued under initial public offering	24(v)	53,623	–
Payment for share issuance expenses	24(v)	(5,370)	–
Net cash used in financing activities		(13,917)	(59,320)
Net increase in cash and cash equivalents		20,388	22,367
Cash and cash equivalents at the beginning of the year		72,790	50,962
Effect of foreign exchange rate changes		1,198	(539)
Cash and cash equivalents at the end of the year	19(A)	94,376	72,790

The notes on pages 77 to 128 form part of these financial statements.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Significant Accounting Policies

(A) STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Listing Rules. Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 1(E) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(B) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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, collectively referred to as the "**Relevant Businesses**".

The Relevant Businesses were carried out by the Group upon completion of a group reorganisation ("**Reorganisation**") on 30 July 2020. Prior to the Reorganisation, the Relevant Businesses of the Group were carried out by several subsidiaries owned by Jacobson Pharma Group (BVI) Limited, which is a company incorporated in BVI and a wholly-owned subsidiary of Jacobson Pharma which is an intermediate holding company of the Company and incorporated in the Cayman Islands with its shares listed on the Main Board. Certain subsidiaries engaged in the Relevant Businesses were also engaged in other economic activities apart from the Relevant Businesses, which the directors of the Company considered to be objectively distinguishable (the "**Excluding Businesses**").

Pursuant to the Reorganisation, the companies that took part in the Reorganisation were controlled by Jacobson Pharma, prior to and after the Reorganisation. The control is not transitionary and, consequently, there was a continuation of the risks and benefits to Jacobson Pharma. Therefore, the Reorganisation is considered as a business combination of entities and businesses under common control. The consolidated financial statements have been prepared using the merger basis of accounting as if the companies and businesses now comprising the Group have been consolidated at the beginning of 1 April 2019 unless the combining companies and businesses first came under common control at a later date. The assets and liabilities of the combining companies and businesses are consolidated using the existing book values from Jacobson Pharma's perspective.

The consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement of the Group include the consolidated results of operations of the companies and businesses now comprising the Group as if the Relevant Businesses were transferred to the Group at the beginning of the earliest period presented or when such businesses were established, whichever is the shorter period, but exclude the Excluding Businesses which are not part of the Group pursuant to the Reorganisation. The consolidated statement of financial position of the Group as at 31 March 2021 and 2020 have been prepared to present the state of affairs of the Group as at that date as if the Reorganisation had occurred at the beginning of 1 April 2019.

For those subsidiaries which engaged in both the Relevant Businesses and Excluding Businesses, a process has been completed to specifically identify assets, liabilities, revenue, expenses and cash flows associated with the Relevant Businesses in preparing the consolidated financial statements. The consolidated financial statements only include transactions and balances attributable to the Relevant Businesses. Transactions and balances were attributed to the Relevant Businesses based on specific identification except for those set out below, for which allocations were made based on the most relevant allocation bases in the views of the Directors:

- Staff costs have been principally allocated either based on headcount to the extent a separate group of personnel could be specifically identified and attributed to the Relevant Businesses, or otherwise allocated based on revenue; and

- Overhead expenses, selling expenses and administrative expenses have been principally allocated based on revenue as appropriate, except for some specifically identifiable expenses, for example, advertising and promotion expenses.

1 Significant Accounting Policies (Continued)

(B) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Continued)

The Company believes the basis of preparation described above results in the consolidated financial statements reflecting the assets and liabilities associated with the Relevant Businesses and reflects costs and expenses associated with the functions that would be necessary to operate independently.

The consolidated financial statements for the year ended 31 March 2021 comprise the Company and its subsidiaries and the Group's interests in associates and joint ventures.

Intra-group balances and transactions are eliminated in full in preparing the consolidated financial statements.

(C) ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 32.

(D) BASIS OF MEASUREMENT

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**") and prepared on the historical cost basis, except that the investments measured as financial assets at fair value through other comprehensive income ("**FVOCI**") (see note 1(J)) is stated at its fair value.

(E) CHANGES IN ACCOUNTING POLICIES

The Group has applied the amendment to HKFRS 16, *Covid-19-Related Rent Concessions* issued by the HKICPA to these financial statements for the current accounting period. Other than the amendment to HKFRS 16, the Group has not applied any new standard or amendment that is not yet effective for the current accounting period.

Amendment to HKFRS 16, *Covid-19-Related Rent Concessions*

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic ("**COVID-19-related rent concessions**") are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

The Group has elected to early adopt the amendments and applies the practical expedient to all qualifying COVID-19-related rent concessions granted to the Group during the year. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the period in which the event or condition that triggers those payments occurred. There is no impact on the opening balance of equity at 1 April 2020.

1 Significant Accounting Policies (Continued)

(F) SUBSIDIARIES AND NON-CONTROLLING INTERESTS

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has the rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parities) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 1(Q) or 1(R) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(J)) or, when appropriate, the cost on initial recognition of an investment in an associate or a joint venture (see note 1(G)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(N)(ii)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(G) ASSOCIATES AND JOINT VENTURES

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 1(I)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in other comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture (after applying the expected credit loss ("**ECL**") model to such other long-term interests where applicable (see note 1(N)(i))).

1 Significant Accounting Policies (Continued)

(G) ASSOCIATES AND JOINT VENTURES (Continued)

Unrealised profits and losses resulting from transactions between the Group and its associates or joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(J)).

(H) BUSINESS COMBINATIONS

The Group accounts for business combinations using the acquisition method when control is transferred to the Group (see note 1(F)). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see note 1(N)(ii)). Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. Contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(I) GOODWILL

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as of the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to cash generating units, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 1(N)(ii)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(J) OTHER INVESTMENTS IN EQUITY SECURITIES

The Group's policies for investments in equity securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("**FVPL**") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 28(E). The investment is subsequently accounted for as follows, depending on their classification.

1 Significant Accounting Policies (Continued)

(J) OTHER INVESTMENTS IN EQUITY SECURITIES (Continued)

Equity Investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in note 1(W)(iv).

(K) PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(N)(ii)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

- Leasehold land is depreciated over the unexpired term of lease.
- Buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years after the date of completion.

– Machinery and equipment	5–20 years
– Furniture, fixtures and office equipment	4–20 years
– Motor vehicles	5 years
– Leasehold improvements	Shorter of the lease term or 10–20 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(L) INTANGIBLE ASSETS (OTHER THAN GOODWILL)

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 1(N)(ii)). Amortisation of intangible assets with finite lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

– Unpatented drugs	30 years
– Customer relationship	15–20 years
– Distribution rights	Over the distribution agreement term of 3–15 years

Both the period and method of amortisation are reviewed annually.

1 Significant Accounting Policies (Continued)

(L) INTANGIBLE ASSETS (OTHER THAN GOODWILL) (Continued)

Club memberships and trademarks which useful lives are assessed to be indefinite, are not amortised and are stated at cost less impairment losses (see note 1(N)(ii)). Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if it can be demonstrated that the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. Other development expenditure is recognised as an expense in the period in which it is incurred.

(M) LEASED ASSETS

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a Lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases of low-value assets which for the Group are primarily office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 1(K) and 1(N)(ii)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("**lease modification**") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16 *Leases*. In such cases, the Group took advantage of the practical expedient set out in paragraph 46A of HKFRS 16 and recognised the change in consideration as if it were not a lease modification.

The Group presents right-of-use assets in "property, plant and equipment" and presents lease liabilities separately in the consolidated statement of financial position.

1 Significant Accounting Policies (Continued)

(N) CREDIT LOSSES AND IMPAIRMENT OF ASSETS

(i) Credit losses from financial instruments

The Group recognises a loss allowance for ECLs on the financial assets measured at amortised cost (including cash and cash equivalents and trade and other receivables).

Financial assets measured at fair value are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls for trade and other receivables are discounted using the effective interest rate determined at initial recognition or an approximation thereof where the effect of discounting is material.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

1 Significant Accounting Policies (Continued)

(N) CREDIT LOSSES AND IMPAIRMENT OF ASSETS (Continued)

(i) Credit losses from financial instruments (Continued)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making the assessment, the Group considers that a default event occurs when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held). The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income recognised in accordance with note 1(W)(iii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

1 Significant Accounting Policies (Continued)

(N) CREDIT LOSSES AND IMPAIRMENT OF ASSETS (Continued)

(i) Credit losses from financial instruments (Continued)

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment, including right-of-use assets;
- intangible assets;
- goodwill; and
- investment in a subsidiary in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount

  The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

  An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

- Reversals of impairment losses

  In respect of assets other than goodwill, an impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

  A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

1 Significant Accounting Policies (Continued)

(O) INVENTORIES

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the first in first out basis and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When the inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(P) TRADE AND OTHER RECEIVABLES

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 1(N)(i)).

(Q) INTEREST-BEARING BORROWINGS

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see note 1(Y)).

(R) TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

(i) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(ii) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 1(W)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 1(P)).

(S) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in note 1(N)(i).

1 Significant Accounting Policies (Continued)

(T) EMPLOYEE BENEFITS

Salaries, annual bonuses, staff welfare costs and contributions to defined contribution retirement schemes are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values. The employee benefits are recognised as an expense in profit or loss as incurred, except to the extent that they are included in the cost of inventories not yet recognised as an expense.

(U) INCOME TAX

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities and all deferred tax assets, to the extent that it is probable that future taxable profits will be available against which the asset can be utilise, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilise.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilise. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

1 Significant Accounting Policies (Continued)

(U) INCOME TAX (Continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(V) PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(W) REVENUE AND OTHER INCOME

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Sales of goods

Revenue is recognised when the customer takes possession of and accepts the products. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts and sales returns. Accumulated experience is used to estimate and provide for sales returns at time of sales.

(ii) Commission income

Commission income is recognised in profit or loss when the services are rendered.

1 Significant Accounting Policies (Continued)

(W) REVENUE AND OTHER INCOME (Continued)

(iii) Interest income

Interest income is recognised as it accrues under the effective interest method. For financial assets measured at amortised cost, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 1(N)(i)).

(iv) Dividends

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(v) Government grants

Government grants are recognised in the consolidated statements of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

(X) TRANSLATION OF FOREIGN CURRENCIES

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Group initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of operations outside Hong Kong are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Hong Kong dollars at the closing foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of an operation outside Hong Kong, the cumulative amount of the exchange differences relating to that operation outside Hong Kong is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(Y) BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

1 Significant Accounting Policies (Continued)

(Z) RELATED PARTIES

(1) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(2) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or a joint venture of the other entity (or an associate or a joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (1).

(vii) A person identified in (1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

(AA) SEGMENT REPORTING

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 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 years ended 31 March 2021 and 2020 was recognised in accordance with HKFRS 15, *Revenue from contracts with customers*. The Group has applied practical expedient in paragraph 121 of HKFRS 15 to its sales contracts and does not disclose information about remaining performance obligations that have original expected duration of one year or less.

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 in these financial statements.

No inter-segment sales have occurred during the years ended 31 March 2021 and 2020.

(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 is set out below.

	Branded medicines		Proprietary Chinese medicines		Health and wellness products		Total	
	Year ended 31 March		Year ended 31 March		Year ended 31 March		Year ended 31 March	
	2021 HK$'000	2020 HK$'000	**2021 HK$'000**	2020 HK$'000	**2021 HK$'000**	2020 HK$'000	**2021 HK$'000**	2020 HK$'000
Revenue from external customers and reportable segment revenue recognised at a point in time	**134,484**	142,215	**210,851**	184,009	**51,823**	55,318	**397,158**	381,542
Reportable segment gross profit	**88,805**	100,543	**90,069**	67,217	**19,559**	22,419	**198,433**	190,179

2 Revenue and Segment Reporting (Continued)

(B) SEGMENT REPORTING (Continued)

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

	Year ended 31 March	
	2021	2020
	HK$'000	HK$'000
Revenue		
Reportable segment revenue and consolidated revenue	**397,158**	381,542
Profit		
Reportable segment gross profit	**198,433**	190,179
Other net income	**11,371**	8,087
Selling and distribution expenses	**(85,705)**	(89,000)
Administrative and other operating expenses	**(41,816)**	(50,229)
Listing expenses	**(32,007)**	(7,189)
Finance costs	**(7,409)**	(845)
Share of (losses)/profits of associates	**(1,054)**	2,963
Share of losses of joint ventures	**(132)**	–
Consolidated profit before taxation	**41,681**	53,966

(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.

	Year ended 31 March	
	2021	2020
	HK$'000	HK$'000
Revenue from external customers		
Hong Kong (place of domicile)	**300,249**	285,589
Macau	**46,594**	40,890
Mainland China	**27,810**	23,460
Singapore	**4,883**	12,237
Others	**17,622**	19,366
	397,158	381,542

2 Revenue and Segment Reporting (Continued)

(B) SEGMENT REPORTING (Continued)

(iii) Geographic information (Continued)

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 associates 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 and the location of the operations to which they are allocated, in the case of intangible assets and non-current prepayments for distribution rights, and the location of operations, in the case of interests in associates and joint ventures.

	As at 31 March	
	2021	2020
	HK$'000	HK$'000
Specified non-current assets		
Hong Kong (place of domicile)	**1,050,959**	1,042,763
Mainland China	**18,543**	17,959
	1,069,502	1,060,722

(iv) Information about major customer

For the year ended 31 March 2021, the Group's customer base includes one (2020: Nil) 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 approximately HK$132,843,000.

3 Other Net Income

	Year ended 31 March	
	2021	2020
	HK$'000	HK$'000
Commission income	**1,285**	1,346
Interest income from a fellow subsidiary	**–**	5,754
Interest income from bank deposits	**175**	138
Government grants *(Note)*	**10,117**	–
Net foreign exchange (loss)/gain	**(1,182)**	139
Net loss on disposals of property, plant and equipment	**(197)**	(235)
Others	**1,173**	945
	11,371	8,087

Note: In 2020, the Group successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Hong Kong Government. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

4 Profit Before Taxation

Profit before taxation is arrived at after charging:

(A) FINANCE COSTS

	Year ended 31 March 2021 HK$'000	2020 HK$'000
Interest on bank loans (note 19(C))	**2,241**	45
Interest expense on amount due to the immediate holding company (note 19(C))	**4,550**	–
Interest expense on amount due to a fellow subsidiary (note 19(C))	**–**	305
	4,550	305
Interest on lease liabilities to (note 19(C))		
– third parties	**272**	292
– fellow subsidiaries	**346**	203
	618	495
	7,409	845

(B) STAFF COSTS

	Year ended 31 March 2021 HK$'000	2020 HK$'000
Salaries, wages and other benefits	**71,493**	64,995
Contributions to defined contribution retirement schemes	**2,706**	2,301
	74,199	67,296

The Group operates a Mandatory Provident Fund Scheme (the "**MPF Scheme**") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the plan vest immediately. No forfeited contribution under the MPF Scheme is available to reduce the contribution payable in future years.

The Group has no other material obligation for the payment of pension benefits associated with those schemes beyond the annual contributions described above.

(C) OTHER ITEMS

	Year ended 31 March 2021 HK$'000	2020 HK$'000
Depreciation (note 10)		
– owned property, plant and equipment	**12,979**	12,930
– right-of-use assets	**11,911**	10,447
	24,890	23,377
Amortisation of intangible assets (note 11)	**18,712**	12,485
Auditors' remuneration		
– audit services	**5,960**	1,371
– other services	**1,355**	318
Cost of inventories#	**198,725**	191,363

Cost of inventories includes HK$46,288,000 (2020: HK$46,905,000) for the year ended 31 March 2021, relating to staff costs and depreciation and amortisation expenses, which amount is also included in the respective total amounts disclosed separately above or in note 4(B) for each of these types of expenses.

5 Income Tax

(A) INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME REPRESENTS:

	Year ended 31 March	
	2021	2020
	HK$'000	HK$'000
Current tax		
Provision for the year	**17,001**	13,276
(Over)/under-provision in respect of prior years	**(147)**	50
	16,854	13,326
Deferred tax		
Origination and reversal of temporary differences (note 23(A))	**(5,792)**	(3,657)
	11,062	9,669

(B) RECONCILIATION BETWEEN TAX EXPENSE AND ACCOUNTING PROFIT AT APPLICABLE TAX RATES:

	Year ended 31 March	
	2021	2020
	HK$'000	HK$'000
Profit before taxation	**41,681**	53,966
Notional tax on profit before taxation calculated at the rate applicable to profits in the tax jurisdiction concerned	**6,856**	8,905
Effect of non-deductible expenses	**6,170**	1,778
Effect of non-taxable income	**(1,691)**	(483)
Effect of temporary differences not recognised	**(322)**	(92)
Profits and losses attributable to associates and joint ventures	**196**	(489)
(Over)/under-provision in prior years	**(147)**	50
Actual tax expense	**11,062**	9,669

Notes:

(i) The provision for Hong Kong Profits Tax for the year is calculated at 16.5% of the estimated assessable profits for the year.

(ii) Income tax for entities incorporated in other jurisdictions is charged at the appropriate rates of taxation ruling in the relevant jurisdictions.

6 Directors' Emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Year ended 31 March 2020				
	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive Directors					
Wong Yat Wai, Patrick	–	2,070	1,226	18	3,314
Dr. Chu Ka Wing	–	1,800	240	18	2,058
Non-executive Directors					
Sum Kwong Yip, Derek	–	–	–	–	–
Yim Chun Leung	–	–	–	–	–
Yeung Kwok Chun, Harry	–	–	–	–	–
	–	3,870	1,466	36	5,372

	Year ended 31 March 2021				
	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive Directors					
Wong Yat Wai, Patrick	–	2,087	85	18	2,190
Dr. Chu Ka Wing	–	1,715	75	18	1,808
Non-executive Directors					
Sum Kwong Yip, Derek	–	–	–	–	–
Yim Chun Leung	–	–	–	–	–
Yeung Kwok Chun, Harry	95	–	–	–	95
Independent non-executive Directors					
Chan Kam Chiu, Simon	36	–	–	–	36
Luk Ting Lung, Alan	36	–	–	–	36
Lau Shut Lee, Tony	36	–	–	–	36
	203	3,802	160	36	4,201

6 Directors' Emoluments (Continued)

The Directors were appointed on the following dates:

Executive Directors	Date of appointment
Wong Yat Wai, Patrick	7 January 2020
Dr. Chu Ka Wing	7 January 2020

Non-executive Directors	Date of appointment
Sum Kwong Yip, Derek	22 September 2020
Yim Chun Leung	22 September 2020
Yeung Kwok Chun, Harry	22 September 2020

Independent non-executive Directors	Date of appointment
Chan Kam Chiu, Simon	18 January 2021
Luk Ting Lung, Alan	18 January 2021
Lau Shut Lee, Tony	18 January 2021

During the year, there was no amount paid or payable by the Group to the Directors or any of the five highest paid individuals as set out in note 7 below as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director has waived or agreed to waive remuneration during the year ended 31 March 2021 (2020: Nil).

7 Individuals with Highest Emoluments

Of the five individuals with the highest emoluments, 2 are Directors for the year ended 31 March 2021 (2020: 2) whose emoluments are disclosed in note 6. The aggregate of the emoluments in respect of the remaining individuals are as follows:

	Year ended 31 March	
	2021 HK$'000	2020 HK$'000
Salaries and other emoluments	**3,174**	3,257
Discretionary bonuses	**219**	566
Retirement scheme contributions	**45**	57
	3,438	3,880

The emoluments of the above individuals with the highest emoluments are within the following bands:

	Year ended 31 March	
	2021 Number of individuals	2020 Number of individuals
HK$1,000,001 – HK$1,500,000	**3**	3

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$22,600,000 (2020: HK$41,022,000) for the year ended 31 March 2021, and the weighted average ordinary shares in issue calculated as follows:

	Year ended 31 March 2021 '000	2020 '000
Weighted average number of ordinary shares:		
Issued ordinary shares upon Capitalisation Issue (notes 24 (i) to (iii))	722,000	722,000
Effect of shares issued (note 24(iv))	85,247	–
Effect of shares issued upon the initial public offering (note 24(v))	6,734	–
Weighted average number of ordinary shares in issue during the year	813,981	722,000

The weighted average number of ordinary shares in issue during the years ended 31 March 2021 and 2020 are calculated based on the assumption that 722,000,000 shares were in issue at the beginning of the years, taking into consideration the effect of the Capitalisation Issue.

(B) DILUTED EARNINGS PER SHARE

Diluted earnings per share for the years ended 31 March 2021 and 2020 were the same as the basic earnings per share as there were no potentially dilutive ordinary shares in existence during both years.

9 Dividends

The Board does not recommend the payment of a final dividend in respect of the year ended 31 March 2021.

On 3 June 2019, Jacobson Medical Holdings (BVI) Limited declared dividends of HK$66,000,000 to its intermediate holding company. On 14 November 2019 and 11 November 2020, Li Chung Shing Tong (Holdings) Limited declared dividends of HK$360,000 and HK$360,000 to its non-controlling interests respectively. On 29 May and 28 July 2020, Orizen declared dividends of HK$2,280,000 and HK$1,200,000 to its non-controlling interests respectively.

10 Property, Plant and Equipment

(A) RECONCILIATION OF CARRYING AMOUNT

	Leasehold land HK$'000	Buildings HK$'000	Machinery and equipment HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Total HK$'000
Cost:							
At 1 April 2019	3,399	125,553	58,026	55,678	740	3,690	247,086
Additions	–	8,298	1,542	1,566	–	922	12,328
Acquisitions of subsidiaries under business combination (note 27)	–	2,116	836	92	–	204	3,248
Disposals	–	–	(1,649)	(100)	–	(571)	(2,320)
At 31 March 2020	3,399	135,967	58,755	57,236	740	4,245	260,342
Accumulated depreciation:							
At 1 April 2019	1,002	24,301	16,738	14,702	421	2,210	59,374
Charge for the year	91	13,040	5,739	3,910	98	499	23,377
Written back on disposals	–	–	(1,584)	(90)	–	(400)	(2,074)
At 31 March 2020	1,093	37,341	20,893	18,522	519	2,309	80,677
Net book value:							
At 31 March 2020	2,306	98,626	37,862	38,714	221	1,936	179,665
Cost:							
At 1 April 2020	3,399	135,967	58,755	57,236	740	4,245	260,342
Additions	–	29,141	1,520	945	–	3,886	35,492
Disposals	–	(17,238)	(336)	(649)	–	(628)	(18,851)
At 31 March 2021	3,399	147,870	59,939	57,532	740	7,503	276,983
Accumulated depreciation:							
At 1 April 2020	1,093	37,341	20,893	18,522	519	2,309	80,677
Charge for the year	91	14,504	5,761	3,785	98	651	24,890
Written back on disposals	–	(17,238)	(336)	(623)	–	(457)	(18,654)
At 31 March 2021	1,184	34,607	26,318	21,684	617	2,503	86,913
Net book value:							
At 31 March 2021	2,215	113,263	33,621	35,848	123	5,000	190,070

At 31 March 2021, certain leasehold land and buildings were pledged against bank loans granted to the Group as disclosed in note 21. At 31 March 2020, certain leasehold land and buildings were pledged against bank loans granted to the Group and certain fellow subsidiaries.

10 Property, Plant and Equipment (Continued)

(B) RIGHT-OF-USE ASSETS

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	Note	As at 31 March 2021	2020
Ownership interests in leasehold land with remaining lease term between 10 and 50 years	(i)	**2,215**	2,306
Buildings leased for own use, carried at depreciated cost	(ii)	**32,191**	14,869
		34,406	17,175

The analysis of expense items in relation to leases recognised in the consolidated statements of profit or loss and other comprehensive income is as follows:

	Year ended 31 March 2021 HK$'000	2020 HK$'000
Depreciation charge of right-of-use assets by class of underlying asset:		
– Ownership interests in leasehold land	**91**	91
– Buildings leased for own use	**11,820**	10,356
	11,911	10,447
Interest on lease liabilities (note 4(A))	**618**	495

Additions to right-of-use assets were HK$29,141,000 (2020: HK$8,298,000) during the year ended 31 March 2021 which primarily related to the capitalised lease payments payable under new tenancy agreements. Additions to right-of-use assets arising from the step acquisition of subsidiaries were HK$2,116,000 during the year ended 31 March 2020.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 19(D) and 22 respectively.

(i) Ownership interests in leasehold land held for own use

The Group holds a piece of leasehold land where its manufacturing facilities are primarily located. The Group is the registered owner of the land. Lump sum payments were made upfront to acquire these land interests from their previous registered owners, and there are no ongoing payments to be made under the terms of the land lease, other than payments based on rateable values set by the relevant government authorities. These payments vary from time to time and are payable to the relevant government authorities.

(ii) Buildings leased for own use

The Group has obtained the right to use other properties as its offices, production building housing and warehouses through tenancy agreements. The leases typically run for an initial period of 1 to 5 years.

11 Intangible Assets

	Goodwill HK$'000	Club memberships HK$'000	Trademarks HK$'000	Unpatented drugs HK$'000	Customer relationship HK$'000	Distribution rights HK$'000	Total HK$'000
Cost:							
At 1 April 2019	204,347	1,220	260,670	33,098	113,278	1,248	613,861
Additions	–	–	–	1,047	–	390	1,437
Acquisitions of subsidiaries under business combination (note 27)	56,191	–	106,454	–	110,643	–	273,288
At 31 March 2020	260,538	1,220	367,124	34,145	223,921	1,638	888,586
Accumulated depreciation:							
At 1 April 2019	–	–	–	3,549	18,312	226	22,087
Charge for the year	–	–	–	1,106	10,989	390	12,485
At 31 March 2020	–	–	–	4,655	29,301	616	34,572
Net book value:							
At 31 March 2020	260,538	1,220	367,124	29,490	194,620	1,022	854,014
Cost:							
At 1 April 2020	260,538	1,220	367,124	34,145	223,921	1,638	888,586
Additions	–	–	–	–	–	16,448	16,448
At 31 March 2021	260,538	1,220	367,124	34,145	223,921	18,086	905,034
Accumulated depreciation:							
At 1 April 2020	–	–	–	4,655	29,301	616	34,572
Charge for the year	–	–	–	1,219	15,526	1,967	18,712
At 31 March 2021	–	–	–	5,874	44,827	2,583	53,284
Net book value:							
At 31 March 2021	260,538	1,220	367,124	28,271	179,094	15,503	851,750

The amortisation charge of unpatented drugs, customer relationship, software and distribution right is included in "Cost of sales", "Selling and distribution expenses" and "Administrative and other operating expenses" respectively in the consolidated statement of profit or loss and other comprehensive income for the years ended 31 March 2021 and 2020.

In assessing the useful life of club memberships, management considered the Group has the contractual right to control over the asset and legal rights with indefinite period and therefore, the club membership has been assessed as having an indefinite useful life.

In assessing the useful life of trademarks, management considered trademarks are renewable upon their expiry and the Group will not incur significant costs to renew the registration of trademarks which is a routine administrative procedure. In addition, due consideration is given to the existing longevity of trademarks, the indefinite life cycle of the industry in which the Group operates and the expected usage of the trademarks in the future. The trademarks have been assessed as having an indefinite useful life.

11 Intangible Assets (Continued)

IMPAIRMENT TESTS FOR CASH GENERATING UNITS CONTAINING GOODWILL AND TRADEMARKS

Goodwill and trademarks are allocated to the Group's CGUs in the following business segments:

	As at 31 March	
	2021	2020
	HK$'000	HK$'000
Goodwill		
Proprietary Chinese medicines	**67,918**	67,918
Branded medicines	**192,620**	192,620
	260,538	260,538
Trademarks		
Proprietary Chinese medicines	**159,044**	159,044
Branded medicines	**208,080**	208,080
	367,124	367,124

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts prepared by management covering five-year period (2020: three/five-year period). Cash flows beyond the five-year period (2020: three/five-year period) are extrapolated using the estimated rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

Key assumptions used for value-in-use calculations:

	As at 31 March	
	2021	2020
	HK$'000	HK$'000
Gross margin	**25%-70%**	20%-72%
Growth rate	**3%**	3%
Discount rate	**14%-15%**	13%-15%

Management determined forecasted gross margin based on past performance and its expectations for market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant CGUs.

For club memberships, the directors consider that the recoverable amount of the intangible assets exceeds the carrying amount and therefore no impairment is necessary. The recoverable amount of such intangible assets is estimated by reference to the current open market value less cost of disposal as at the end of each reporting period.

12 Investment in Subsidiaries

Details of the principal subsidiaries are as follows:

Company name	Place of incorporation and business	Particulars of issued and paid-up capital	Proportion of ownership interest Held by the Company	Proportion of ownership interest Held by a subsidiary	Principal activities
Carewell Pharma Limited	Hong Kong	10,000 ordinary shares	–	100%	Sales of healthcare and herbal products
Emperor Kangxi (HK) Pharmaceutical Limited	Hong Kong	10,000 ordinary shares	–	100%	Sales of healthcare and herbal products
Europharm Laboratoires (Hong Kong) Company Limited	Hong Kong	10,000 ordinary shares	–	100%	Manufacturing and sales of Chinese medicines
Ho Chai Kung Medicine Manufactory Limited	Hong Kong	10,000 ordinary shares	–	100%	Manufacturing and sales of Chinese medicines
Hong Kong Premier Concentrated Chinese Herbs Limited	Hong Kong	100 ordinary shares	–	98%	Trading, wholesaling and retailing of Chinese medicines
Jacobson Medical (Hong Kong) Limited	Hong Kong	26,628,000 ordinary shares	–	100%	Trading of medical supplies and pharmaceutical products
Janker Limited	Hong Kong	10,000 ordinary shares	–	100%	Trading of Chinese medicines
Jetstar Company Limited	Hong Kong	10,000 ordinary shares	–	100%	Manufacturing and sales of Chinese medicines
Karen Pharmaceutical Company Limited	Hong Kong	100,000 ordinary shares	–	100%	Manufacturing and sales of pharmaceutical products
Li Chung Shing Tong (Holdings) Limited	Hong Kong	500,000 ordinary shares	–	64%	Manufacturing and sales of Chinese medicines
Li Chung Shing Tong (S) Pre Ltd	Singapore	50,000 ordinary shares	–	100%	Trading of Chinese medicines
BoDorDor Limited (formerly Li Chung Shing Tong (Trading) Limited)	Hong Kong	10,000 ordinary shares	–	60%	Trading of Chinese medicines
Ling Chi Medicine (H.K.) Limited	Hong Kong	10,000 ordinary shares	–	100%	Manufacturing and sales of pharmaceutical products and Chinese medicines
Orizen Capital Limited	British Virgin Islands	98 ordinary shares	–	98%	Investment holding
Singmalay Company Limited	Hong Kong	10,000 ordinary shares	–	100%	Manufacturing and sales of Chinese medicines
廣東雅各臣藥業有限公司 (Jacobson Medical (Guangdong) Company Limited)*	The PRC	RMB3,999,987	–	100%	Sales of healthcare products

* The official name of the entity is in Chinese. The English name is for identification purpose only. The company was registered as a wholly foreign-owned enterprise under the PRC law.

13 Interests in Associates

	As at 31 March	
	2021	2020
	HK$'000	HK$'000
Share of net assets, including goodwill on acquisition	**16,905**	17,959

All of the associates are accounted for using the equity method in the consolidated financial statements.

The Group acquired 45% equity interest in Orizen Capital Limited ("**Orizen**") and its subsidiary (together as the "**Orizen Group**") at a consideration of HK$118,560,000 during the year ended 31 March 2019. The Group further acquired 43% equity interest in the Orizen Group at a consideration of HK$113,384,000 during the year ended 31 March 2020. The associates became 88% owned subsidiaries of the Group upon completion (see note 27).

Financial information of Orizen Group was disclosed as below:

	HK$'000
From 1 April 2019 to 6 August 2019 (date of step acquisition)	
Revenue	36,349
Profit and total comprehensive income	7,690

Information of the associate that is not individually material:

	Year ended 31 March	
	2021	2020
	HK$'000	HK$'000
Carrying amount of the individually immaterial associate in the consolidated financial statements	**16,905**	17,959
Amount of the Group's share of the associate:		
Loss and total comprehensive income	**(1,054)**	(497)

14 Interests in Joint Ventures

	Year ended 31 March	
	2021	2020
	HK$'000	HK$'000
Share of net assets	**4,036**	2,500

The joint ventures are accounted for using the equity method in the consolidated financial statements.

15 Other Non-current Assets

	As at 31 March 2021 HK$'000	2020 HK$'000
Prepayments for purchase of property, plant and equipment	**2,537**	2,226
Prepayments for distribution rights	**3,865**	3,895
Others	**339**	463
	6,741	6,584

16 Inventories

(A) INVENTORIES IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION COMPRISE:

	As at 31 March 2021 HK$'000	2020 HK$'000
Raw materials	**8,561**	9,818
Work in progress	**1,921**	580
Finished goods	**37,534**	53,380
	48,016	63,778

(B) THE ANALYSIS OF THE AMOUNT OF INVENTORIES RECOGNISED AS AN EXPENSE AND INCLUDED IN PROFIT OR LOSS IS AS FOLLOWS:

	Year ended 31 March 2021 HK$'000	2020 HK$'000
Carrying amount of inventories sold	**195,905**	191,343
Write-down of inventories	**2,820**	20
	198,725	191,363

17 Trade and Other Receivables

	Note	As at 31 March 2021 HK$'000	2020 HK$'000
Trade receivables	17(A)		
– third parties		**132,306**	45,022
– fellow subsidiaries		**1,506**	27,096
		133,812	72,118
Other receivables		**747**	4,574
Amounts due from fellow subsidiaries	17(B)	**–**	22,887
Amount due from an intermediate holding company	17(B)	**–**	11,100
Deposits and prepayments		**6,689**	19,230
		141,248	129,909

At 31 March 2021, the deposits and prepayments expected to be recovered after more than one year amounted to HK$519,000 (2020: HK$2,125,000). The remaining trade and other receivables are expected to be recovered within one year.

17 Trade and Other Receivables (Continued)

(A) TRADE RECEIVABLES

As at the end of the Reporting Period, the aging 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 31 March	
	2021	2020
	HK$'000	HK$'000
Less than 1 month	64,578	49,661
1 to 6 months	43,404	19,922
Over 6 months	25,830	2,535
	133,812	72,118

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

	As at 31 March	
	2021	2020
	HK$'000	HK$'000
Current	100,504	42,090
Less than 1 month past due	5,541	13,765
1 to 3 months past due	1,856	10,450
Over 3 months past due	25,911	5,813
	133,812	72,118

Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 28(A).

(B) AMOUNTS DUE FROM FELLOW SUBSIDIARIES AND AN INTERMEDIATE HOLDING COMPANY

The amounts due from fellow subsidiaries and an intermediate holding company at 31 March 2020 were unsecured, interest-free and recoverable on demand.

18 Other Financial Assets

	As at 31 March	
	2021	2020
	HK$'000	HK$'000
Equity securities designated at FVOCI (non-recycling) – Unlisted	25,321	36,041

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.

19 Cash and Cash Equivalents and Other Cash Flow Information

(A) CASH AND CASH EQUIVALENTS COMPRISE:

	As at 31 March 2021 HK$'000	2020 HK$'000
Cash at bank and on hand	**94,376**	72,790

(B) RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS:

	Note	Year ended 31 March 2021 HK$'000	2020 HK$'000
Operating activities			
Profit before taxation		**41,681**	53,966
Adjustments for:			
Depreciation and amortisation		**43,602**	35,862
Net loss on disposals of property, plant and equipment	3	**197**	235
Finance costs	4(A)	**7,409**	845
Interest income	3	**(175)**	(5,892)
Share of losses/(profits) of associates		**1,054**	(2,963)
Share of losses of joint ventures		**132**	–
Changes in working capital:			
Decrease/(increase) in inventories		**15,762**	(21,648)
Increase in trade and other receivables		**(22,399)**	(26,597)
(Decrease)/increase in trade and other payables and contract liabilities		**(16,917)**	22,238
Cash generated from operations		**70,346**	56,046

19 Cash and Cash Equivalents and Other Cash Flow Information (Continued)

(C) RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Bank loans HK$'000 (note 21)	Amounts due to fellow subsidiaries HK$'000	Amount due to an intermediate holding company HK$'000	Amount due to the immediate holding company HK$'000	Lease liabilities HK$'000 (note 22)	Total HK$'000
At 1 April 2019	4,733	349,628	625,964	–	15,423	995,748
Changes from financing cash flows:						
Repayment of bank loans	(4,733)	–	–	–	–	(4,733)
Decrease in amounts due to fellow subsidiaries	–	(34,699)	–	–	–	(34,699)
Decrease in amount due to an intermediate holding company	–	–	(7,682)	–	–	(7,682)
Capital element of lease rentals paid	–	–	–	–	(10,297)	(10,297)
Interest element of lease rentals paid	–	–	–	–	(495)	(495)
Other borrowing costs paid	(45)	–	–	–	–	(45)
Total changes from financing cash flows	(4,778)	(34,699)	(7,682)	–	(10,792)	(57,951)
Other changes:						
Increase in lease liabilities from entering into new leases during the year	–	–	–	–	8,298	8,298
Increase in lease liabilities from step acquisition of subsidiaries	–	–	–	–	2,116	2,116
Interest expenses (note 4(A))	45	305	–	–	495	845
Dividends declared to an intermediate holding company (note 9)	–	66,000	–	–	–	66,000
Receipt of dividends from an associate on behalf of the Group (note 19(E))	–	–	(8,459)	–	–	(8,459)
Payment for acquisition of subsidiaries on behalf of the Group (note 19(E))	–	–	113,384	–	–	113,384
Payment for acquisition of a non-current financial asset on behalf of the Group (note 19(E))	–	–	36,041	–	–	36,041
Acquisition of unpatent drugs from a fellow subsidiary	–	1,047	–	–	–	1,047
Reorganisation (Note (i))	–	(381,154)	(748,424)	440,000	–	(689,578)
Total other changes	45	(313,802)	(607,458)	440,000	10,909	(470,306)
At 31 March 2020	–	1,127	10,824	440,000	15,540	467,491

19 Cash and Cash Equivalents and Other Cash Flow Information (Continued)

(C) RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (Continued)

	Bank loans HK$'000 (note 21)	Amounts due to fellow subsidiaries HK$'000	Amount due to an intermediate holding company HK$'000	Amount due to the immediate holding company HK$'000	Lease liabilities HK$'000 (note 22)	Total HK$'000
At 1 April 2020	–	1,127	10,824	440,000	15,540	467,491
Changes from financing cash flows:						
Proceeds from bank loans	250,000	–	–	–	–	250,000
Repayment of bank loans	(15,000)	–	–	–	–	(15,000)
Decrease in amounts due to fellow subsidiaries	–	(1,127)	–	–	–	(1,127)
Decrease in amount due to an intermediate holding company	–	–	(10,824)	–	–	(10,824)
Decrease in amount due to the immediate holding company	–	–	–	(374,550)	–	(374,550)
Capital element of lease rentals paid	–	–	–	–	(11,763)	(11,763)
Interest element of lease rentals paid	–	–	–	–	(618)	(618)
Other borrowing costs paid	(2,241)	–	–	–	–	(2,241)
Total changes from financing cash flows	232,759	(1,127)	(10,824)	(374,550)	(12,381)	(166,123)
Other changes:						
Increase in lease liabilities from entering into new leases during the year	–	–	–	–	29,141	29,141
Interest expenses (note 4(A))	2,241	–	–	4,550	618	7,409
Capitalisation (Note (ii))	–	–	–	(70,000)	–	(70,000)
Total other changes	2,241	–	–	(65,450)	29,759	(33,450)
At 31 March 2021	235,000	–	–	–	32,918	267,918

Notes:

(i) On 31 March 2020, as part of the Reorganisation of the Group:

(a) equity interests in subsidiaries were acquired from the immediate holding company at a consideration of HK$6,564,000 which is dealt with in the amount due to the immediate holding company; and

(b) amounts due to/from Jacobson Pharma group companies totalling HK$1,129,578,000 and HK$158,918,000 respectively were assigned to the immediate holding company, which resulted in an amount due to immediate holding company of HK$977,223,000 (after netting off with the immediate holding company of HK$1,000 prior to the Reorganisation).

On the same date, the Company allotted 900,000 shares to the immediate holding company for setting-off against the Company's amount due to the immediate holding company of HK$537,223,000 and the amount due to the immediate holding company was decreased to HK$440,000,000.

(ii) On 27 July 2020, amount due to the immediate holding company of HK$70,000,000 was capitalised and recorded within equity.

19 Cash and Cash Equivalents and Other Cash Flow Information (Continued)

(D) TOTAL CASH OUTFLOW FOR LEASES

Amounts included in the consolidated cash flow statements for leases comprise the following:

	Year ended 31 March	
	2021	2020
	HK$'000	HK$'000
Within financing cash flows	**12,381**	10,792

These amounts are related to lease rental payments.

(E) MAJOR NON-CASH TRANSACTIONS

During the year ended 31 March 2020, Orizen Group, an associate of the Group at that time, paid dividends of HK$8,459,000 to the Group. The dividends were collected directly by an intermediate holding company on behalf of the Group. The Group further acquired a 43% of equity interest of Orizen Group at a consideration of HK$113,384,000. The consideration was paid directly by the intermediate holding company (see note 27) on behalf of the Group and the amount due to a fellow subsidiary of HK$118,650,000 relating to the consideration paid by a fellow subsidiary for the equity interest of Orizen Group acquired previously during the year ended 31 March 2019 was transferred to amount due to the intermediate holding company.

During the year ended 31 March 2020, the Group acquired a non-current financial asset at a consideration of HK$36,041,000. The consideration was paid directly by an intermediate holding company on behalf of the Group.

The considerations for the above transactions were dealt with in the amounts due to a fellow subsidiary and an intermediate holding company respectively.

During the year ended 31 March 2021, amount due to the immediate holding company of HK$70,000,000 was capitalised and recorded within equity. Further, the Group acquired 10% of the total number of shares issued by Orizen Group at the consideration of HK$30,000,000 which was settled by the issuance and allotment of 30,000,000 shares by the Company.

20 Trade and Other Payables and Contract Liabilities

		As at 31 March	
		2021	2020
	Note	**HK$'000**	HK$'000
Trade payables	20(A)		
– third parties		**13,013**	6,072
– fellow subsidiaries		**–**	1,366
		13,013	7,438
Salary and bonus payables		**5,690**	4,633
Other payables and accruals		**33,460**	16,002
Amount due to a joint venture	20(D)	**2,000**	2,500
Amounts due to fellow subsidiaries	20(B)	**1,104**	40,379
Amount due to an intermediate holding company	20(B)	**–**	10,824
Contract liabilities	20(E)	**1,703**	4,061
		56,970	85,837

All of the trade and other payables are expected to be settled within one year.

20 Trade and Other Payables and Contract Liabilities (Continued)

(A) TRADE PAYABLES

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

	As at 31 March	
	2021	2020
	HK$'000	HK$'000
Within 1 month	**9,231**	5,372
1 to 6 months	**3,671**	2,066
Over 6 months	**111**	–
	13,013	7,438

(B) AMOUNTS DUE TO FELLOW SUBSIDIARIES AND AN INTERMEDIATE HOLDING COMPANY

The amounts due to fellow subsidiaries and an intermediate holding company were unsecured, interest-free and repayable on demand.

(C) AMOUNT DUE TO THE IMMEDIATE HOLDING COMPANY

The amount due to the immediate holding company of HK$440,000,000 at 31 March 2020 was unsecured, interest-bearing at 2.00% per annum, and not repayable within 1 year. On 27 July 2020, amount due to the immediate holding company of HK$70,000,000 was capitalised and recorded within equity. The remaining amount due to the immediate holding company was fully settled during the year ended 31 March 2021.

(D) AMOUNT DUE TO A JOINT VENTURE

The amount due to a joint venture is unsecured, interest-free and repayable on demand.

(E) CONTRACT LIABILITIES

Movements of contract liabilities are as follows:

	Year ended 31 March	
	2021	2020
	HK$'000	HK$'000
At the beginning of the year	**4,061**	571
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(4,061)**	(571)
Increase in contract liabilities as a result of receiving forward sales deposits during the year	**1,703**	4,061
At the end of the year	**1,703**	4,061

21 Bank Loans

An analysis of the carrying amount of bank loans is as follows:

	As at 31 March 2021 HK$'000	2020 HK$'000
Current portion of bank loans	60,000	–
Non-current portion of bank loans	175,000	–
	235,000	–

Bank loans were analysed as follows:

	As at 31 March 2021 HK$'000	2020 HK$'000
Bank loans		
– Secured	235,000	–

The bank loans are repayable as follows based on the repayment terms:

	As at 31 March 2021 HK$'000	2020 HK$'000
Within one year	60,000	–
After 1 year but within 2 years	60,000	–
After 2 years but within 5 years	115,000	–
	175,000	–
	235,000	–

As at 31 March 2020, secured banking facilities of HK$194,750,000 were granted to the Group in relation to bank loans and trade finance facilities. The banking facilities were shared with certain fellow subsidiaries and an intermediate holding company. Such banking facilities of HK$700,000 were utilised by the Group as trade finance facilities and HK$19,739,000 were utilised by fellow subsidiaries and an intermediate holding company. Among the banking facilities utilised by the Group, HK$700,000 were guaranteed by Jacobson Medical (Hong Kong) Limited and certain fellow subsidiaries of the Company. All of the secured banking facilities shared with certain fellow subsidiaries and an intermediate holding company were terminated in November 2020.

In November 2020, a secured banking facility of HK$250,000,000 was granted to the Group and was fully utilised by the Group. The secured banking facility was secured by certain buildings of the Group.

21 Bank Loans (Continued)

All the Group's banking facilities are subject to the fulfillment of covenants based on the financial statements of the Group and certain of its subsidiaries. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. As at 31 March 2021, none of the covenants relating to drawn down facilities had been breached. Further details of the Group's management of liquidity risk are set out in note 28(B).

The carrying value of assets pledged against bank loans drawn by the Group, its fellow subsidiaries and an intermediate holding company as at the end of the Reporting Period is analysed as follows:

	As at 31 March	
	2021	2020
	HK$'000	HK$'000
Property, plant and equipment	**79,049**	81,626

As at 31 March 2020, the property, plant and equipment were pledged against bank loans drawn by certain fellow subsidiaries. These pledged property, plant and equipment against bank loans drawn by fellow subsidiaries were released in November 2020.

The pledged property, plant and equipment as at 31 March 2021 were related to a banking facility of HK$250,000,000 granted to the Group in November 2020.

22 Lease Liabilities

At the end of the Reporting Period, the lease liabilities were repayable as follows:

	As at 31 March	
	2021	2020
	HK$'000	HK$'000
Within 1 year	**12,882**	9,025
After 1 year but within 2 years	**6,780**	5,853
After 2 years but within 5 years	**13,256**	662
	20,036	6,515
	32,918	15,540

23 Deferred Tax

(A) DEFERRED TAX (ASSETS)/LIABILITIES RECOGNISED

The components of deferred tax (assets)/liabilities recognised in the consolidated statements of financial position and the movements during the year are as follows:

	Property, plant and equipment HK$'000	Intangible assets HK$'000	Expected credit losses allowance on trade receivables HK$'000	Unused tax losses HK$'000	Total HK$'000
At 1 April 2019	19,677	55,181	(429)	(890)	73,539
Acquisition of subsidiaries (note 27)	99	35,821	–	–	35,920
Credited to profit or loss	(1,268)	(1,990)	–	(399)	(3,657)
At 31 March 2020	18,508	89,012	(429)	(1,289)	105,802
At 1 April 2020	**18,508**	**89,012**	**(429)**	**(1,289)**	**105,802**
Credited to profit or loss	**(285)**	**(4,121)**	**–**	**(1,386)**	**(5,792)**
At 31 March 2021	**18,223**	**84,891**	**(429)**	**(2,675)**	**100,010**

Reconciliation to the consolidated statements of financial position

	As at 31 March 2021 HK$'000	2020 HK$'000
Deferred tax assets recognised in the consolidated statement of financial position	**(2,062)**	(1,355)
Deferred tax liabilities recognised in the consolidated statement of financial position	**102,072**	107,157
	100,010	105,802

The Directors are of the view that it is probable that future taxable profits will be available to utilise the deferred tax assets.

(B) DEFERRED TAX ASSETS NOT RECOGNISED

As at 31 March 2021, in accordance with the accounting policy set out in note 1(U), the Group has not recognised deferred tax assets in respect of cumulative tax losses of HK$158,000 (2020: HK$158,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. Tax losses as at 31 March 2021 and 2020 have no expiry dates under current tax legislation.

24 Share Capital

	Note	Number of shares '000	Amount HK$'000
Authorised:			
Ordinary shares of HK$0.01 each at 7 January 2020 (date of incorporation), 31 March 2020, 1 April 2020 and 31 March 2021		5,000,000	50,000
Issued:			
At 7 January 2020 (date of incorporation)	(i)	100	1
Issuance of ordinary shares	(ii)	900	9
At 31 March 2020		1,000	10
At 1 April 2020		**1,000**	**10**
Capitalisation Issue	(iii)	**721,000**	**7,210**
Issuance of ordinary shares	(iv)	**127,000**	**1,270**
Shares issued under initial public offering	(v)	**44,686**	**447**
At 31 March 2021		**893,686**	**8,937**

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.

Notes:

(i) The Company was incorporated in the Cayman Islands on 7 January 2020. At the time of incorporation, the Company had an authorised share capital of HK$50,000,000 divided into 5,000,000,000 shares. The Company issued and allotted 100,000 shares to JBM Group BVI upon incorporation.

(ii) On 31 March 2020, the Company further issued and allotted 900,000 shares to JBM Group BVI at a consideration of HK$537,223,000, settled by setting-off against the Company's amount due to the immediate holding company, of which HK$9,000 was credited to share capital and the remaining balance was credited to share premium.

(iii) On 24 July 2020, the Company allotted and issued a total of 721,000,000 shares by way of capitalisation of share premium of the Company to JBM Group BVI ("**Capitalisation Issue**").

(iv) On 27 July 2020, Sampan Development Limited ("**Sampan**"), an indirect wholly-owned subsidiary of the Company, Ms. Yang Hua ("**Ms. Yang**") who is a connected person of the Company at subsidiary level and the Company entered into a share purchase agreement under which Sampan agreed to purchase 10% of the total issued share capital of Orizen Group at the consideration of HK$30,000,000, which shall be satisfied by way of an allotment and issuance of 30,000,000 shares by the Company to Ms. Yang. The difference between the consideration and the 10% of net assets in Orizen Group amounted to approximately HK$10,642,000 was recognised by the Group in capital reserve.

On the same date, the Company and JBM Group BVI entered into the strategic investment agreements with certain strategic investors who are independent third parties. The Company agreed to issue a total of 97,000,000 shares to the strategic investors for an aggregate consideration of HK$97,000,000, representing a subscription price of HK$1.00 per share.

(v) On 5 February 2021, the Company issued 44,686,000 ordinary shares with a par value of HK$0.01 each, at a price of HK$1.20 per share by way of a public offering to Hong Kong investors. Net proceeds from such issue amounted to HK$48,253,000 (after deducting share issuance expenses of HK$5,370,000), among which HK$447,000 and HK$47,806,000 were recorded in share capital and share premium respectively.

25 Company-level Statement of Financial Position

	Note	As at 31 March 2021 HK$'000	2020 HK$'000
Non-current asset			
Investment in a subsidiary		8	8
Current assets			
Other receivables		409	–
Amounts due from subsidiaries		1,212,313	1,140,209
Cash and cash equivalents		18,049	–
		1,230,771	1,140,209
Current liabilities			
Other payables		17,339	–
Amounts due to subsidiaries		402,139	172,207
		419,478	172,207
Net current assets		811,293	968,002
Total assets less current liabilities		811,301	968,010
Non-current liability			
Amount due to the immediate holding company	20(C)	–	440,000
NET ASSETS		811,301	528,010
CAPITAL AND RESERVES			
Share capital	24	8,937	10
Reserves	26	802,364	528,000
TOTAL EQUITY		811,301	528,010

25 Company-level Statement of Financial Position (Continued)

Details of the changes in the Company's equity are set out below:

	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000	(Accumulated losses)/ retained earnings HK$'000	Total HK$'000
At 7 January 2020 (date of incorporation)	1	–	–	–	1
Issuance of ordinary shares	9	537,214	–	–	537,223
Loss for the period	–	–	–	(9,214)	(9,214)
At 31 March 2020	10	537,214	–	(9,214)	528,010
At 1 April 2020	**10**	**537,214**	**–**	**(9,214)**	**528,010**
Capitalisation of amount due to the immediate holding company	**–**	**–**	**70,000**	**–**	**70,000**
Capitalisation Issue (note 24 (iii))	**7,210**	**(7,210)**	**–**	**–**	**–**
Issuance of ordinary shares (note 24 (iv))	**1,270**	**125,730**	**–**	**–**	**127,000**
Shares issued under initial public offering, net of share issuance expenses (note 24 (v))	**447**	**47,806**	**–**	**–**	**48,253**
Profit for the year	**–**	**–**	**–**	**38,038**	**38,038**
At 31 March 2021	**8,937**	**703,540**	**70,000**	**28,824**	**811,301**

26 Reserves

The nature and purpose of reserves are set out below:

(A) SHARE PREMIUM

Share premium represents the difference between the consideration and the par value of the issued shares of the Company. Under the Companies Act (Revised) of the Cayman Islands, the fund in the share premium account of the Company is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(B) CAPITAL RESERVE

The capital reserve represented (i) the difference between the considerations paid by the Jacobson Pharma Group/the Group and the share of net assets value of the subsidiaries acquired from non-controlling interests and (ii) amount due to the immediate holding company capitalised.

(C) EXCHANGE RESERVE

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong. The reserve is dealt with in accordance with the accounting policies set out in note 1(X).

(D) DEEMED CONTRIBUTION/(DISTRIBUTION)

The deemed contribution or distribution represents the net amount of assets and liabilities of the Relevant Businesses contributed from or Excluding Businesses distributed to Jacobson Pharma Group for no monetary considerations. The assets and liabilities distributed to or contributed from Jacobson Pharma Group during the years ended 31 March 2021 and 2020 represent certain assets and liabilities historically associated with the Relevant Businesses but were retained by Jacobson Pharma Group or associated with the Excluding Businesses but were retained by the entities within the Group.

26 Reserves (Continued)

(E) DISTRIBUTABILITY OF RESERVES

As at 31 March 2021, the aggregate amount of reserves available for distribution to equity shareholders of the Company is HK$802,364,000 (2020: HK$528,000,000).

(F) FAIR VALUE RESERVE (NON-RECYCLING)

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under HKFRS 9 that are held at the end of the Reporting Period (see note 1(J)).

(G) CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends payable to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Except for the banking facilities which require the fulfillment of covenants relating to certain financial ratios as disclosed in note 21, the Group is not subject to externally imposed capital requirements.

27 Acquisition of Subsidiaries

BUSINESS COMBINATION – STEP ACQUISITION OF ORIZEN GROUP

On 22 July 2019, Sampan, an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the "**SPA**") with independent third parties (the "**Vendors**"), pursuant to which Sampan conditionally agreed to purchase and the Vendors conditionally agreed to sell, a 43% equity interest in Orizen, at a consideration of HK$113,384,000 (the "**Step Acquisition**"). Orizen is an investment holding company incorporated in BVI and its subsidiary is principally engaged in proprietary Chinese medicine business.

The fair value of the Group's then 45% equity holding in Orizen immediately before the Step Acquisition (the "**Existing Shareholding**") formed part of the total consideration of the Step Acquisition and was included in the calculation of goodwill on the Step Acquisition.

As at 6 August 2019, the fair value of the Existing Shareholding was estimated by management at HK$118,730,000. Compared with their respective carrying amounts before valuation, no fair value gain or loss was recognised.

Upon the completion of the Step Acquisition on 6 August 2019, the Orizen Group, the former 45% associates of the Group, became 88% owned subsidiaries of the Group.

27 Acquisition of Subsidiaries (Continued)

BUSINESS COMBINATION – STEP ACQUISITION OF ORIZEN GROUP (Continued)

The fair values of assets acquired and liabilities assumed at the acquisition date were as follows:

	As at 6 August 2019 HK$'000
Property, plant and equipment	3,248
Intangible assets	217,097
Cash and cash equivalents	5,260
Inventories	12,084
Trade and other receivables	10,812
Trade and other payables	(8,603)
Current tax payable	(1,950)
Lease liabilities	(2,116)
Deferred tax liabilities	(35,920)
Fair value of net assets acquired	199,912
Less: fair value of Existing Shareholding	(118,730)
Less: non-controlling interests	(23,989)
Goodwill	56,191
Total consideration, satisfied in cash paid by an intermediate holding company (note 19(E))	113,384
Cash and cash equivalents acquired and net cash inflow from Step Acquisition of subsidiaries	5,260

Goodwill arising from the acquisition of the Orizen Group represents the benefits of expected synergies to be achieved from integrating the subsidiaries into the Group's existing businesses and future market development. None of the goodwill recognised is expected to be deductible for tax purposes. The transaction costs of HK$398,000 incurred for the Step Acquisition were expensed and included in "Administrative and other operating expenses" in the consolidated statement of profit or loss and other comprehensive income during the year ended 31 March 2020.

The Orizen Group contributed revenue of HK$70,892,000 and profit of HK$11,030,000 to the Group for the period from 6 August 2019 to 31 March 2020. If the Step Acquisition had occurred on 1 April 2019, the Group's revenue and profit for the year ended 31 March 2020 would have increased by HK$36,349,000 and HK$5,446,000 (after deduction of 45% share of profits from 1 April 2019 to 6 August 2019) respectively.

On 27 July 2020, Sampan, Ms. Yang and the Company entered into a share purchase agreement under which Sampan agreed to purchase 10% of the total issued share capital of Orizen Group at the consideration of HK$30,000,000, which shall be satisfied by way of an allotment and issuance of 30,000,000 shares by the Company to Ms. Yang. The transaction resulted in the Group's ownership in the Orizen Group to increase from 88% to 98%.

27 Acquisition of Subsidiaries (Continued)

MEASUREMENT OF FAIR VALUE

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation techniques
Intangible assets	Excess earnings method: The method determines the value of an intangible asset as the present value of the cash flows attributable to the subject intangible asset after excluding the proportion of cash flows that are attributable to contributory assets.

28 Financial Risk Management and Fair Values

Exposure to credit, liquidity, interest rate and currency risks arise in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(A) CREDIT RISK

The Group's credit risk is primarily attributable to cash and cash equivalents and trade and other receivables. Cash and cash equivalents are normally placed at financial institutions that have sound credit ratings and the Group considers the credit risk to be insignificant. Management has a credit policy in place and the exposure to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and therefore concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 31 March 2021, 68.5% (2020: 6.3%) of the total trade and other receivables was due from the Group's largest debtor and 79.6% (2020: 16.5%) was due from the five largest debtors respectively.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which, except for amounts due from customers with significant balances or credit-impaired that are assessed individually, is calculated using a provision matrix. Accordingly, the Group recognised credit loss allowance of HK$2,600,000 (2020: HK$2,600,000) for a single customer with significant doubt on collection that is individually impaired at 31 March 2021. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

Expected loss rates are based on actual loss experience over the past two years. These rates are adjusted to reflect differences between economic conditions during the year over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

The Group assessed that there is no significant loss allowance recognised in accordance with HKFRS 9 as at 31 March 2021 and 2020 other than for the abovementioned customer, and no provision matrix has therefore been disclosed.

28 Financial Risk Management and Fair Values (Continued)

(B) LIQUIDITY RISK

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The contractual undiscounted cash outflows of trade and other payables excluding contract liabilities as at 31 March 2021 and 2020 are due within 1 year or on demand and equal their carrying value at the end of the Reporting Period.

The following tables show the remaining contractual maturities at the end of the Reporting Period of the Group's bank loans, lease liabilities and amount due to the immediate holding company, which are based on contractual undiscounted cash outflows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the Reporting Period).

	As at 31 March 2021 Contractual undiscounted cash outflow				
	Within 1 year HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total HK$'000	Carrying amount HK$'000
Lease liabilities	13,602	7,225	13,713	34,540	32,918
Bank loans	65,385	63,876	116,724	245,985	235,000
	78,987	71,101	130,437	280,525	267,918

	As at 31 March 2020 Contractual undiscounted cash outflow				
	Within 1 year HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less 5 years HK$'000	Total HK$'000	Carrying amount HK$'000
Lease liabilities	9,343	5,946	665	15,954	15,540
Amount due to the immediate holding company	8,800	448,800	–	457,600	440,000
	18,143	454,746	665	473,554	455,540

28 Financial Risk Management and Fair Values (Continued)

(C) INTEREST RATE RISK

The Group's interest rate risk arises primarily from borrowings. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group's interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's borrowings at the end of the Reporting Period:

	As at 31 March			
	2021		2020	
	Effective interest rate	**Amount HK$'000**	Effective interest rate	Amount HK$'000
Fixed rate borrowings:				
Amount due to the immediate holding company	–	–	2.00%	440,000
Lease liabilities	2.77% – 3.30%	32,918	2.95% – 3.30%	15,540
		32,918		455,540
Variable rate borrowings:				
Bank loans	2.77%	235,000	–	–
Total interest-bearing borrowings		267,918		455,540
Fixed rate borrowings as a percentage of total net borrowings		12.3%		100%

(ii) Sensitivity analysis

As at 31 March 2021, it is estimated that a general increase/decrease of 10 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately HK$196,000 (2020: HK$Nil).

The sensitivity analysis above indicates the annualised impact on the Group's interest expense that would arise assuming that the change in interest rates had occurred at the end of the Reporting Period and had been applied to floating rate instruments which expose the Group to cash flow interest rate risk at that date. The analysis does not take into account exposure to fair value interest rate risk arising from fixed rate instruments as the Group does not hold any fixed rate instruments which are measured at fair value in the financial statements. The analysis is performed on the same basis for 2020.

28 Financial Risk Management and Fair Values (Continued)

(D) CURRENCY RISK

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily Euros, United States dollars, Renminbi and Singapore dollars. The Group manages this risk as follows:

In respect of trade and other receivables and payables denominated in foreign currencies, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

All the Group's borrowings are denominated in the functional currency of the entity taking out the loan or, in the case of Group entities whose functional currency is Hong Kong dollars, in either Hong Kong dollars or United States dollars. Given this, management does not expect that there will be any significant currency risk associated with the Group's borrowings.

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the Reporting Period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rate at the end of the Reporting Period. Differences resulting from the translation of the financial statements of operations outside Hong Kong into the Group's presentation currency are excluded.

	As at 31 March							
	2021				2020			
	United States dollars HK$'000	Euros HK$'000	Renminbi HK$'000	Singapore dollars HK$'000	United States dollars HK$'000	Euros HK$'000	Renminbi HK$'000	Singapore dollars HK$'000
Cash and cash equivalents	181	55	12	–	12,574	195	6,653	–
Trade and other receivables	954	–	28,120	435	2,924	2,715	4,866	1,824
Trade and other payables and contract liabilities	(6,887)	(297)	(2,022)	–	(709)	(514)	–	–
Net exposure arising from recognised assets and liabilities	(5,752)	(242)	26,110	435	14,789	2,396	11,519	1,824

28 Financial Risk Management and Fair Values (Continued)

(D) CURRENCY RISK (Continued)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax and retained earnings that would arise if foreign exchange rates to which the Group has significant exposure at the end of the Reporting Period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies.

	2021		2020	
	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained earnings HK$'000	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained earnings HK$'000
Euros	6%	(12)	3%	60
	(6)%	12	(3)%	(60)
Renminbi	8%	1,744	7%	673
	(8)%	(1,744)	(7)%	(673)
Singapore dollars	6%	22	–	–
	(6)%	(22)	–	–

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of the Reporting Period for presentation purpose.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the Reporting Period. The analysis excludes differences that would result from the translation of the financial statements of operations outside Hong Kong into the Group's presentation currency. The analysis is performed on the same basis for 2020.

28 Financial Risk Management and Fair Values (Continued)

(E) FAIR VALUE MEASUREMENT

(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 following table presents the Group's financial assets that were measured at fair value at 31 March 2021.

	Fair value at 31 March 2021	**Fair value measurements at 31 March 2021 categorised into**		
		Level 1	**Level 2**	**Level 3**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Financial assets at FVOCI – Unlisted	**25,321**	**–**	**–**	**25,321**

	Fair value at 31 March 2020	Fair value measurements at 31 March 2020 categorised into		
		Level 1	Level 2	Level 3
	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets at FVOCI – Unlisted	36,041	–	36,041	–

There were no transfers between Level 1 and Level 2 during the year ended 31 March 2021. As at 31 March 2021, the fair value of the financial assets at FVOCI were determined using discounted cash flow method (2020: with reference to the pricing of the recent transactions or offerings of the investees' shares) as there was no recent transaction or offering of the investee's shares. Accordingly, the fair value measurement was transferred from Level 2 to Level 3. 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.

28 Financial Risk Management and Fair Values (Continued)

(E) FAIR VALUE MEASUREMENT (Continued)

(ii) Valuation techniques and inputs used in Level 2 fair value measurement

As at 31 March 2020, The fair values of the financial assets at FVOCI were determined with reference to the pricing of the recent transactions or offerings of the investees' shares.

(iii) Information about Level 3 fair value measurements

	Valuation technique	Significant unobservable input	Discount rate
Unlisted financial assets at FVOCI	Discounted cash flow method	Discount rate	13.1%

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 31 March 2021, 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$4,376,000/HK$3,572,000.

29 Commitments

Capital commitments outstanding at 31 March 2021 and 2020 not provided for in the financial statements are as follows:

	2021 **HK$'000**	2020 HK$'000
Authorised and contracted for – Purchase of intangible assets	**13,537**	13,831

30 Material Related Party Transactions

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

(A) KEY MANAGEMENT PERSONNEL EMOLUMENTS

All members of key management personnel are Directors and their compensation is disclosed in note 6.

Total remuneration is included in "staff costs" (see note 4(B)).

30 Material Related Party Transactions (Continued)

(B) TRANSACTIONS WITH RELATED PARTIES

(i) Before listing of the Company

	2021 HK$'000	2020 HK$'000
Sales to fellow subsidiaries	11,364	7,542
Sales to a related party [#]	1,379	–
Purchase from fellow subsidiaries	4,616	6,821
Logistics services fee to fellow subsidiaries	4,688	7,936
Overseas sales administrative services fee to fellow subsidiaries	2,894	921
Management fee to a fellow subsidiary	–	18,982
Interest income from a fellow subsidiary	–	5,754
Interest expense on the amount due to immediate holding company	4,550	–

The related party is an associate of a fellow subsidiary of the Company.

(ii) After listing of the Company

	2021 HK$'000
Logistics services fee to fellow subsidiaries	503
Sales to fellow subsidiaries (Manufacturing Services Agreement)	339
Overseas sales administrative services fee to fellow subsidiaries	375

(C) APPLICABILITY OF THE HONG KONG LISTING RULES RELATING TO CONNECTED TRANSACTIONS

The related party transactions disclosed in note 30(B) (ii) above constitute connected transactions as defined in Chapter 14A of the Hong Kong Listing Rules.

31 Ultimate Controlling Party

At 31 March 2021, the Directors consider the ultimate controlling party of the Group to be Kingshill Development Limited, which is incorporated in the British Virgin Islands. The intermediate holding company, Jacobson Pharma, produces financial statements available for public use.

32 Accounting Judgements and Estimates

KEY SOURCES OF ESTIMATION UNCERTAINTY

Note 28(E) contains information about the assumptions and their risk factors relating to valuation of financial instruments. Other key sources of estimation uncertainty are as follows:

Impairment of intangible assets

In considering the impairment losses that may be required for the Group's intangible assets (including goodwill), the recoverable amount of the asset needs to be determined. The recoverable amount is the greater of the fair value less costs of disposal and value in use. It is difficult to precisely estimate the fair value less costs of disposal because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present values, which requires significant judgment relating to items such as the level of sales volume, selling price and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as sales volume, selling prices and amount of operating costs.

Any increase or decrease in the above impairment losses would affect the net profit in future years.

33 Possible Impact of Amendments and a New Standard Issued But Not Yet Effective for the Year Ended 31 March 2021

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and a new standard, HKFRS 17, *Insurance contracts*, which are not yet effective for the year ended 31 March 2021 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3, *Reference to the Conceptual Framework*	1 January 2022
Amendments to HKAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*	1 January 2022
Amendments to HKAS 37, *Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
Annual Improvements to HKFRSs 2018-2020 Cycle	1 January 2022

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.

Four-year Financial Summary

(Expressed in Hong Kong dollars)

A summary of the results and of the assets and liabilities of the Group for the last four financial years is as follows:

	Year ended 31 March			
	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**397,158**	381,542	307,515	264,332
Cost of sales	**(198,725)**	(191,363)	(137,830)	(118,143)
Gross profit	**198,433**	190,179	169,685	146,189
Other net income	**11,371**	8,087	4,240	2,402
Selling and distribution expenses	**(85,705)**	(89,000)	(62,317)	(57,184)
Administrative and other operating expenses	**(41,816)**	(50,229)	(45,088)	(37,853)
Listing expenses	**(32,007)**	(7,189)	–	–
Profit from operations	**50,276**	51,848	66,520	53,554
Finance costs	**(7,409)**	(845)	(1,390)	(1,733)
Share of (losses)/profits of associates	**(1,054)**	2,963	4,719	–
Share of losses of joint ventures	**(132)**	–	–	–
Profit before taxation	**41,681**	53,966	69,849	51,821
Income tax	**(11,062)**	(9,669)	(10,581)	(7,975)
Profit for the year	**30,619**	44,297	59,268	43,846
Profit attributable to:				
Equity shareholders of the Company	**22,600**	41,022	52,459	42,379
Non-controlling interests	**8,019**	3,275	6,809	1,467
Total profit for the year	**30,619**	44,297	59,268	43,846

	As at 31 March			
	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000
Total non-current assets	**1,096,885**	1,098,118	929,494	802,963
Total current assets	**284,308**	270,118	363,148	322,757
Total current liabilities	**137,142**	99,860	1,031,764	916,653
Total non-current liabilities	**297,108**	553,672	82,768	87,877
Net current assets/(liabilities)	**147,166**	170,258	(668,616)	(593,896)
Total assets less current liabilities	**1,244,051**	1,268,376	260,878	209,067
Net assets	**946,943**	714,704	178,110	121,190

Glossary

"2021 AGM"	the forthcoming 2021 annual general meeting of the Company
"AIM Atropine Eye Drops"	refers to AIM Atropine 0.01% Eye Drops and AIM Atropine 0.125% Eye Drops procured from Aseptic Innovative Medicine Co. Ltd., an anticholinergic agent as a sterile topical preservative-free ophthalmic solution that is commonly used in the treatment of myopia, mydriasis and cycloplegia
"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 annual 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
"connected person"	has the meaning ascribed to it under the Listing Rules
"connected transaction"	has the meaning ascribed to it under the Listing Rules
"continuing connected transaction"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	refers to Mr. Sum, Jacobson Pharma, JBM Group BVI, Kingshill, 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
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a market research and consulting company and an Independent Third Party
"FY2020"	the year ended 31 March 2020
"FY2021" or "Reporting Period"	the year ended 31 March 2021
"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$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Branch Share Registrar"	Tricor Investor Services Limited
"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 Connected Person"	any of Jacobson Pharma, JBM Group BVI and their respective associates other than our Group
"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)
"Jacobson Pharma Group"	Jacobson Pharma and its subsidiaries, including our Group
"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)
"JBM Group BVI"	JBM Group (BVI) Limited, a company with limited liability incorporated under the laws of the BVI on 24 December 2019, being one of our Controlling Shareholders
"Kingshill"	Kingshill Development Limited, a limited liability company incorporated under the laws of BVI on 8 July 1998, being one of our Controlling Shareholders
"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"	the listing of our Shares on the Main Board
"Listing Date"	5 February 2021, on which our Shares are listed and from which dealings in our Shares are permitted to take place on the Stock Exchange
"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
"Nomination Committee"	the nomination committee of the Company

"Orizen"	Orizen Capital Limited, a company with limited liability incorporated under the laws of the BVI on 6 June 2018, which is an indirect non-wholly owned subsidiary of the Company
"Orizen Group"	Orizen and PCCH
"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
"PCCH"	Hong Kong Premier Concentrated Chinese Herbs Limited, a company with limited liability incorporated under the laws of Hong Kong on 26 March 2003, which is a subsidiary of our Company
"PIC/S"	two international instruments, the Pharmaceutical Inspection Convention and the Pharmaceutical Inspection Co-operation Scheme, which seek to promote constructive co-operation in the field of GMP between the participating authorities in different geographic markets
"PIC/S GMP"	Good Manufacturing Practice in accordance with the PIC/S GMP Guide issued by PIC/S
"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
"Remaining Parent Group"	Jacobson Pharma and its subsidiaries, excluding our Group
"Remuneration Committee"	the remuneration committee of the Company
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"Share(s)" or "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, a summary of the principal terms of which is set forth in the Prospectus
"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 Kingshill and Lincoln's Hill
"Tycoon"	Tycoon Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability on 14 June 2017, the issued shares of which are listed on the Main Board on 15 April 2020 (stock code: 3390)
"Tycoon Group"	Tycoon and its subsidiaries

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JBM (Healthcare) Limited

Enabling Better Health
Through Self-care

http://www.jbmhealthcare.com.hk/