

Empowering Growth and Sustainability with a Purpose-driven Business



JACOBSON PHARMA CORPORATION LIMITED

Incorporated under the laws of the Cayman Islands with limited liability

Stock Code : 2633



2024/2025 Interim Report

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Sum Kwong Yip, Derek
(Chairman and Chief Executive Officer)
Mr. Yim Chun Leung
Ms. Pun Yue Wai

Non-executive Director

Professor Wong Chi Kei, Ian

Independent Non-executive Directors

Dr. Lam Kwing Tong, Alan
Mr. Young Chun Man, Kenneth
Professor Lam Sing Kwong, Simon

AUDIT COMMITTEE

Mr. Young Chun Man, Kenneth (Chairman)
Dr. Lam Kwing Tong, Alan
Professor Lam Sing Kwong, Simon

REMUNERATION COMMITTEE

Dr. Lam Kwing Tong, Alan (Chairman)
Mr. Young Chun Man, Kenneth
Ms. Pun Yue Wai

NOMINATION COMMITTEE

Mr. Young Chun Man, Kenneth (Chairman)
Dr. Lam Kwing Tong, Alan
Mr. Yim Chun Leung

EXECUTIVE COMMITTEE

Mr. Sum Kwong Yip, Derek (Chairman)
Mr. Yim Chun Leung
Ms. Pun Yue Wai

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Professor Lam Sing Kwong, Simon (Chairman)
Mr. Yim Chun Leung
Mr. Yu Chun Kau

AUTHORISED REPRESENTATIVES

Mr. Yim Chun Leung
Ms. Pun Yue Wai

COMPANY SECRETARY

Mr. Yu Chun Kau

REGISTERED OFFICE

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

HONG KONG HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS

Unit 2313-18, 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
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

AUDITOR

KPMG
Certified Public Accountant
Public Interest Entity Auditor
registered in accordance with
the Accounting and Financial Reporting
Council Ordinance

PRINCIPAL BANKERS

(in alphabetical order)
Chong Hing Bank Limited
Standard Chartered Bank (Hong Kong)
Limited
The Hongkong and Shanghai Banking
Corporation Limited

PUBLIC RELATIONS CONSULTANT

Strategic Public Relations Group

INVESTOR RELATIONS

Email: jacobsonpharma@sprg.com.hk

STOCK CODE

2633

COMPANY WEBSITE

www.jacobsonpharma.com

FINANCIAL HIGHLIGHTS

	Six months ended 30 September 2024 HK\$'000	Six months ended 30 September 2023 HK\$'000	Change
Revenue from continuing operations ⁽¹⁾	810,002	714,918	+13.3%
Gross profit	351,471	301,079	+16.7%
Gross profit margin (%)	43.4%	42.1%	
Profit attributable to equity shareholders of the Company	140,290	154,040	-8.9%
Profit margin attributable to equity shareholders of the Company (%)	17.3%	21.5%	
Adjusted EBITDA from continuing operations ⁽²⁾	272,185	218,120	+24.8%
Adjusted EBITDA margin from continuing operations (%) ⁽³⁾	33.6%	30.5%	
Return on equity (%) ⁽⁴⁾	11.6%	12.8%	

	As at 30 September 2024 HK\$'000	As at 31 March 2024 HK\$'000	Change
Total assets	3,606,697	3,486,854	+3.4%
Total liabilities	1,150,942	1,090,494	+5.5%
Total equity	2,455,755	2,396,360	+2.5%

- (1) The branded healthcare segment has been classified as discontinued operations of the Group for the six months ended 30 September 2023.
- (2) Adjusted EBITDA from continuing operations is calculated based on adjusted earnings from continuing operations before interest, taxes, depreciation and amortisation, where "interest" is regarded as including interest income from bank deposits and investments and finance costs. To arrive at adjusted EBITDA from continuing operations, the Group's earnings are further adjusted for share of profits of associates and non-recurring items not attributable to the operations of individual segments.
- (3) Adjusted EBITDA margin from continuing operations is calculated based on adjusted EBITDA from continuing operations divided by revenue from continuing operations and multiplied by 100%.
- (4) Return on equity is calculated based on annualised profit for the period divided by the arithmetic mean of the opening and closing balances of total equity in the relevant period and multiplied by 100%.



CORPORATE VISION AND MISSION



A MISSION
THAT
MATTERS

A VISION
THAT
INSPIRES

A CULTURE
THAT
ACHIEVES

OUR VISION

At Jacobson, we aspire to be an eminent player in essential medicines, specialty drugs and healthcare solutions in Greater China and Asia.

OUR MISSION

We strive to create sustainable values that meet current and future customer needs through carefully-orchestrated investment in R&D.

We enhance the communities in which we operate.

We build shareholder values in all we do.

OUR CULTURE

Three core components i.e. Challenge, Connect, Commit unite our corporate culture and values that define how we act and what we do:

CHALLENGE

We proactively venture into uncharted turf for exploring opportunities. We go the extra-mile for attaining excellence via innovative solutions.

CONNECT

We work cohesively as “one company one team” to create and share best practices. We connect local knowledge with global resources.

COMMIT

We deliver on what we promise. We do not compromise on quality and integrity.

CORPORATE PROFILE



The Group is a leading pharmaceutical company in Hong Kong vertically integrated with the research, development, production, sale and distribution of essential medicines and specialty drugs. As a major provider of generic drugs in Hong Kong, the Group has one of the most extensive sales and distribution coverage for both the Public and Private Sectors in Hong Kong, with an expanding reach into strategically selected Asian markets. Carrying a broad product portfolio and taking a pre-eminent market position in a number of therapeutic categories, the Group operates a host of 9 licensed production facilities for pharmaceutical products in Hong Kong.

The Group has invested significantly in its commercial infrastructure and manages its own warehousing, logistics, regulatory, quality control, and sales and marketing operation. Our SAP powered warehousing complex is located at the hub of Hong Kong, which facilitates a high degree of supply chain efficiency and flexibility in providing logistic solutions to our customers.

COMPETITIVE STRENGTHS

- **Leadership in a Diverse Range of Essential and Specialty Drugs in Hong Kong**

Over a long and successful track record, we have built a comprehensive product portfolio, including respiratory, cardiovascular, central nervous system, gastrointestinal and oral anti-diabetics, cementing our position as a leader in a number of large and fast growing therapeutic categories in the Hong Kong pharmaceutical market. We continually expand our portfolio to reinforce our leadership position with a strategic focus on specialty drugs and biosimilars to tap the fast growing market segments.

- **Leading Research and Development Capabilities That Can Develop Premium Generic Drugs and Healthcare Solutions to Fulfill Unmet Demands**

We are a leading pharmaceutical R&D company in Hong Kong among generic drug manufacturers in terms of number of new drugs registered in the past few years. We have been able to identify products with good potential based on our strong relationships with customers and deep market insight. We actively explore collaborations with local and overseas R&D institutions and companies on the development of innovative technologies for pharmaceutical manufacturing.

- **Well-Established Sales and Distribution Network with Extensive Market Coverage**

We have extensive local market penetration, covering substantially all of the Public and Private Sector institutions and registered pharmacies, as well as doctors in private practice. Our deep industry knowledge, extensive sales network and close interactions with market participants enable us to gather significant feedback, relevant market intelligence and data on industry trends for further strengthening our product development strategies and identifying business opportunities. We are also committed to the strategy of expanding our regional presence into strategically selected markets in Asia Pacific.

- **Robust Logistics Infrastructure and Specialised Capabilities**

Our key strengths stem from a centralised distribution center and a high-capacity fleet of delivery trucks, positioning us to meet substantial volume demands with efficiency. We maintain industry-leading accreditations and adhere to stringent standards, ensuring both quality and regulatory compliance, thereby reinforcing our commitment to excellence. In addition to our robust foundation, we have developed specialised capabilities in vaccine and advanced therapy products logistics. Our effective warehousing practices, powered by advanced IT systems, drive accuracy and efficiency in our operations, establishing a reliable service framework. Beyond infrastructure and compliance, our specialised capabilities in addressing diverse storage and distribution needs position us as a comprehensive logistics provider within the pharmaceutical industry.



MANAGEMENT DISCUSSION AND ANALYSIS



BUSINESS REVIEW

Building on solid growth momentum, the Group achieved robust operational performance with a double-digit revenue increase in the first half of FY2025, despite a broader economic slowdown through the first three quarters of 2024. A surge in flu cases across Hong Kong in early 2024 drove a marked increase in medical visits to hospitals and clinics. This rise in healthcare demand was further fueled by an aging population, a growing prevalence of chronic illnesses, and heightened public awareness of health issues, all contributing to sustained growth in healthcare visits and medication usage.

Our strong first-half performance underscores the impetus we have gained through the effective execution of our strategic initiatives and our unwavering commitment to solidifying our position as a leader in Hong Kong's generic drugs sector. This progress reflects our focused efforts to strengthen our R&D pipeline and manufacturing capabilities, expand our product portfolio, optimise our commercial strategies, and fortify our sales channels.

We have made significant progress in aligning our business strategy with sustainable development, advancing the "5 to Thrive" sustainability framework, which focuses on Corporate Governance, Product Responsibility, Societal Engagement, Environmental Stewardship, and Employee Commitment. Environmental sustainability remains a key priority, and we are on track to meet our targets for managing greenhouse gas emissions, waste, energy, and water use. During the Reporting Period, we engaged in several ESG initiatives, including the "Mid-Autumn Festival Goodies Bag Delivery 2024" for elderly individuals, supporting education through scholarships at The University of Hong Kong, and opening the "J+ Fellow" staff shared space to foster learning, collaboration, and growth. Jacobson was also honored with the "Good MPF Employer" and "EcoPartner Award" for its commitment to environmental and social responsibility.

RESULTS

During the six months ended 30 September 2024, the Group achieved 13.3% growth in total revenue compared to FY2024 Interim, totalling HK\$810.0 million. The profit for the period from continuing operations amounted to HK\$140.3 million, reflecting an increase of 44.2%.

The significant increase in profit for the period from continuing operations was primarily driven by strong performance in the generic drug business across both Public and Private Sectors, as well as revenue contributions from newly in-licensed products and the successful launch of new products. Additionally, increased operating leverage at our production facilities and financial savings from effective cost-control measures contributed to the growth.

As a result of the Company no longer consolidating the results of JBM Healthcare Group following the distribution of shares in JBM Healthcare as a special dividend in specie to the shareholders of the Company, the profit attributable to equity shareholders of the Company for FY2024 Interim showed a slight decrease of 8.9%, totalling HK\$140.3 million, compared to the same period last year.

Driven by robust business performance and disciplined cost management, the Group achieved a strong adjusted EBITDA of HK\$272.2 million throughout the Reporting Period. As at the end of the Reporting Period, the net gearing ratio significantly improved to 5.6%, down from 12.2% at the close of FY2024, while the Group's cash reserves demonstrated resilience, with a balance of HK\$515.9 million. These financial metrics highlight the Group's operational discipline and ability to adapt to market dynamics, positioning the business for continued growth and development.

OPERATION PERFORMANCE

Robust Portfolio and Supply to Meet Public Demand

From mid-January to late July 2024, Hong Kong experienced a prolonged flu season, with cases particularly affecting vulnerable groups such as children and the elderly. This 28-week period began with a surge in influenza A (H3) cases before shifting to influenza A (H1), driven by changes in circulating virus strains. The extended flu season significantly boosted demand for cold and flu treatments, driving strong sales momentum in the first half of FY2025 for both the Public and Private Sectors of the Group's business during the Reporting Period.

Beyond seasonal flu, several factors contributed to high healthcare visits and medication use in Hong Kong. The aging population, with widespread chronic conditions like diabetes and hypertension, drove demand for long-term medications and healthcare consultations. Increased health consciousness, fueled by public health campaigns, has also raised awareness of preventive care and the importance of early treatment. Additionally, rising mental health issues, including depression and anxiety, exacerbated by factors such as isolation, chronic illness, and economic stress, have led to a surge in medication use for mental health conditions.

These factors align with the strong growth of the Group's products in relevant therapeutic categories. For example, the Group's cardiovascular offerings – ACE inhibitors, beta-blockers, and diuretics – saw significant sales growth during the Reporting Period, driven by success in securing public tenders for products such as Eplerenone, Lisinopril, and Atenolol. Additionally, medications for bladder and prostate disorders, as well as hypnotics, experienced notable growth across both Public and Private Sectors during the same period.

The Group's extensive portfolio and efficient supply chain allow it to effectively meet the rising demand for essential and specialty medications. By continuously enhancing its offerings, the Group ensures healthcare professionals and patients have access to high-quality, cost-effective treatments that address Hong Kong's evolving healthcare needs. This focus is particularly important as aging demographics and the increasing prevalence of chronic diseases continue to drive demand.

New Product Introduction

Throughout the Reporting Period, the Group expanded its product portfolio with new offerings, including Sildenafil Tablet 20mg, Cyanocobalamin Tablet 50mcg, and Amlodipine Oral Solution. Additionally, the Group received registration approval for 15 new products, positioning them for upcoming market launches and further strengthening its capacity to meet diverse healthcare needs.

R&D Pipeline Progress

During the Reporting Period, we made steady progress in advancing our R&D pipeline to expand and strengthen our product offerings. As of 30 September 2024, 14 products completed development and were submitted to the Department of Health for regulatory approval, while 3 products entered the stability testing phase. To further support our growth strategy, 8 new items were also added to the pipeline.

By 30 September 2024, our pipeline expanded to 193 products, underscoring the strength of our development efforts. Among these, 65 products have secured registration approval, 14 are pending approval, and 58 have reached the stability preparation or study phase. An additional 19 products are currently in the formulation or pre-formulation research phase. This robust pipeline highlights our commitment to long-term growth and our readiness to meet market demands with a comprehensive portfolio of high-quality treatments.

Enhancing Production Capacity

During the Reporting Period, the Group made significant strides in production capacity and capability, underscoring our commitment to meeting rising market demands. Semi-solid dosage production rose by an impressive 17.5%, surpassing 187.2 tonnes. Eye drop production increased by 14.9% to approximately 21,000 liters, while liquid dosage production grew by 14.2% to approximately 1.3 million liters. Solid dosage production also achieved steady growth, up 8.0% to approximately 1.7 billion capsules and tablets.

The Group's ability to respond to market fluctuations and operational challenges has been essential in maintaining production levels. New production lines for semi-solid and suppository formulations were recently commissioned, further enhancing our output in these segments.

With ongoing investments in plant expansions and equipment upgrades, the Group is well-positioned to increase production capacity further and respond swiftly to future market demands. Strategic planning through our subsidiaries has enabled us to maintain buffer stocks in anticipation of upcoming facility renovations. Additionally, increased liquid dosage production across subsidiaries has optimised resource utilisation to meet growing market needs. These initiatives reflect the Group's robust infrastructure and proactive approach, highlighting our agility in adapting to evolving business requirements and responding effectively to market dynamics.

BUSINESS DEVELOPMENT

In-license of Specialised Products

In line with our strategy to expand and diversify our portfolio of specialised pharmaceuticals, we continue to focus on forming strategic in-licensing agreements with reputable global manufacturers, strengthening our offerings in key therapeutic areas.



During the Reporting Period, we advanced our in-licensing strategy by securing exclusive agreements for several pharmaceutical products strengthening our portfolio in cardiovascular health, diabetes management, and allergy treatment. Key achievements include the in-licensing of an anticoagulant therapy for blood clot prevention and treatment, enhancing our cardiovascular offerings, and the addition of an ophthalmic product from Taiwan for allergic eye conditions, bolstering our presence in allergy management. Additionally, we obtained exclusive distribution rights for a key antibiotic from the United Kingdom, which will be available in Hong Kong and Macau on a named-patient basis, addressing specific healthcare needs.

These agreements reflect the ongoing progress of our in-licensing strategy, enabling us to provide specialised products to healthcare providers and patients and to strengthen our position in essential therapeutic areas.

Strategic Partnership and Collaboration

*Collaboration with Biocon Biologics Limited ("**Biocon**") for Insulin Glargine and Aspart*

The Group has entered into a strategic partnership with Biocon, one of the world's largest biosimilar companies, to market and distribute Insulin Glargine and Aspart in Hong Kong. This collaboration combines Biocon's expertise in biosimilar insulin products with Jacobson's strong market presence.

Notably, Biocon's Insulin Glargine has received U.S. Food and Drug Administration ("**U.S. FDA**") approval as the first interchangeable insulin, allowing pharmacists to substitute it for the brand-name product without requiring dose titration. This designation could facilitate broader adoption by simplifying the transition from branded insulin to a biosimilar alternative.

We expect registration in Hong Kong to be completed by the first quarter of 2025. This partnership not only meets the growing demand for affordable insulin therapies but also expands our portfolio, serving as a foundation for future biosimilar collaborations and reinforcing our position in the market.

Market Expansion of Arsenol Oral Solution (Arsenic Trioxide Oral Solution)

Aligned with our commitment to innovative therapies and improved patient outcomes, we are broadening the market reach of Arsenic Trioxide Oral Solution – a product co-developed with The University of Hong Kong and Jacobson. This oral formulation, approved for treating acute promyelocytic leukemia, has demonstrated clinical efficacy comparable to the injectable version, with the added benefit of an enhanced safety profile.

The product is seeing increasing adoption in Southeast Asian markets, particularly Malaysia and Singapore, with further growth expected.

Through a Group subsidiary, we have entered into a Dossier License Agreement with a US company specialising in hematology, oncology, and rare diseases. This partnership is pivotal in registering Arsenol Oral Solution as an orphan drug with the U.S. FDA, thereby expediting its clinical development.

We are also planning a Phase 3 clinical trial in collaboration with SDK Therapeutics Inc. in the US and the EU. This initiative underscores our dedication to advancing oncology treatments and improving patient outcomes in rare diseases. By shifting arsenic trioxide from intravenous to oral administration, we aim to enhance patient convenience, reduce healthcare costs, and establish a new standard of care in treating acute promyelocytic leukemia (APL).

*Collaboration with Fosun Kairos Biotechnology Inc. ("**FosunKairos**")*

We have enhanced our collaboration with Shanghai Fosun Pharmaceutical (Group) Co., Ltd.* (上海復星醫藥(集團)股份有限公司) ("**Fosun Pharma**") to market Axicabtagene Ciloleucel ("**Yikaida**"), a pioneering CAR-T cell therapy developed by FosunKairos, a joint venture between Fosun Pharma and Kite Pharma, Inc. in the US, in Hong Kong and Macau. Axicabtagene Ciloleucel is approved in key regions, including the US, EU, Australia, Canada, and Japan, for the treatment of various lymphomas. It is the first and only second-line recommended CAR-T therapy for diffuse large B-cell lymphoma (DLBCL) by both the U.S. FDA and the National Medical Products Administration in China. Recent results from the ZUMA-7 study show significant improvements in patient survival rates and event-free survival compared to standard treatments.

As part of the collaboration, Jacobson will manage the logistics, sales, and marketing of Yikaida in Hong Kong and Macau. Yikaida offers a distinct advantage in CAR-T therapies by eliminating the need to transport apheresis blood samples to the US or Europe for processing, significantly reducing treatment preparation time and cost. Jacobson's logistics arm is one of only two licensed distributors authorised to handle CAR-T products in Hong Kong.

* For identification purpose only

E-ordering System to Enhance Sales and Customer Service Platform

Following the successful launch of our innovative e-ordering platform, e-Jacob Pharma2U, the Group has continued to strengthen its sales and customer service capabilities. Since its official rollout for private clinic clients, the platform has seen strong growth and high adoption rates, significantly streamlining the procurement process for pharmaceutical products and medical supplies.

In response to valuable customer feedback, we have introduced several enhancements, including the option for customised labels during stock deliveries, further enhancing the user experience. We also boosted engagement with a successful online promotion offering special discounts and additional reward points, adding greater value to our customers' purchasing journeys.

To maintain strong connections with our customers, we regularly communicate through newsletters, providing updates on new products and promotions to ensure they are well-informed and fully capitalise on the platform's benefits.

As we move forward, we remain committed to further enhancing and expanding e-Jacob Pharma2U by continuously gathering feedback and implementing improvements. Our approach combines the convenience of the online platform with the personalised support of our sales teams, ensuring clients receive both efficient digital service and hands-on assistance. This blend of online and offline engagement strengthens customer relationships and reinforces our position in the market.

OUTLOOK

Hong Kong's economy is projected to grow through the end of the year, though the outlook remains fragile. Growth slowed in the third quarter of 2024, with year-on-year expansion at 1.8% and a 1.1% GDP contraction from the previous quarter. This deceleration, driven by geopolitical tensions, economic volatility, and weak private consumption, has affected both Mainland China and Hong Kong, fostering a cautious, conservative stance across sectors. However, the improving economic outlook in Mainland China, coupled with recent stimulus measures by the Hong Kong Government, is expected to support market sentiment and stimulate domestic activity.

In spite of current headwinds, we remain confident in the long-term resilience of Hong Kong's economy as it adapts to evolving challenges aimed at reinforcing stability and boosting domestic spending. We are committed to enhancing our business's adaptability and agility in this dynamic environment, which will continue to guide our strategic initiatives.

We see strong growth potential in the generic drugs market and broader healthcare industry, driven by several key factors. Increased government investment in healthcare initiatives, such as the Chronic Disease Co-Care Pilot Scheme ("CDCC"), reflects a commitment to expanding access to affordable medications. Additionally, generics substitution policies further bolster this trend, creating a favorable environment for cost-effective healthcare solutions.

For instance, the 2024 Policy Address underscored the development of primary healthcare through expansions in the CDCC, district health centres, and the launch of a community pharmacy program. These efforts aim to improve healthcare access, especially for the elderly with chronic conditions. Starting this year, Hospital Authority patients can collect medications from chain pharmacies and receive health guidance from pharmacists, creating valuable opportunities to promote the use of affordable generic drugs through primary healthcare programs.

A demographic shift is further shaping the healthcare landscape. Hong Kong's aging population with complex health needs is driving increased demand for chronic disease medications, aligning well with the cost-effectiveness of generic drugs. The rising prevalence of chronic conditions, such as diabetes and heart disease, also heightens the demand for essential and specialty medications, while increased societal awareness of preventive care and disease management further bolsters this demand.

To capitalise on these market opportunities, we are reinforcing our position as a premier pharmaceutical provider in Hong Kong and Asia through a disciplined growth strategy. Our focus remains on optimising our product portfolio and expanding our product pipeline via strategic in-licensing and targeted R&D initiatives. To support this growth, we are strengthening our commercial and regulatory capabilities and building strategic partnerships across the regions. This approach enables us to capture emerging market opportunities and deliver essential and specialty medications to a broader patient base.



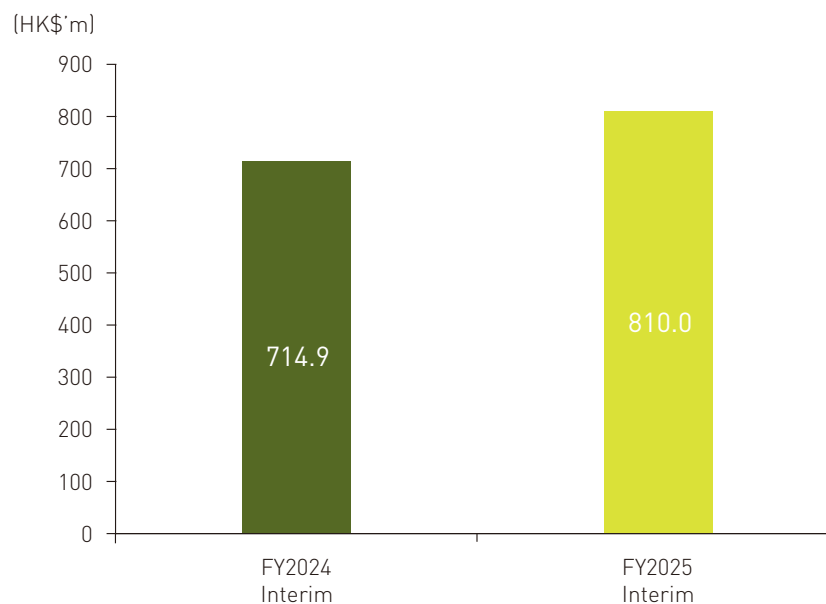
REMUNERATION POLICY

As of 30 September 2024, the Group has a total of 1,730 employees (compared to 1,588 employees as of 30 September 2023). For the Reporting Period, the total staff cost of the Group was HK\$243.4 million, compared to HK\$215.4 million for the six months ended 30 September 2023 with the corresponding enhancement in staff deployment supporting the growth and development of the Group. All of the Group's employees have entered into standard employment contracts with the Group. Remuneration packages for the Group's employees in general comprise one or more of the following elements: basic salary, sales-related incentives, productivity-related incentives and work performance bonuses. The Group sets out performance attributes for its employees based on their positions and job functions. It periodically reviews their work performance against the Group's strategic objectives and targets. The results of such reviews are taken into consideration when assessing salary adjustments, bonus awards, promotions, staff development plans and training needs. The Group provides various benefit schemes to its employees including annual leave entitlement, mandatory provident fund, group medical insurance and life insurance. A workers union has been established for the Group's employees in China according to local labour laws. As of 30 September 2024, the Group has not experienced any strikes or any labour disputes with its employees which would likely have had a material impact on its business.

The Group places a high value on recruiting, developing and retaining its employees. It maintains high recruitment standards and provides competitive compensation and benefit packages to attract and retain talents. The Group also emphasises on training and developing employees. In addition to different skill and knowledge based in-house training programs, the Group has training sponsorship policy to encourage its employees to attend external training to enhance their job competencies.

FINANCIAL REVIEW

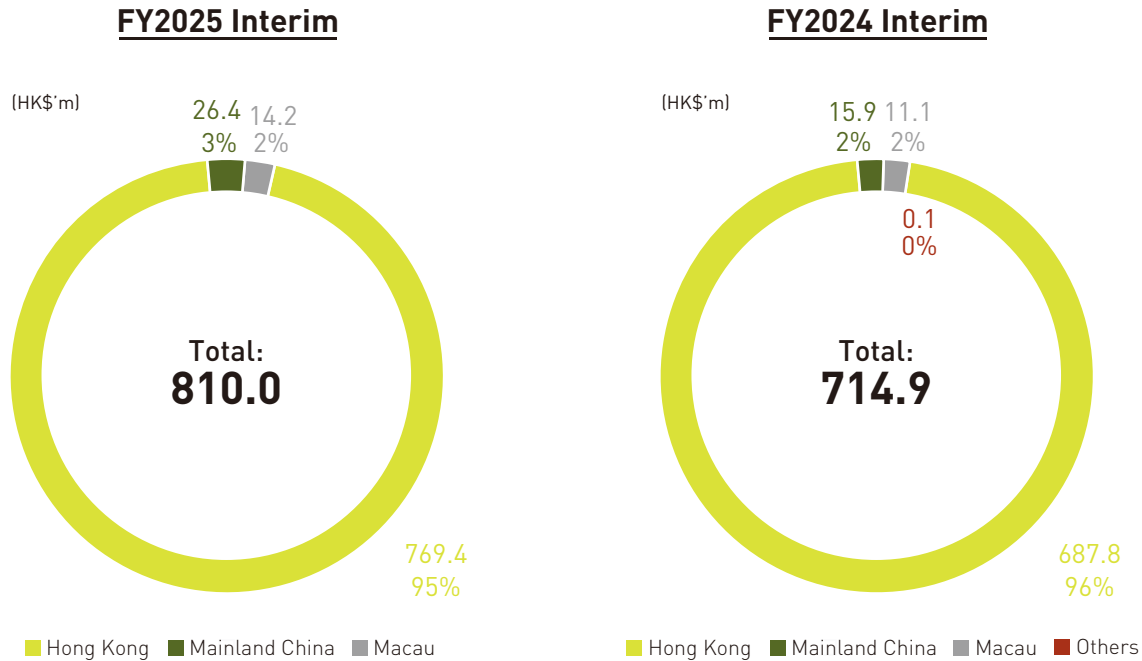
REVENUE



The Group's business has shown solid growth during the Reporting Period, with revenue increasing by HK\$95.1 million or 13.3% compared to FY2024 Interim. This growth in business performance was primarily attributed to the robust operational performance in the generic drug business across both the Public and Private Sectors, along with revenue contributions from newly in-licensed products and the successful launch of new products.

During the Reporting Period, Hong Kong experienced a surge in flu cases during an extended flu season, particularly affecting vulnerable groups such as children and the elderly. Influenza activity in Hong Kong rose significantly from mid-January 2024, peaking in the second quarter of 2024 due to changes in the circulating virus strains. This increase led to a boosted demand for cold and flu medications and a marked rise in medical visits to hospitals and clinics. In addition to seasonal flu trends, the aging population and rising chronic conditions in Hong Kong also drove increased healthcare utilisation. Higher rates of diabetes and hypertension led to sustained medication use and medical visits, while growing health awareness prompted more preventive care. Mental health challenges, stemming from social isolation and economic pressure, further elevated medication demand.

Revenue from continuing operations by geographic locations



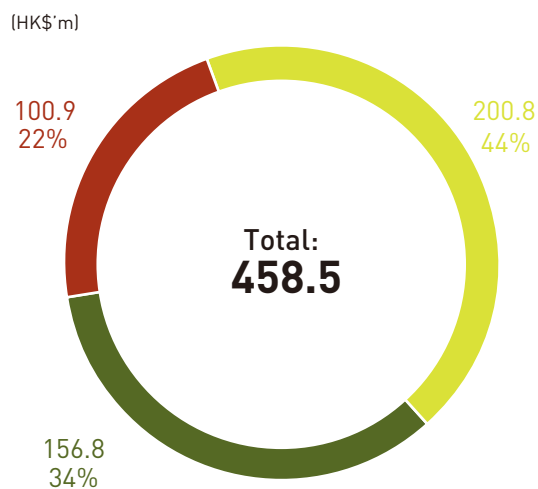
During the Reporting Period, Hong Kong remained the primary revenue driver, accounting for 95% of the total revenue and delivering a notable increase of HK\$81.6 million or 11.9% compared to FY2024 Interim. This growth was primarily attributed to the strong performance in the generic drug business across both the Public and Private Sectors, boosted by the prolonged flu season from mid-January to late July 2024. During this flu season, Hong Kong experienced a rise in flu cases, particularly impacting vulnerable groups like children and the elderly due to changes in the circulating virus strains. Additional contributors came from newly in-licensed products and successful new product launches. Moreover, factors such as an ageing population, high prevalence of chronic conditions, rising mental health issues, and increased public health consciousness further drove demand for long-term medications and healthcare consultations.

In Mainland China, revenue recorded a significant increase, amounting to HK\$10.5 million or 66.0%, primarily due to heightened demand for the Group's cold and flu and gastrointestinal product ranges during the Reporting Period. In Macau, revenue increased by HK\$3.1 million or 27.9%, primarily driven by increased sales of the Group's cold and flu products during the Reporting Period.



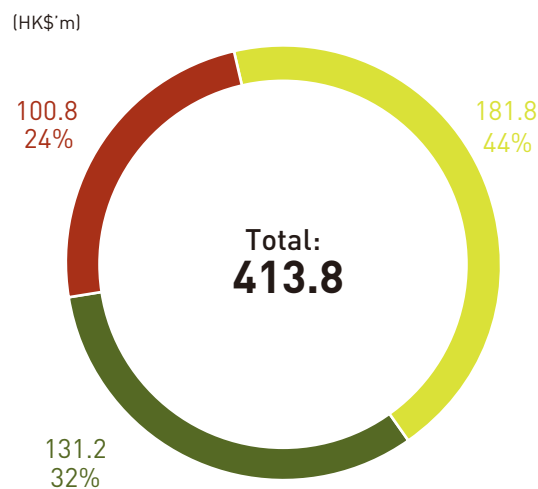
COST OF SALES

FY2025 Interim



Material Cost Staff Cost Other Production Cost

FY2024 Interim



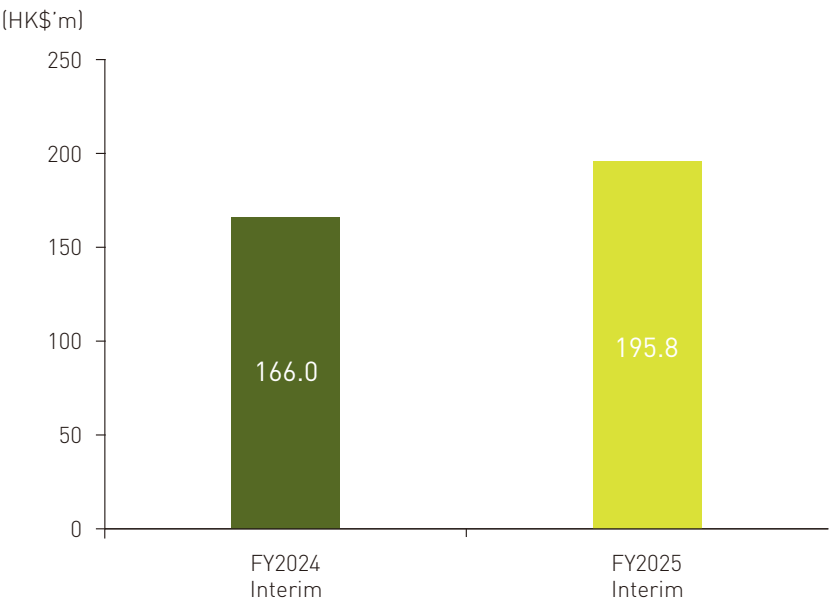
Material Cost Staff Cost Other Production Cost

The increase in cost of sales of HK\$44.7 million or 10.8% was generally in line with the overall sales growth of the Group during the Reporting Period. Material cost continued to be the major component, contributing approximately 44% of the total cost of sales, while staff cost and other production cost contributed 34% and 22%, respectively.

The increase in material cost of HK\$19.0 million or 10.5% was attributable to the increased production volume as a result of the heightened demand for products and change in sales mix during the Reporting Period.

The increase in staff cost of HK\$25.6 million or 19.5% is reflected in the increased production headcount to support the uplifted production levels resulting from the sales growth and salary increment. The other production costs slightly increased by HK\$0.1 million or 0.1% as a result of the increased operating leverage at our production facilities and the successful implementation of effective cost rationalisation measures.

PROFIT FROM OPERATIONS



The increase in profit from operations by HK\$29.8 million or 18.0% to HK\$195.8 million was mainly attributable to the increase in gross profit of HK\$50.4 million resulting from the robust sales growth and successful implementation of effective cost-control measures, offset partially by the fair value loss on investment properties of HK\$13.1 million and the decrease in interest income from bank deposits and investments of HK\$9.0 million as a result of the lower average cash balance at banks during the Reporting Period compared to same period last year owing to the repayment of bank loans.

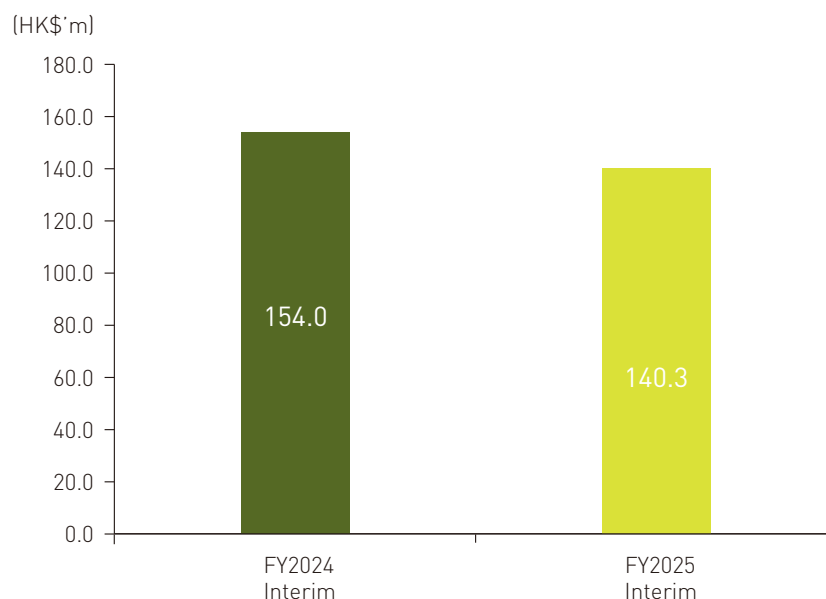
FINANCE COSTS

The significant decrease in finance costs by HK\$26.9 million or 56.7% was mainly attributable to the lower bank loan balance as a result of the repayment of bank loans for optimising the Group’s financial leverage, as well as the decreasing interest rates in the market during the Reporting Period.

INCOME TAX

The increase in income tax primarily reflected the higher profits before taxation during the Reporting Period compared to same period last year.

PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS



The profit attributable to equity shareholders decreased slightly by HK\$13.7 million or 8.9% to HK\$140.3 million mainly due to the segregation of the JBM Healthcare Group from the Group as a result of the distribution in specie of JBM Healthcare Shares on 24 August 2023 (the profit attributable to equity shareholders arises from discontinued operations was HK\$56.7 million for FY2024 Interim), which were offset partially by the significant increase in profit for the period from continuing operations of HK\$43.0 million.

ASSETS

Investment properties and property, plant and equipment

The decrease in property, plant and equipment and investment properties principally reflected the depreciation of HK\$62.2 million and the fair value loss on investment properties of HK\$13.1 million, which was offset partially by the additions of HK\$71.2 million mainly arose from the acquisitions of properties, plant and machinery used by our pharmaceutical manufacturing plants.

Intangible assets

The decrease in intangible assets was primarily attributable to the amortisation of HK\$9.3 million, which were offset partially by the capitalised development costs of drugs and the new e-ordering system of HK\$4.3 million.

Inventories

The slight increase in inventories by HK\$8.1 million or 2.5% mainly reflected the expanded range of products mix as a result of the successful launch of new products to the markets.

Cash and cash equivalents

As at 30 September 2024, approximately 97.1% of cash and cash equivalents were denominated in Hong Kong dollars (as at 31 March 2024: 97.5%), while the remaining balances were denominated in Renminbi, Macau pataca, Taiwan dollars, and United States dollars.

LIABILITIES

Bank loans

The decrease in bank loans by HK\$52.6 million or 7.5% as at 30 September 2024 was mainly attributable to the repayment of bank loans during the Reporting Period for optimising the Group's financial leverage. As at 30 September 2024, all bank loans of the Group were denominated in Hong Kong dollars.

USE OF PROCEEDS

IPO PROCEEDS

Net proceeds of HK\$695,540,000 were raised from the initial public offering of the Company (included proceeds from the over-allotment option exercised by the underwriter amounted to HK\$98,438,000 and after the deduction of underwriting fees, commissions and expenses paid by the Company in connection with the initial public offering) (the "IPO Proceeds").

The table below sets forth the status of utilisation of the IPO Proceeds as at 31 March 2024 and 30 September 2024 respectively, and the expected timeline of the use of the unutilised IPO Proceeds:

Use of IPO Proceeds	Proposed application* HK\$'000	As at 31 March 2024		As at 30 September 2024		Expected timeline for utilising the remaining IPO Proceeds
		Actual utilised amount HK\$'000	Unutilised amount HK\$'000	Actual utilised amount HK\$'000	Unutilised amount HK\$'000	
Acquisitions – Expansion of businesses in generic drugs and proprietary medicines	139,108	139,108	–	139,108	–	N/A
Acquisitions – Enhancement of distribution network	104,331	104,331	–	104,331	–	N/A
Acquisitions – Intangible assets	69,554	69,554	–	69,554	–	N/A
Capital investments – Upgrading of manufacturing plants and facilities	113,197	113,197	–	113,197	–	N/A
Capital investments – Two specific automated production facilities	12,000	12,000	–	12,000	–	N/A
Expansion of bioequivalence clinical studies	98,449*	92,853	5,596	96,714	1,735	On or before 31 March 2025*
Establishment of a new joint R&D centre with HKIB	5,882*	5,882	–	5,882	–	N/A
Marketing and advertising	83,465	83,465	–	83,465	–	N/A
General working capital	69,554	69,554	–	69,554	–	N/A
Total	695,540	689,944	5,596	693,805	1,735	

* The Company published an announcement on 9 March 2022 relating to the change of allocation of the unutilised IPO Proceeds and the expected timeline of full utilisation by (a) reallocating approximately HK\$4.1 million which was originally allocated for establishment of a new joint R&D centre with HKIB to expansion of bioequivalence clinical studies; and (b) extending the expected timeline of the use of the unutilised IPO Proceeds from 31 March 2023 to 31 March 2025.

The Group intends to apply the remaining IPO Proceeds according to the revised plans disclosed in the announcement published on 9 March 2022 as shown above.

PROCEEDS FROM PLACING OF NEW ORDINARY SHARES

On 27 February 2024, the Company issued 66,000,000 Shares with a par value of HK\$0.01 each (the "Placing Shares") at an issue price of HK\$0.60 per Placing Share to not less than 6 placees, who are third parties independent of the Company and its connected persons, with a view to enhancing the Group's financial position for future development and to broadening its shareholder base and capital base. The closing price of the shares of the Company as quoted on the Stock Exchange on the date of such placing agreement is HK\$0.61 per Share. As a result, the Company received net proceeds of approximately HK\$38,898,000 (the "Placing Proceeds") after deducting all related fees and expenses from the gross proceeds of HK\$39,600,000. The net proceeds will be utilised primarily for the renovation of the Group's manufacturing facilities and the acquisition of machinery and equipment.

As at 30 September 2024, all Placing Proceeds have been utilised. There has not been any change to the intended use of the Placing Proceeds as disclosed in the announcement of the Company dated 27 February 2024.



The table below sets forth the status of utilisation of the Placing Proceeds as at 31 March 2024 and 30 September 2024 respectively:

Use of Placing Proceeds	Proposed application HK\$'000	As at 31 March 2024		As at 30 September 2024	
		Actual utilised amount HK\$'000	Unutilised amount HK\$'000	Actual utilised amount HK\$'000	Unutilised amount HK\$'000
Renovation of the Group's manufacturing facilities and the acquisition of machinery and equipment	38,898	1,521	37,377	38,898	–

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 development as well as mergers and acquisitions. The Group's primary uses of cash are to fund working capital, capital expenditures and mergers and acquisitions. During the Reporting Period, the Group funded its cash requirements principally from cash generated from operations, net proceeds from the Placing Shares and bank borrowings.

CHARGE ON GROUP ASSETS

As at 30 September 2024, the Group had no assets pledged against bank loans.

NET GEARING RATIO

The net gearing ratio of the Group (bank loans less cash and cash equivalents, divided by total equity multiplied by 100%) decreased from 12.2% as at 31 March 2024 to 5.6% as at 30 September 2024, mainly attributable to cash generated from operations of HK\$288.7 million and the decrease in bank loans of HK\$52.6 million during the Reporting Period.

FINANCIAL RISK ANALYSIS

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

CONTINGENT LIABILITIES

As at 30 September 2024, the Group did not have any significant contingent liabilities.

SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

No significant event has taken place subsequent to 30 September 2024 and up to the date of this interim 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 Group operates in pharmaceutical manufacturing industry and is subject to various regulations; failure to comply with pharmaceutical or other regulations may restrict our business operations. The Group has dedicated quality control and quality assurance team in each manufacturing plant to ensure compliance with relevant regulations.
- The Group made a number of successful acquisitions; however, the Group may not be able to successfully identify, consummate and integrate future mergers or acquisitions. The Group will continue to seek for new acquisition opportunities and perform adequate due diligence to assess the potential acquisition targets.
- The Group operates in generic drugs business and development of new products provides additional growth driver for the Group. However, we may not be able to develop and launch new product according to our schedule. The Group continues to invest in the R&D of new products and engage external experts to enhance our overall R&D capability.
- The Group is also exposed to risks of liability and loss due to defective products as well as damage to the Group's reputation. While the Group has taken out product liability insurance, the insured amount may not be sufficient to cover all damages claimed. The Group has a designated production and quality assurance team to monitor product quality in each manufacturing plant to ensure they are in compliance with respective specifications.

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is primarily engaged in the development, production, marketing and sale of generic drugs, a line of business that does not have any material impact on the environment. The key environmental impact from the Group's operation is related to electricity, water and paper consumption. The Group is fully aware of the importance of sustainable environmental development, and has implemented a number of measures to encourage environmental protection and energy conservation.

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

COMPLIANCE WITH LAWS AND REGULATIONS

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



OTHER INFORMATION

CORPORATE GOVERNANCE HIGHLIGHTS

The Group is committed to maintaining high corporate governance standards to safeguard the interests of the shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as its own code of corporate governance.

During the Reporting Period, the Company has complied with all the code provisions of the CG Code and adopted most of the best practices set out therein, except for the following provision:

Code provision C.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.

Currently, Mr. Sum is the chairman of the Board and the chief executive officer of the Company and there is no written terms setting out the division of responsibilities between the chairman and chief executive. The Board considers that Mr. Sum is the founder of the Group and had been managing the Group's business and overall strategic planning since its establishment, the vesting of the roles of chairman and chief executive officer in Mr. Sum is beneficial to the business prospects and management of the Group by ensuring consistent leadership within the Group and enabling more effective and efficient overall strategic planning for the Group. The Board also considers that the balance of power and authority of the Board for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively.

The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company at an appropriate time, taking into account the circumstances of the Group as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code 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 throughout the Reporting Period.

AUDIT COMMITTEE

The Board has established an audit committee (the "**Audit Committee**") which comprises three independent non-executive Directors, namely Mr. Young Chun Man, Kenneth (Chairman), Dr. Lam Kwing Tong, Alan and Professor Lam Sing Kwong, Simon. The primary duties of the Audit Committee include reviewing and supervising the Group's financial reporting process, internal control and risk management systems, preparing financial statements and internal control procedures. It also acts as an important link between the Board and the external auditor in matters within the scope of the group audit.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) throughout the Reporting Period. As at 30 September 2024, the Company did not hold any treasury shares.

REVIEW OF INTERIM RESULTS

The interim results for the six months ended 30 September 2024 are unaudited, but have been reviewed by KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Hong Kong Institute of Certified Public Accountants, whose unmodified review report is included on page 23.

The Audit Committee, together with management of the Company, has also reviewed the interim results for the six months ended 30 September 2024.

INTERIM DIVIDEND

The Board declared the payment of an interim dividend per Share for the six months ended 30 September 2024 of HK3.5 cents for the total amount of approximately HK\$70.0 million (six months ended 30 September 2023: HK2.5 cents). The interim dividend will be paid on 2 April 2025 (Wednesday) to shareholders whose names appear on the register of members of the Company on 28 February 2025 (Friday), the record date. The details of interim dividend of the Group are set out in note 9 to the unaudited interim financial report.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement of shareholders of the Company to receive the interim dividend, the register of members of the Company will be closed from 27 February 2025 (Thursday) to 28 February 2025 (Friday), both days inclusive, during which period no transfer of Shares will be registered. All transfer documents, accompanied by the relevant share certificates, shall be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on 26 February 2025 (Wednesday).

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 last published annual report and up to the date of this interim report are set out below:

Professor Wong Chi Kei, Ian, a non-executive Director, has been appointed as Regius Professor in Pharmacy (Part-time) at Aston University in the United Kingdom with effect from 6 April 2024.

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

As at 30 September 2024, 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:

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 Beneficiary of trusts	1,191,638,000	59.58%	Long position
Mr. Yim Chun Leung	Beneficial owner	40,420,000	2.02%	Long position
Ms. Pun Yue Wai	Beneficial owner	8,310,000	0.42%	Long position
Dr. Lam Kwing Tong, Alan	Interests of spouse	600,000	0.03%	Long position

Note:

- (1) Mr. Sum is the registered and beneficial owner of 24,350,000 Shares. Queenshill, a company wholly-owned by Mr. Sum, also held 308,404,000 Shares. By virtue of the SFO, Mr. Sum is deemed to be interested in the 308,404,000 Shares held by Queenshill. UBS Trustees (B.V.I.) Limited, the trustee of The Kingshill Trust, holds the entire issued share capital of Kingshill Development Group Inc ("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. 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 (personally and through being discretionary beneficiaries of 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 held by Kingshill. In addition, the trustee of The Queenshill Trust, a discretionary trust established by Mr. Sum (as the settlor) with Mr. Sum and his family members as discretionary beneficiaries, through the wholly-owned company under The Queenshill Trust, further holds 8,200,000 Shares. By virtue of the SFO, Mr. Sum, as the settlor and a discretionary beneficiary of The Queenshill Trust, is deemed to be interested in the 8,200,000 Shares held by the wholly-owned company under The Queenshill Trust.

Save as disclosed above, so far as known to any Directors as at 30 September 2024, none of the Directors or chief executive of the Company or any of their close associates had or was deemed to have any interests or short positions in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which they were taken or deemed to have under such provisions of the SFO, or which were required to be recorded in the register to be kept by the Company pursuant to section 352 of the SFO, or which were required, pursuant to section 347 of the SFO and the Model Code, to be notified to the Company and the Stock Exchange.



SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2024, 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	Nature of interest	Number of Shares	Approximate percentage of issued share capital of the Company	Long position/ Short position/ Lending pool
Queenshill ⁽¹⁾	Beneficial owner	308,404,000	15.42%	Long position
Kingshill ⁽²⁾	Beneficial owner	850,684,000	42.53%	Long position
Trust Co ⁽²⁾	Interest in controlled corporation	850,684,000	42.53%	Long position
UBS Trustees (B.V.I.) Limited ⁽²⁾	Trustee	850,684,000	42.53%	Long position
Mr. Sum ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	Beneficial owner Interest in controlled corporation Settlor of trusts Beneficiary of trusts	1,191,638,000	59.58%	Long position
Yunnan Baiyao Group ⁽⁵⁾	Beneficial owner	200,000,000	10.00%	Long position
Longjin Investments Limited ⁽⁶⁾	Beneficial owner	157,050,000	7.85%	Long position
Mr. Lau Wing Hung ⁽⁶⁾⁽⁷⁾	Interest in controlled corporation Beneficial owner	157,746,000	7.89%	Long position

Notes:

- (1) Mr. Sum is the sole shareholder of Queenshill. By virtue of the SFO, Mr. Sum is deemed to be interested in the 308,404,000 Shares held by Queenshill.
- (2) 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. 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 (personally and through being discretionary beneficiaries of The Queenshill Trust). By virtue of the SFO, each of Mr. Sum, UBS Trustees (B.V.I.) Limited and Trust Co is deemed to be interested in the 850,684,000 Shares held by Kingshill.
- (3) Mr. Sum is the registered and beneficial owner of 24,350,000 Shares.
- (4) The trustee of The Queenshill Trust, a discretionary trust established by Mr. Sum (as the settlor) with Mr. Sum and his family members as discretionary beneficiaries, through the wholly-owned company under The Queenshill Trust, further holds 8,200,000 Shares. By virtue of the SFO, Mr. Sum, as the settlor and a discretionary beneficiary of The Queenshill Trust, is deemed to be interested in the 8,200,000 Shares held by the wholly-owned company under The Queenshill Trust.
- (5) Pursuant to the subscription agreement dated 14 August 2018 entered into by Yunnan Baiyao Holdings Company Limited* (雲南白藥控股有限公司) ("Yunnan Baiyao") and the Company in relation to the subscription of 200,000,000 new Shares at the subscription price of HK\$2.06 per Share, 200,000,000 new Shares were issued to Yunnan Baiyao on 3 September 2018. For details of the subscription and issuance of 200,000,000 new Shares, please refer to the announcements of the Company dated 14 August 2018 and 3 September 2018 respectively. Yunnan Baiyao was merged into and absorbed by Yunnan Baiyao Group in accordance with the applicable laws of the PRC and all assets and liabilities of Yunnan Baiyao was assumed by Yunnan Baiyao Group with effect from July 2019. For details, please refer to the announcement of the Company dated 8 May 2019.
- (6) Longjin Investments Limited ("Longjin") is owned as to 75% by Mr. Lau Wing Hung ("Mr. Lau"). By virtue of the SFO, Mr. Lau is deemed to be interested in the 157,050,000 Shares held by Longjin.
- (7) Mr. Lau is the registered and beneficial owner of 696,000 Shares.

Save as disclosed above, as at 30 September 2024, the Directors are not aware of any other person (other than the Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

* For identification purpose only

SHARE OPTION SCHEME

The Share Option Scheme was adopted by shareholders of the Company on 30 August 2016. A summary of the Share Option Scheme is as follows:

The purpose of the Share Option Scheme is to provide an incentive for the qualified participants to work with commitment towards enhancing the value of our Company and our Shares for the benefit of its shareholders, and to maintain or attract business relationship with the qualified participants whose contributions are or may be beneficial to the growth of our Group.

The participants of the Share Option Scheme include any directors and employees (whether full-time or part-time) of the Group, and any customer, business or joint venture partner, advisor, consultant, supplier, agent, service provider of our Group or any full-time employee of them, who the Directors consider, in their sole discretion, has contributed or will contribute to our Group.

The life of the Share Option Scheme is ten years commencing on 30 August 2016 and expiring on 29 August 2026. As at 30 September 2024, the maximum number of Shares which may be issued upon exercise of all share options that may be granted under the Share Option Scheme (excluding options that were granted but outstanding, cancelled or lapsed in accordance with the Share Option Scheme) was 138,000,000 Shares, representing approximately 6.90% of the issued Shares as at the date of this interim report.

There is no minimum period for which any option under the Share Option Scheme must be held before it can be exercised and no performance target which need to be achieved by a grantee before the option can be exercised unless the Directors otherwise determined and stated in the offer letter of the grant of options.

An offer of the grant of option shall remain open (not exceeding 30 days, inclusive of, and from, the date of offer) as the Directors may determine for acceptance by a grantee at a consideration of HK\$1 for the grant.

The total number of Shares issued and to be issued to each participant under the Share Option Scheme on exercise of his/her options (including both exercised and outstanding options) during any 12-month period shall not exceed 1% of the total Shares then in issue.

The subscription price shall be a price determined by the Directors but in any event shall be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets on the date of offer; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer; and (iii) the nominal value of the Shares.

Since the effective date of the Share Option Scheme and up to 30 September 2024, the Company has granted a total of 37,000,000 share options to eligible grantees, including certain Directors and employees of the Group, on 30 June 2017 and 18 October 2017, while a total of 37,000,000 share options were lapsed or forfeited and no share option had been exercised under the Share Option Scheme since their respective date of grant.

During the Reporting Period, no share option was granted, exercised, lapsed, forfeited or cancelled under the Share Option Scheme. As at 30 September 2024 and 1 April 2024, there were no share options outstanding under the Share Option Scheme.

SHARE AWARD SCHEME

The Share Award Scheme was adopted by the Board on 16 October 2018 and amended on 21 September 2023. The purpose of the Share Award Scheme is to recognise and reward the contribution of certain eligible person(s) for the growth and development of the Group and to provide them with incentives in order to retain them for the continual operation, development and long-term growth of the Group and to attract suitable personnel for further development of the Group.

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

On 16 October 2018, the award committee of the Company (the "**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 was adopted before the amended Chapter 17 of the Listing Rules became effective on 1 January 2023. Since 1 January 2023, the Share Award Scheme constitutes a share scheme for the purpose of Chapter 17 of the Listing Rules.



Unless otherwise terminated or altered, the Share Award Scheme should be valid and effective for a period of ten years commencing from 16 October 2018. Pursuant to the Share Award Scheme, the Trustee will purchase existing Shares from the market out of the money contributed by the Group, and such Shares will be held on trust for selected participants of the scheme until such awarded shares are vested with the relevant selected participants. At no point in time shall the Trustee be holding more than 3% of the total number of Shares 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 0.5% of the total issued Shares (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). The Award Committee may, at its discretion, determine the vesting criteria and conditions or period for the share award to be vested. No payment by the selected participant is required for acceptance of the share award granted under the Share Award Scheme. Details of the rules of the Share Award Scheme were set out in the announcement of the Company dated 16 October 2018. On 21 September 2023, the Share Award Scheme was amended such that the scheme will be funded by existing Shares only.

During the Reporting Period, the Trustee has not purchased any existing Shares from the market. There is no Share available for issue under the Share Award Scheme as they are funded by existing Shares only. As at 30 September 2024, 14,500,000 Shares were held by the Trustee. During the Reporting Period, no Share was issued to the Trustee under the Share Award Scheme, and 5,500,000 awarded shares were granted to certain selected participants under the Share Award Scheme. Details of which are as follows:

Grantees	Date of grant	Purchase price ⁽³⁾ HK\$	Number of awarded shares					Vesting date	Closing price per Share immediately before the grant date HK\$	Fair value of awards at the grant date ⁽²⁾ HK\$
			Balance as at 1 April 2024	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed/ Cancelled during the Reporting Period	Balance as at 30 September 2024			
Directors										
Mr. Sum	15 April 2024	-	-	3,100,000	(3,100,000)	-	-	30 May 2024	0.58	0.57
Mr. Yim Chun Leung	15 April 2024	-	-	1,000,000	(1,000,000)	-	-	30 May 2024	0.58	0.57
Ms. Pun Yue Wai	15 April 2024	-	-	500,000	(500,000)	-	-	30 May 2024	0.58	0.57
Five highest paid individuals⁽¹⁾	15 April 2024	-	-	5,320,000	(5,320,000)	-	-	30 May 2024	0.58	0.57
Other eligible employees	15 April 2024	-	-	180,000	(180,000)	-	-	30 May 2024	0.58	0.57

Notes:

- (1) The five highest paid individuals for the Reporting Period includes the three existing executive Directors.
- (2) The fair value of the awarded shares was determined based on the published closing price of the Shares at the date of grant. The Group has adopted the accounting standard in accordance with HKFRS 2 – *Share-based Payment* and for the details of accounting policy applied, please refer to note 1 to the consolidated financial statements contained in the 2023/2024 annual report of the Company.
- (3) Pursuant to the Share Award Scheme, there is no amount payable on application or acceptance of the awards and no purchase price of the awards.
- (4) There are no performance targets attached to the awards granted during the Reporting Period.

The weighted average closing price per Share immediately before the date on which the awards that were vested during the Reporting Period was HK\$0.59 per Share.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Other than the Share Option Scheme and the Share Award Scheme, at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities including debentures of, the Company or any other body corporate.

REVIEW REPORT TO THE BOARD OF DIRECTORS

Review report to the board of directors

Jacobson Pharma Corporation Limited

(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 24 to 44 which comprises the consolidated statement of financial position of Jacobson Pharma Corporation Limited (the “**Company**”) as of 30 September 2024 and the related consolidated statement of profit or loss and other comprehensive income and statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

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

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 September 2024 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants

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

21 November 2024



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2024 – unaudited

	Note	Six months ended 30 September	
		2024 HK\$'000	2023 HK\$'000
Continuing operations			
Revenue	4	810,002	714,918
Cost of sales		(458,531)	(413,839)
Gross profit		351,471	301,079
Other net income	5	9,560	27,489
Selling and distribution expenses		(63,126)	(64,775)
Administrative and other operating expenses		(102,129)	(97,820)
Profit from operations		195,776	165,973
Finance costs	6(A)	(20,528)	(47,445)
Share of profits of associates		129	332
Profit before taxation	6	175,377	118,860
Income tax	7	(35,087)	(21,579)
Profit for the period from continuing operations		140,290	97,281
Discontinued operations			
Profit for the period from discontinued operations	19(A)	–	52,392
Net gain on distribution in specie	19(C)	–	28,217
Profit for the period		140,290	177,890
Other comprehensive income for the period			
<i>Item that will not be reclassified subsequently to profit or loss, net of nil tax:</i>			
Revaluation of financial assets at fair value through other comprehensive income		(23,854)	(3,548)
<i>Item that may be reclassified subsequently to profit or loss, net of nil tax:</i>			
Exchange differences on translation of financial statements of operations outside Hong Kong		(604)	(2,177)
Release of exchange reserve upon disposal of a subsidiary		–	102
Release of exchange reserve upon distribution in specie	19(C)	–	418
Other comprehensive income for the period		(24,458)	(5,205)
Total comprehensive income for the period		115,832	172,685
Profit attributable to:			
Equity shareholders of the Company		140,290	154,040
Non-controlling interests		–	23,850
Total profit for the period		140,290	177,890
Profit attributable to equity shareholders of the Company arises from:			
– Continuing operations		140,290	97,308
– Discontinued operations		–	56,732
		140,290	154,040
Total comprehensive income attributable to:			
Equity shareholders of the Company		115,832	149,932
Non-controlling interests		–	22,753
Total comprehensive income for the period		115,832	172,685
Total comprehensive income attributable to equity shareholders of the Company arises from:			
– Continuing operations		115,832	94,673
– Discontinued operations		–	55,259
		115,832	149,932
Earnings per share	8	HK cents	HK cents
Basic and diluted			
– Continuing operations		7.07	5.09
– Discontinued operations		–	2.97
		7.07	8.06

Note: The results of branded healthcare segment are classified as discontinued operations of the Group during the six months ended 30 September 2023.

The notes on pages 28 to 44 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2024 – unaudited

	Note	As at 30 September 2024 HK\$'000	As at 31 March 2024 HK\$'000
Non-current assets			
Investment properties		184,710	197,790
Property, plant and equipment	10	1,307,907	1,301,425
Intangible assets		430,088	435,849
Interests in associates		4,326	23,537
Other non-current assets		130,351	95,014
Other financial assets	12	456,582	457,970
Deferred tax assets		10,734	10,853
		2,524,698	2,522,438
Current assets			
Inventories		325,929	317,857
Trade and other receivables	11	237,963	233,363
Current tax recoverable		2,205	1,259
Cash and cash equivalents	13	515,902	411,937
		1,081,999	964,416
Current liabilities			
Trade and other payables and contract liabilities	14	301,656	216,467
Bank loans		148,000	112,800
Lease liabilities		23,630	26,872
Current tax payable		43,203	16,704
		516,489	372,843
Net current assets		565,510	591,573
Total assets less current liabilities		3,090,208	3,114,011
Non-current liabilities			
Bank loans		504,400	592,200
Lease liabilities		23,820	17,507
Deferred tax liabilities		106,233	107,944
		634,453	717,651
NET ASSETS		2,455,755	2,396,360
CAPITAL AND RESERVES			
Share capital	15(A)	19,857	19,802
Reserves		2,411,679	2,352,339
Total equity attributable to equity shareholders of the Company		2,431,536	2,372,141
Non-controlling interests		24,219	24,219
TOTAL EQUITY		2,455,755	2,396,360

The notes on pages 28 to 44 form part of this interim financial report.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2024 – unaudited

		Attributable to equity shareholders of the Company									
		Share capital	Share premium	Shares held for share award schemes	Capital reserve	Exchange reserve	Fair value reserve (non-recycling)	Retained earnings	Total	Non-controlling interests	Total equity
Note		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2023											
		19,078	999,895	(30,230)	138,170	4,277	137,869	1,467,630	2,736,689	519,833	3,256,522
Profit for the period											
		-	-	-	-	-	-	154,040	154,040	23,850	177,890
Other comprehensive income											
		-	-	-	-	(1,657)	(2,451)	-	(4,108)	(1,097)	(5,205)
Total comprehensive income for the period											
		-	-	-	-	(1,657)	(2,451)	154,040	149,932	22,753	172,685
Dividend declared and paid											
	9(B)	-	-	-	-	-	-	(45,519)	(45,519)	-	(45,519)
Dividends paid by subsidiaries attributable to non-controlling interests											
		-	-	-	-	-	-	-	-	(10,514)	(10,514)
Disposal of a subsidiary											
		-	-	-	308	-	-	(308)	-	-	-
Realised losses on disposals of equity investments designated at fair value through other comprehensive income ("FVOCI")											
		-	-	-	-	-	2,955	(2,955)	-	-	-
(non-recycling)											
		-	-	-	-	-	-	-	-	-	-
Employee share award schemes – value of employee services											
	15(B)	-	-	-	10,828	-	-	-	10,828	-	10,828
Shares vested for the Share Award Scheme											
	15(B)(i)	48	-	4,488	(4,536)	-	-	-	-	-	-
JBM Healthcare Shares vested for share award scheme of JBM Healthcare											
	15(B)(iii)	-	-	5,184	(12,340)	-	-	996	(6,160)	6,160	-
Distribution in specie											
	19	-	-	103	19,348	-	17,087	(601,166)	(564,628)	(513,971)	(1,078,599)
At 30 September 2023											
		19,126	999,895	(20,455)	151,778	2,620	155,460	972,718	2,281,142	24,261	2,305,403
At 1 April 2024											
		19,802	1,038,133	(15,163)	151,652	4,219	171,479	1,002,019	2,372,141	24,219	2,396,360
Profit for the period											
		-	-	-	-	-	-	140,290	140,290	-	140,290
Other comprehensive income											
		-	-	-	-	(604)	(23,854)	-	(24,458)	-	(24,458)
Total comprehensive income for the period											
		-	-	-	-	(604)	(23,854)	140,290	115,832	-	115,832
Dividend declared and payable											
	9(B)	-	-	-	-	-	-	(59,572)	(59,572)	-	(59,572)
Share Award Scheme – value of employee services											
	15(B)	-	-	-	3,135	-	-	-	3,135	-	3,135
Shares vested for the Share Award Scheme											
	15(B)(i)	55	-	4,170	(3,245)	-	-	(980)	-	-	-
At 30 September 2024											
		19,857	1,038,133	(10,993)	151,542	3,615	147,625	1,081,757	2,431,536	24,219	2,455,755

The notes on pages 28 to 44 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2024 – unaudited

	Note	Six months ended 30 September	
		2024 HK\$'000	2023 HK\$'000
Operating activities			
Cash generated from operations		288,657	287,270
Income tax paid		(11,291)	(10,934)
Net cash generated from operating activities		277,366	276,336
Investing activities			
Payment for purchase of property, plant and equipment, intangible assets and other assets		(86,039)	(64,038)
Proceeds from disposals of property, plant and equipment		636	113
Interest received		6,902	16,418
Dividend received from an investment		1,981	1,698
Purchases of key-management insurance		(3,876)	–
Proceeds from disposal of equity interest in an associate		–	9,120
Proceeds from sale of other financial assets		–	6,894
Decrease in non-pledged time deposits with original maturity of over three months		–	100,000
Net cash (used in)/generated from investing activities		(80,396)	70,205
Financing activities			
Capital element of lease rentals paid		(18,652)	(19,546)
Interest element of lease rentals paid		(990)	(771)
Proceeds from bank loans		–	32,000
Repayment of bank loans		(52,600)	(173,000)
Dividends paid	9(B)	–	(45,519)
Distribution in specie	19(C)	–	(152,154)
Dividends paid to non-controlling interests		–	(10,514)
Other borrowing costs paid		(19,538)	(41,721)
Net cash used in financing activities		(91,780)	(411,225)
Net increase/(decrease) in cash and cash equivalents		105,190	(64,684)
Cash and cash equivalents at 1 April		411,937	936,418
Effect of foreign exchange rate changes		(1,225)	(686)
Cash and cash equivalents at 30 September	13	515,902	871,048

The notes on pages 28 to 44 form part of this interim financial report.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Corporate Information

Jacobson Pharma Corporation Limited is an exempted company with limited liability incorporated in the Cayman Islands. The Company is an investment holding company. The Company and its subsidiaries are principally engaged in the development, production, marketing and sale of generic drugs. The Company's shares were listed on the Main Board on 21 September 2016.

2 Basis of Preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of Listing Rules, including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 21 November 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the consolidated financial statements for the year ended 31 March 2024, except for the accounting policy changes that are expected to be reflected in the consolidated financial statements for the year ending 31 March 2025. Details of any changes in accounting policies are set out in note 3.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the financial statements for the year ended 31 March 2024. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the board of directors is included on page 23.

The financial information relating to the year ended 31 March 2024 that is included in the interim financial report as comparative information does not constitute the Company's annual consolidated financial statements for that financial year but is derived from those financial statements.

3 Changes in Accounting Policies

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these consolidated financial statements for the current accounting period:

- Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current*
- Amendments to HKAS 1, *Presentation of financial statements: Non-current liabilities with covenants*
- Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

None of the above amendments have had a significant financial effect to the Group. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 Revenue and Segment Reporting

(A) REVENUE

The principal activities of the Group are development, production, marketing and sale of generic drugs. All the revenue for the six months ended 30 September 2024 and 2023 was recognised in accordance with HKFRS 15, *Revenue from contracts with customers*.

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

(B) SEGMENT REPORTING

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

- Generic drugs: this segment develops, manufactures and/or distributes a host of off-patent medicines for various therapeutic use. Currently the activities in this regard are primarily carried out in Hong Kong.
- Branded healthcare: this segment develops, manufactures and/or distributes branded medicines, proprietary Chinese medicines and health and wellness products. During the period from 1 April 2023 to 24 August 2023, the activities in this regard were 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 "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including interest income from bank deposits and investments and finance costs. To arrive at adjusted EBITDA, the Group's earnings are further adjusted for share of profits/(losses) of associates, share of losses of joint ventures and non-recurring items not attributable to the operations of individual segments.

Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

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 this interim financial report.

As discussed in note 19, the Group no longer engages in branded healthcare operation. The results of this segment have been classified as discontinued operations of the Group during the six months ended 30 September 2023.



4 Revenue and Segment Reporting (Continued)

(B) SEGMENT REPORTING (Continued)

(i) Segment revenue and results

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

	Continuing operations Generic drugs		Discontinued operations Branded healthcare		Total	
	Six months ended 30 September		Six months ended 30 September		Six months ended 30 September	
	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers recognised at a point in time	810,002	714,918	–	242,521	810,002	957,439
Inter-segment revenue	–	16	–	1,381	–	1,397
Reportable segment revenue	810,002	714,934	–	243,902	810,002	958,836
Reportable segment profit (adjusted EBITDA)	272,185	218,128	–	82,734	272,185	300,862

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

	Continuing operations		Discontinued operations	
	Six months ended 30 September		Six months ended 30 September	
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue				
Reportable segment revenue	810,002	714,934	–	243,902
Elimination of inter-segment revenue	–	(16)	–	(1,381)
Consolidated revenue	810,002	714,918	–	242,521
Profit				
Reportable segment profit	272,185	218,128	–	82,734
Elimination of inter-segment profit	–	(8)	–	(211)
Reportable segment profit derived from the Group's external customers	272,185	218,120	–	82,523
Interest income from bank deposits and investments	6,902	15,935	–	483
Dividend income from an investment	1,981	1,698	–	–
Gain on deemed disposal of an associate	741	–	–	–
Share of profits/(losses) of associates	129	332	–	(600)
Depreciation and amortisation	(71,464)	(71,403)	–	(14,699)
Finance costs	(20,528)	(47,445)	–	(3,260)
Fair value loss on investment properties	(13,080)	–	–	–
Loss on changes in fair value of investments in key-management insurance	(1,489)	–	–	–
Gain on disposal of an associate	–	1,623	–	–
Share of losses of joint ventures	–	–	–	(2)
Consolidated profit before taxation	175,377	118,860	–	64,445

4 Revenue and Segment Reporting (Continued)

(B) SEGMENT REPORTING (Continued)

(iii) Geographic information

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

	Continuing operations		Discontinued operations	
	Six months ended 30 September		Six months ended 30 September	
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers				
Hong Kong (place of domicile)	769,417	687,837	-	179,022
Mainland China	26,382	15,887	-	39,226
Macau	14,203	11,126	-	11,894
Singapore	-	68	-	4,648
Others	-	-	-	7,731
	810,002	714,918	-	242,521

The following table sets out information about the geographical location of the Group's investment properties, property, plant and equipment, intangible assets, other non-current assets and interests in associates and a joint venture ("**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 investment properties, property, plant and equipment and non-current prepayments for property, plant and equipment, the location of the operations to which they are allocated, in the case of intangible assets and other non-current prepayments, and the location of operations, in the case of interests in associates and a joint venture.

	As at 30 September 2024 HK\$'000	As at 31 March 2024 HK\$'000
Specified non-current assets		
Hong Kong (place of domicile)	1,961,972	1,938,213
Mainland China	25,013	24,988
Macau	114	132
Taiwan	4,326	4,198
Cambodia	65,957	86,084
	2,057,382	2,053,615

(iv) Information about major customers

For the six months ended 30 September 2024, the Group's customer base includes one (six months ended 30 September 2023: one) customer with whom transactions have exceeded 10% of the Group's revenue. Revenue from sales of generic drugs products to this customer, including sales to entities which are known to the Group to be under common control amounted to approximately HK\$371,125,000 (six months ended 30 September 2023: HK\$335,003,000).



5 Other Net Income

	Continuing operations		Discontinued operations	
	Six months ended 30 September		Six months ended 30 September	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Interest income from bank deposits and investments	6,902	15,935	-	483
Subcontracting income	5,764	4,782	-	-
Rental income	5,227	1,336	-	-
Net foreign exchange gain/(loss)	659	(25)	-	2,440
Dividend income from an investment	1,981	1,698	-	-
Net distribution and logistic service income	1,557	709	-	-
Gain on deemed disposal of an associate	741	-	-	-
Net (loss)/gain on disposals of property, plant and equipment	(2,447)	31	-	(5)
Fair value loss on investment properties	(13,080)	-	-	-
Loss on changes in fair value of investments in key-management insurance	(1,489)	-	-	-
Government subsidies	115	-	-	-
Gain on disposal of an associate	-	1,623	-	-
Commission income	-	-	-	1,041
Others	3,630	1,400	-	1,754
	9,560	27,489	-	5,713

6 Profit Before Taxation

Profit before taxation is arrived at after charging/(crediting):

	Continuing operations		Discontinued operations	
	Six months ended 30 September		Six months ended 30 September	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
(A) Finance costs				
Interest on bank loans and other borrowings	19,538	46,748	-	3,186
Interest on lease liabilities	990	697	-	74
	20,528	47,445	-	3,260

	Continuing operations		Discontinued operations	
	Six months ended 30 September		Six months ended 30 September	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
(B) Other items				
Amortisation of intangible assets	9,275	10,373	-	7,346
Depreciation				
– owned property, plant and equipment	43,351	43,145	-	5,564
– right-of-use assets	18,838	17,885	-	1,789
Write-down/(reversal of write-down) of inventories	16,891	(168)	-	13

7 Income Tax

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

	Continuing operations		Discontinued operations	
	Six months ended 30 September		Six months ended 30 September	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Current tax	36,844	28,389	–	14,014
Deferred tax	(1,757)	(6,810)	–	(1,961)
	35,087	21,579	–	12,053

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (six months ended 30 September 2023: 16.5%) to the six months ended 30 September 2024. Taxation for overseas subsidiaries is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable in the relevant jurisdictions.

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 for the six months ended 30 September 2024 and the weighted average ordinary shares in issue during the period, calculated as follows:

(i) Weighted average number of ordinary shares:

	Six months ended 30 September	
	2024 '000	2023 '000
Ordinary shares of the Company issued at the beginning of the period	1,980,221	1,907,821
Effect of ordinary shares vested for the Share Award Scheme (note 15(B)(i))	3,727	3,219
Weighted average number of ordinary shares in issue during the period	1,983,948	1,911,040

(ii) Profit attributable to equity shareholders

	Six months ended 30 September	
	2024 HK\$'000	2023 HK\$'000
Profit attributable to equity shareholders		
– Continuing operations	140,290	97,308
– Discontinued operations	–	56,732
	140,290	154,040



8 Earnings Per Share (Continued)

(B) DILUTED EARNINGS PER SHARE

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company for the six months ended 30 September 2024 and the weighted average ordinary shares, calculated as follows:

(i) Weighted average number of ordinary shares:

	Six months ended 30 September	
	2024 '000	2023 '000
Weighted average number of ordinary shares at 30 September	1,983,948	1,911,040
Effect of share award granted under the Share Award Scheme (note 15(B)(i))	–	1,000
	1,983,948	1,912,040

(ii) Profit attributable to equity shareholders

	Six months ended 30 September	
	2024 HK\$'000	2023 HK\$'000
Profit attributable to equity shareholders		
– Continuing operations	140,290	97,308
– Discontinued operations	–	56,732
	140,290	154,040

9 Dividends

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

(i) Dividend in the form of cash

	Six months ended 30 September	
	2024 HK\$'000	2023 HK\$'000
Interim dividend declared after the relevant reporting period of HK3.5 cents per share (six months ended 30 September 2023: HK2.5 cents per share)	70,008	48,356

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

(ii) Special dividend in the form of distribution in specie

A special dividend was made by the Company on 24 August 2023 in the form of distribution in specie of 492,259,244 JBM Healthcare Shares on the basis of 509 JBM Healthcare Shares for every 2,000 shares held by equity shareholders of the Company whose names appear on the register of members of the Company on 18 August 2023. Based on the published closing price of HK\$1.16 per JBM Healthcare Share on 24 August 2023, the special dividend represents a distribution of approximately HK29.52 cents per share. The distribution in specie was completed on 24 August 2023 and the Group ceased to have control of and no longer consolidate JBM Healthcare Group.

9 Dividends (Continued)

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

	Six months ended 30 September	
	2024 HK\$'000	2023 HK\$'000
Final dividend in respect of the previous financial year, approved and payable during the following reporting period, of HK3.00 cents per share (six months ended 30 September 2023: Final dividend in respect of the previous financial year, approved and paid during the following reporting period, of HK2.38 cents per share)	60,007	46,034
Less: Dividend of ordinary shares held by Share Award Scheme	(435)	(515)
	59,572	45,519

10 Property, Plant and Equipment

(A) RIGHT-OF-USE ASSETS

During the six months ended 30 September 2024, the Group entered into a number of lease agreements for use of warehouses and office buildings, and therefore recognised the additions to right-of-use assets of HK\$21,724,000 (six months ended 30 September 2023: HK\$10,464,000).

(B) ACQUISITIONS AND DISPOSALS OF PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2024, the Group acquired items of leasehold improvements, plant and machinery, motor vehicles, and furniture, fixtures and office equipment with a cost of HK\$49,477,000 (six months ended 30 September 2023: HK\$12,654,000). Items of leasehold improvements, plant and machinery, motor vehicles and furniture, fixtures and office equipment with a net book value of HK\$3,083,000 were disposed of during the six months ended 30 September 2024 (six months ended 30 September 2023: HK\$77,000), resulting a net loss on disposals of HK\$2,447,000 (six months ended 30 September 2023: a net gain on disposals of HK\$31,000).

11 Trade and Other Receivables

	As at 30 September 2024 HK\$'000	As at 31 March 2024 HK\$'000
Trade receivables	174,017	172,834
Other receivables	15,958	14,185
Deposits and prepayments	47,887	46,236
Amount due from an associate	101	108
	237,963	233,363

AGEING ANALYSIS

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

	As at 30 September 2024 HK\$'000	As at 31 March 2024 HK\$'000
Less than 1 month	120,741	116,527
1 to 6 months	52,941	56,263
Over 6 months	335	44
	174,017	172,834



12 Other Financial Assets

	As at 30 September 2024 HK\$'000	As at 31 March 2024 HK\$'000
Non-current:		
Equity securities designated at FVOCI (non-recycling)		
– Unlisted	244,812	221,990
– Listed in Hong Kong	209,383	235,980
	454,195	457,970
Financial assets measured at fair value through profit or loss ("FVPL")		
– Investments in key-management insurance	2,387	–
	456,582	457,970

13 Cash and Cash Equivalents

	As at 30 September 2024 HK\$'000	As at 31 March 2024 HK\$'000
Short-term deposits with banks	10,112	15,871
Cash at bank and in hand	505,790	396,066
Cash and cash equivalents in the consolidated cash flow statement	515,902	411,937

14 Trade and Other Payables and Contract Liabilities

	As at 30 September 2024 HK\$'000	As at 31 March 2024 HK\$'000
Trade payables	41,361	51,688
Salary and bonus payables	84,671	53,662
Payables and accruals for addition of property, plant and equipment	441	54
Other payables and accruals	117,048	50,187
Contract liabilities	58,135	60,876
	301,656	216,467

AGEING ANALYSIS

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

	As at 30 September 2024 HK\$'000	As at 31 March 2024 HK\$'000
Less than 1 month	14,442	25,065
1 to 6 months	26,433	26,537
Over 6 months	486	86
	41,361	51,688

15 Capital and Reserves

(A) SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each at 31 March 2024, 1 April 2024 and 30 September 2024	5,000,000	50,000
Issued:		
At 31 March 2024 and 1 April 2024	1,980,221	19,802
Ordinary shares vested for the Share Award Scheme (note 15(B)(i))	5,500	55
At 30 September 2024	1,985,721	19,857

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

(B) EQUITY SETTLED SHARE-BASED TRANSACTIONS

(i) Share Award Scheme

On 16 October 2018, the Share Award Scheme was adopted by the Company. Pursuant to the Share Award Scheme, the Directors are authorised, at their discretion to determine individuals, including Directors and employees of any companies in the Group, for granting them the Company's shares. The Share Award Scheme will be valid and effective for a period of 10 years commencing from 16 October 2018.

The Company's shares to be granted under the Share Award Scheme will be purchased and held by a trustee. The maximum of purchases by the trustee in any financial year will be fixed by the Board but such purchases will not result in the trustee holding at any time more than 3% of the total issued shares of the Company.

In addition, unless approved by the Board, no awarded shares will be granted to any individual if the granting of such share award would result in the total number of shares granted to the individual during any 12-month period exceeding 0.5% of the total issued shares of the Company (0.1% of the total issued shares of the Company in case for an independent non-executive Director).

During the six months ended 30 September 2024 and 2023, the trustee of the Share Award Scheme did not acquire any shares through purchases on the open market.

During the six months ended 30 September 2024, the Company has granted a total of 5,500,000 shares to eligible grantees, including certain Directors and employees of the Group. During the six months ended 30 September 2023, the Company has granted a total of 4,750,000 shares to eligible grantees, including certain Directors and employees of the Group.

Details of the shares awarded under the Share Award Scheme during the six months ended 30 September 2024 are as follows:

Date of grant	Number of Shares					Vesting period
	As at 1 April 2024	Granted during the period	Vested during the period	Lapsed/ cancelled during the period	As at 30 September 2024	
15 April 2024	–	5,500,000	(5,500,000)	–	–	30 May 2024

Details of the shares awarded under the Share Award Scheme during the six months ended 30 September 2023 are as follows:

Date of grant	Number of Shares					Vesting period
	As at 1 April 2023	Granted during the period	Vested during the period	Lapsed/ cancelled during the period	As at 30 September 2023	
1 December 2022	1,000,000	–	–	–	1,000,000	1 December 2023
13 April 2023	–	4,750,000	(4,750,000)	–	–	30 May 2023
	1,000,000	4,750,000	(4,750,000)	–	1,000,000	



15 Capital and Reserves (Continued)

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

(ii) Share Option Scheme

On 30 June 2017, 36,000,000 share options were granted at a consideration of HK\$1 to certain employees, including certain executive directors of the Company and certain directors of subsidiaries of the Company, under the Share Option Scheme. Each option gives the holder the right to subscribe for one ordinary share of the Company. These share options are valid and exercisable within a validity period from 1 October 2018 and 2019 up to 30 September 2018, 2019 and 2020 respectively in two tranches. The exercise price is HK\$2.06 per share, being the closing price of the shares of the Company as stated in Stock Exchange's daily quotations sheets on the date of grant.

On 18 October 2017, 1,000,000 share options granted at a consideration of HK\$1 to one employee, under the Share Option Scheme. Each option gives the holder the right to subscribe for one ordinary share of the Company. These share options are valid for three years commencing from 18 October 2017 up to 17 October 2020 and are exercisable subject to the vesting date on 1 April 2018. The exercise price is HK\$2.13 per share, being the average of the closing prices of the shares of the Company as stated in Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant.

As at 1 April 2021, all the share options have lapsed and no share options were outstanding as at 30 September 2024 and 2023.

(iii) Share Award Scheme of JBM Healthcare

On 18 January 2021, there is a share award scheme adopted by JBM Healthcare. Pursuant to the share award scheme of JBM Healthcare, the directors of JBM Healthcare are authorised, at their discretion to determine individuals, including directors and employees of any companies in the JBM Healthcare Group, for granting them the JBM Healthcare Shares. The share award scheme of JBM Healthcare will be valid and effective for a period of 10 years commencing from 18 January 2021.

The JBM Healthcare Shares to be granted under the share award scheme of JBM Healthcare will be purchased and held by a trustee. The maximum of purchases by the trustee in any financial year will be fixed by the board of directors of JBM Healthcare but such purchases will not result in the trustee holding at any time more than 5% of the total issued JBM Healthcare Shares.

In addition, unless approved by the board of directors of JBM Healthcare, no awarded shares will be granted to any individual if the granting of such awarded shares would result in the total number of shares granted to the individual during any 12-month period exceeding 1.0% of the total issued JBM Healthcare Shares (0.1% of the total issued JBM Healthcare Shares in case for an independent non-executive director of the JBM Healthcare).

During the period from 1 April 2023 to 24 August 2023, the trustee of the share award scheme of JBM Healthcare did not acquire any shares through purchases on the open market.

There was no share award granted under the share award scheme of JBM Healthcare during the period from 1 April 2023 to 24 August 2023.

	Number of Shares				As at 24 August 2023	Vesting date
	Granted during the period from 1 April 2023 to 24 August 2023	Vested during the period from 1 April 2023 to 24 August 2023	Lapsed during the period from 1 April 2023 to 24 August 2023			
Date of grant	As at 1 April 2023					
30 March 2023	6,000,000	–	6,000,000	–	–	18 May 2023

16 Fair Value Measurement of Financial Instruments

(A) FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

(i) Fair value hierarchy

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

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

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

The following table presents the Group's financial assets that were measured at fair value at 30 September 2024 and 31 March 2024.

	Fair value at 30 September 2024 HK\$'000	Fair value measurements at 30 September 2024 categorised into		
		Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Financial assets at FVOCI				
– Unlisted	244,812	–	1,474	243,338
– Listed in Hong Kong	209,383	209,383	–	–
Financial assets at FVPL				
– Unlisted	2,387	–	–	2,387

	Fair value at 31 March 2024 HK\$'000	Fair value measurements at 31 March 2024 categorised into		
		Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Financial assets at FVOCI				
– Unlisted	221,990	–	160,640	61,350
– Listed in Hong Kong	235,980	235,980	–	–
Financial assets at FVPL				
– Unlisted	–	–	–	–

As at 30 September 2024, the fair value of certain unlisted financial assets at FVOCI of HK\$163,185,000 was determined with using market comparison approach of reference to the enterprise value to sales ratios of comparable listed companies, adjusted for lack of marketability discount (31 March 2024: determined with reference to the pricing of the recent transactions or offerings of the investees' shares). Accordingly, the fair value measurement was transferred from Level 2 to Level 3.

Except for the abovementioned financial assets, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 during the six months ended 30 September 2024. The Group's policy is to recognise transfers between levels of fair value hierarchy at the end of the Reporting Period in which they occur.



16 Fair Value Measurement of Financial Instruments (Continued)

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

(ii) Valuation techniques and inputs used in Level 2 fair value measurement

The fair value of the unlisted financial assets at FVOCI is determined using a valuation technique based on the net asset value approach, which takes into consideration the fair value of the underlying assets and liabilities of the unlisted financial assets. The assets held by the financial assets consist of a publicly traded investment in an active market.

(iii) Information about Level 3 fair value measurements

	Valuation technique	Significant unobservable inputs	Range
Unlisted financial assets at FVOCI	Discounted cash flow method	Discount rate	13.5%-23.5% (31 March 2024: 13.8% – 20.6%)
	Market comparison approach	Discount for lack of marketability	20.0% (31 March 2024: N/A)

The fair value of unlisted equity instruments is determined using discounted cash flow method. The fair value measurement is negatively correlated to the discount rate. As at 30 September 2024, 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\$7,170,000/HK\$6,198,000 (as at 31 March 2024: HK\$10,704,000/HK\$9,151,000).

The fair value of unlisted equity instruments is determined using market comparison approach method. The fair value measurement is negatively correlated to the discount for lack of marketability. As at 30 September 2024, it is estimated that with all variable held constant, a decrease/increase in discount for lack of marketability by 1% would have increased/decreased the Group's other comprehensive income by HK\$2,040,000/HK\$2,040,000 (as at 31 March 2024: N/A).

The movements during the Reporting Period in the balance of these Level 3 fair value measurements are as follows:

	As at 30 September 2024 HK\$'000	As at 30 September 2023 HK\$'000
Financial assets at FVOCI – unlisted equity securities:		
At 1 April	61,350	189,782
Changes in fair value recognised in other comprehensive income during the reporting period	2,581	(20,372)
Additions	20,080	–
Transfer from Level 2	159,327	–
Transfer to Level 2	–	(67,076)
Distribution in specie	–	(13,719)
At 30 September	243,338	88,615

As at 30 September 2024, the only financial assets at FVPL are the Group's investments in key-management insurance. The fair value of the key-management insurance is determined by reference to the cash surrender value of the insurance policies.

	As at 30 September 2024 HK\$'000	As at 30 September 2023 HK\$'000
Financial assets at FVPL – investments in key-management insurance:		
At 1 April	–	–
Additions	3,876	–
Changes in fair value recognised in profit or loss during the reporting period	(1,489)	–
At 30 September	2,387	–

(B) FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES CARRIED AT OTHER THAN FAIR VALUE

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair value as at 30 September 2024 and 31 March 2024.

17 Commitments

Capital commitments outstanding at the end of each reporting period not provided for in the interim financial report were as follows:

	As at 30 September 2024 HK\$'000	As at 31 March 2024 HK\$'000
Authorised and contracted for		
– Purchase of non-current assets	20,188	41,324

18 Material Related Party Transactions

KEY MANAGEMENT PERSONNEL EMOLUMENTS

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

	Six months ended 30 September	
	2024 HK\$'000	2023 HK\$'000
Short-term employee benefits	3,181	4,699
Post-employment benefits	123	185
Equity compensation benefits	3,135	9,829
	6,439	14,713

TRANSACTIONS WITH RELATED PARTIES

	Six months ended 30 September	
	2024 HK\$'000	2023 HK\$'000
Logistic services fee from related parties	2,431	467
Logistic services fee from fellow subsidiaries	–	1,715
Purchase from related parties (Manufacturing Services Agreement)	2,455	705
Purchase from fellow subsidiaries (Manufacturing Services Agreement)	–	1,381
Sales to related parties (Manufacturing Services Agreement)	30	–
Sales to fellow subsidiaries (Manufacturing Services Agreement)	–	50
Overseas sales administrative services fee from related parties	238	65
Overseas sales administrative services fee from fellow subsidiaries	–	387

19 Discontinued Operations

On 1 August 2023, the Board declared a special dividend that was satisfied by way of distribution in specie of the JBM Healthcare Shares held by the Group to the equity shareholders of the Company. Details of the distribution in specie are disclosed in note 9(A)(iii).

Upon completion of the distribution in specie, the Group no longer engages in branded healthcare operation. Accordingly, these operations were classified as discontinued operations. The distribution in specie was completed on 24 August 2023.

The summarised financial information of JBM Healthcare presented below represents the amounts after the intra-group elimination.



19 Discontinued Operations (Continued)

(A) RESULTS OF DISCONTINUED OPERATIONS

		Discontinued operations
		For the period from 1 April 2023 to 24 August 2023 HK\$'000
	Note	
Revenue	4	242,521
Cost of sales		(116,603)
Gross profit		125,918
Other net income	5	5,713
Selling and distribution expenses		(48,009)
Administrative and other operating expenses		(15,315)
Profit from operations		68,307
Finance costs	6(A)	(3,260)
Share of losses of associates		(600)
Share of losses of joint ventures		(2)
Profit before taxation	6	64,445
Income tax	7	(12,053)
Profit for the period from discontinued operations		52,392
Attributable to:		
Equity shareholders of the Company		28,515
Non-controlling interests		23,877
Profit for the period from discontinued operations		52,392

(B) CASH FLOWS FROM DISCONTINUED OPERATIONS

	Discontinued operations
	For the period from 1 April 2023 to 24 August 2023 HK\$'000
Cash flows generated from operating activities	59,358
Cash flows used in investing activities	(2,859)
Cash flows used in financing activities	(56,418)
Net increase in cash and cash equivalents from discontinued operations	81

19 Discontinued Operations (Continued)

(C) NET GAIN ON DISTRIBUTION IN SPECIE

Details of net assets of discontinued operations at date of distribution in specie are set out below:

	As at 24 August 2023 HK\$'000
Net assets distributed	
Property, plant and equipment	133,412
Intangible assets	860,642
Interests in associates	13,512
Interests in joint ventures	3,614
Other non-current assets	13,554
Other financial assets	13,719
Deferred tax assets	3,546
Inventories	59,448
Trade and other receivables	191,742
Current tax recoverable	569
Cash and cash equivalents	152,154
Total assets	1,445,912
Trade and other payables and contract liabilities	131,065
Bank loans	130,000
Lease liabilities	4,285
Current tax payable	20,277
Deferred tax liabilities	100,258
Total liabilities	385,885
Book value of net assets	1,060,027
Non-controlling interest	(513,971)
Fair value of JBM Healthcare Shares retained	(10,063)
Book value of net assets distributed	535,993

The fair value of JBM Healthcare is with reference to the closing price and the number of issued shares of JBM Healthcare on 24 August 2023.

The distribution resulted in a non-cash gain of approximately HK\$28,217,000 for the six months ended 30 September 2023, representing (i) the difference between the fair value of JBM Healthcare Shares distributed and the net assets distributed of JBM Healthcare Group and (ii) release of exchange reserve in relation to JBM Healthcare upon distribution in specie.

Analysis of net gain on distribution in specie:

	As at 24 August 2023 HK\$'000
Fair value of JBM Healthcare Shares distributed	564,628
Less: Net assets distributed of JBM Healthcare Group	(535,993)
	28,635
Less: Release of exchange reserve upon distribution in specie	(418)
Net gain on distribution in specie	28,217
Attributable to:	
Equity shareholder of the Company	28,217
Non-controlling interests	–
Net gain on distribution in specie	28,217



20 Contingent Liabilities

As of 30 September 2024, the Group did not have any significant contingent liabilities.

21 Non-Adjusting Events After the Reporting Period

No significant event has taken place subsequent to 30 September 2024 and up to the date of this interim report.

GLOSSARY

In this interim report, unless otherwise specified, the following glossary applies:

"adjusted EBITDA"	adjusted earnings before interest, taxes, depreciation and amortisation
"Board"	the board of directors of the Company
"CG Code"	Corporate Governance Code as amended or supplemented from time to time contained in Appendix C1 to the Listing Rules
"China", "Mainland China" or "the PRC"	the People's Republic of China excluding, for the purpose of this interim report, Hong Kong, Macau and Taiwan
"Company", "our Company" or "the Company"	Jacobson Pharma Corporation Limited, an exempted company incorporated in the Cayman Islands with limited liability on 16 February 2016
"Controlling Shareholders"	Mr. Sum, Kingshill and Kingshill Development Group Inc
"Director(s)"	the director(s) of the Company
"ESG"	environmental, social and governance
"FY2024"	the year ended 31 March 2024
"FY2024 Interim"	the six months ended 30 September 2023
"FY2025"	the year ending 31 March 2025
"FY2025 Interim" or "Reporting Period"	the six months ended 30 September 2024
"GDP"	Gross Domestic Product
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKIB"	The Hong Kong Institute of Biotechnology
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Jacobson", "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 Healthcare"	JBM (Healthcare) Limited, an exempted company incorporated in the Cayman Islands with limited liability on 7 January 2020, the issued shares of which are listed on the Main Board on 5 February 2021 (stock code: 2161)
"JBM Healthcare Group"	JBM Healthcare and its subsidiaries
"JBM Healthcare Share(s)"	ordinary share(s) in the share capital of JBM Healthcare with nominal value of HK\$0.01 each
"Kingshill"	Kingshill Development Limited, a limited liability company incorporated under the laws of the British Virgin Islands on 8 July 1998, and one of our Controlling Shareholders
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"Macau"	the Macau Special Administrative Region of the PRC



"Main Board"	Main Board of the Stock Exchange
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Mr. Sum"	Mr. Sum Kwong Yip, Derek, our chairman, executive Director, chief executive officer and one of our Controlling Shareholders
"Private Sector"	non-Public Sector
"Public Sector"	public sector institutions and clinics in Hong Kong
"Queenshill"	Queenshill Development Limited, a limited liability company incorporated under the laws of the British Virgin Islands on 12 December 2012
"R&D"	research and development
"SAP"	System Analysis Program Development
"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 16 October 2018 and amended on 21 September 2023
"Share Option Scheme"	the share option scheme conditionally adopted by our Company on 30 August 2016, the principal terms of which are summarised in "Statutory and General Information – D. Other Information – 1. Share Option Scheme" in Appendix V to the prospectus issued by the Company dated 8 September 2016
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"The Kingshill Trust"	The Kingshill Trust is a discretionary trust established by Mr. Sum (as settlor) on 16 May 2016 with Mr. Sum and his family members as the discretionary beneficiaries
"The Queenshill Trust"	The Queenshill Trust is a discretionary trust established by Mr. Sum (as settlor) on 16 May 2016 with Mr. Sum and his family members as the discretionary beneficiaries
"treasury shares"	has the meaning as described in the Listing Rules
"Yunnan Baiyao Group"	Yunnan Baiyao Group Co., Ltd.* (雲南白藥集團股份有限公司), a joint stock limited company incorporated in the PRC with limited liability

* For identification purpose only