Delivering Vision with Discipline and Determination

JACOBSON PHARMA CORPORATION LIMITED

Incorporated under the laws of the Cayman Islands with limited liability
Stock Code : 2633

Jacobson
Pharma Corporation

2024/2025 Annual 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

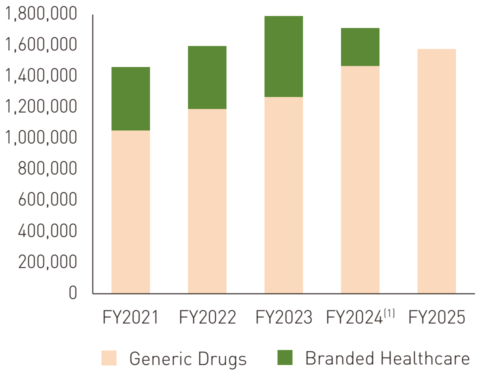
COMPANY WEBSITE

www.jacobsonpharma.com

FINANCIAL HIGHLIGHTS

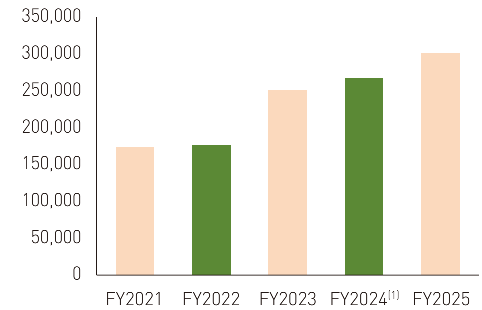
Revenue

(HK$'000)



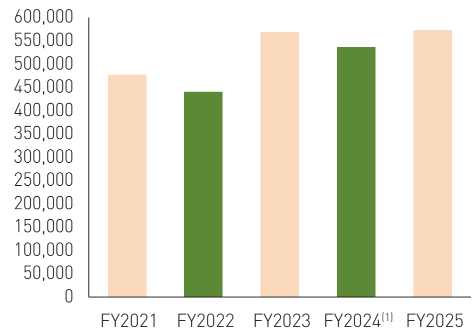
Profit Attributable to Equity Shareholders

(HK$'000)



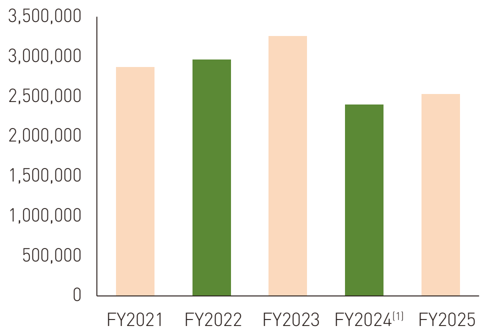
Adjusted EBITDA

(HK$'000)



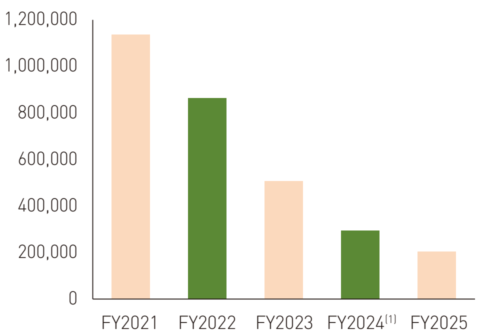
Net Assets

(HK$'000)

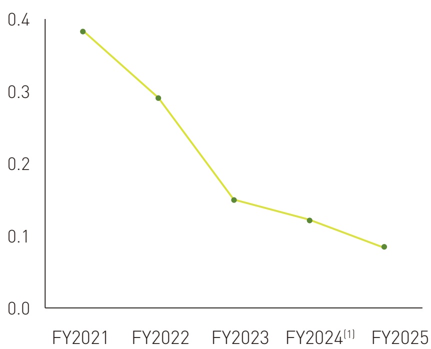


Net Debts

(HK$'000)



Net Gearing Ratio



	Year ended 31 March 2025 HK$'000	Year ended 31 March 2024 HK$'000	Change
Revenue from continuing operations[1]	1,576,897	1,467,798	+7.4%
Gross profit	692,939	620,475	+11.7%
Gross profit margin (%)	43.9%	42.3%	
Profit attributable to equity shareholders of the Company	300,833	266,968	+12.7%
Profit margin attributable to equity shareholders of the Company (%)	19.1%	18.2%	
Adjusted EBITDA from continuing operations[2]	572,765	453,071	+26.4%
Adjusted EBITDA margin from continuing operations (%)[3]	36.3%	30.9%	
Return on equity (%)[4]	12.3%	10.3%	

	As at 31 March 2025 HK$'000	As at 31 March 2024 HK$'000	Change
Total assets	3,645,162	3,486,854	+4.5%
Total liabilities	1,167,723	1,090,494	+7.1%
Total equity	2,477,439	2,396,360	+3.4%

(1) The branded healthcare segment has been classified as discontinued operations of the Group for the year ended 31 March 2024.

(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 profit for the year divided by the arithmetic mean of the opening and closing balances of total equity in the relevant year and multiplied by 100%.

CHAIRMAN'S STATEMENT

Dear Shareholders,

"We aspire to be a trusted healthcare ally, delivering innovative, accessible, and high-quality solutions that enhance treatment outcomes."

Sustaining Our Growth Trajectory

Reflecting on another eventful year for Jacobson, I am very pleased to witness the continued realisation of the growth momentum that we have gathered over the years.

FY2025 was truly note-worthy, we not only navigated challenging market sentiments but thrived amid them. Time and again we demonstrated resilience, achieving robust operational and financial performance. This year's progress reflects the essence of our strategic vision, alongside the dedication of our team and the trust of our stakeholders, cementing our position as a major force to be reckoned with in the pharmaceutical sector of Hong Kong.

Delivering Strong Results

I am particularly pleased with our financial performance this year, which underscores the strength of our strategic approach. Revenue grew steadily by 7.4% to HK$1,576.9 million, reflecting our ability to capture emerging market opportunities. Most notably, profit for the year from continuing operations surged by an impressive 43.1% to HK$300.8 million – a figure that speaks to more than just financial gain, but the payoff of years of disciplined investment in our capabilities and long-term growth strategies.

This exceptional profit growth stems from improved operating efficiency at our production facilities, disciplined cost management, and strong momentum in our specialty medicines portfolio. Our financial position remains solid, providing a firm foundation for future investments and sustainable dividend returns to shareholders.

What's Driving Our Momentum

Several strategic pillars continue to underpin sustainable growth. Our comprehensive product portfolio delivered robust performance across key therapeutic categories, with cardiovascular medications, oral anti-diabetics, and respiratory treatments showing particularly strong momentum in response to evolving healthcare needs.

The expansion of our research and development pipeline remains a strategic cornerstone. With 219 products progressing through various development stages, we are well-positioned to meet future market demands.

Vision for Healthcare Excellence

What excites me the most is how we have evolved from being a trusted provider of generic medicines into a comprehensive healthcare solutions partner. At Jacobson, our mission goes beyond offering pharmaceutical products – we are committed to improving the well-being of the community. We aspire to be a trusted healthcare ally, delivering innovative, accessible, and high-quality solutions that enhance treatment outcomes. We envision a future where our diverse portfolio, advanced manufacturing capabilities, and digital innovations empower both healthcare professionals and patients.

By harnessing demographic trends, healthcare policy reforms, and strategic partnerships, we are positioning ourselves to lead the essential and specialty medicine markets and to contribute to a sustainable, patient-centered healthcare ecosystem.

Bringing Innovation to Life

This year, we further expanded our portfolio with 20 high-impact specialty drugs through in-licensing agreements, spanning gastroenterology, oncology, and rare diseases. From next-generation therapies for gastric reflux to advanced biologics for rheumatoid arthritis and breast cancer, these innovations are truly transforming patients' lives.

A standout example is Arsenol, an oral arsenic trioxide therapy for acute promyelocytic leukemia ("**APL**"), developed with The University of Hong Kong. Clinical trials have shown a 97% survival rate and 100% molecular remission, leading to Orphan Drug Designation from both the U.S. FDA and EMA. A global Phase III trial will begin in 2026, with market authorisation targeted for 2028. Arsenol is set to redefine the standard of care for APL, and we are proud to be at the forefront of this pioneering effort.

We also achieved a significant milestone on 20 February 2025, with the launch of our supply chain and patient care support for Axicabtagene Ciloleucel (Yikaida) – a CAR-T therapy – in partnership with Fosun Pharma and FosunKairos. Enabled by our pioneering logistic handling of Advanced Therapeutic Products (ATP), this breakthrough therapy for diffuse large B-cell lymphoma represents a major advance in next-generation cancer treatments.

Strengthening Our Supply Chain

Our integrated supply chain continues to be a key competitive advantage, delivering efficient and reliable access to essential medicines. This year, we upgraded production capabilities across all dosage forms and accelerated our digital transformation with e-Jacob Pharma2U, which now serves over 800 private clinics – and counting. By streamlining procurement while preserving the personalised service that defines our customer relationships, the platform exemplifies our commitment to leveraging technology to enhance stakeholder value.

Building for Tomorrow

Our commitment to innovation extends to our manufacturing capabilities. In February 2025, we acquired a pharmaceutical facility at Tai Po InnoPark, set to expand to over 70,000 square feet.

Supported by the Hong Kong Government's New Industrialisation Acceleration Scheme (NIAS), the plant will house ten smart production lines for sterile eye drops, solid dosage forms, and oral liquids. Powered by AI, robotics, and real-time analytics, it will boost production efficiency while maintaining rigorous quality standards. Trial production is slated for late 2026, with a focus on specialty oncology treatments, including collaboration with a local university medical school. This investment not only strengthens our market leadership but also positions Hong Kong as a hub for advanced pharmaceutical manufacturing.

Moving Forward with Confidence

Looking ahead, we are optimistic about our prospects. With policy reforms such as the recent expansion of the Chronic Disease Co-Care (CDCC) Pilot Scheme and the upcoming Hong Kong Centre for Medical Products Regulation aimed at expediting drug registration, the local pharmaceutical market is poised for growth. Combined with an ageing population, rising chronic disease prevalence, and increasing mental health needs, our role as a provider of essential and specialty medicines has never been more vital. Backed by a strong pipeline, deepening partnerships and cutting-edge digital innovations, we are ready to seize these opportunities and continue delivering value.

Appreciation

On behalf of the Board, I extend my heartfelt gratitude to our dedicated employees, whose expertise and commitment drive our success daily. To our healthcare partners, thank you for your continued trust in our products and services. And to our shareholders, your unwavering support enables us to pursue our mission of enhancing community well-being while creating sustainable value.

Together, we are building a stronger, more innovation-driven Jacobson that will continue to serve as Hong Kong's trusted healthcare solution partner for years to come.

Sincerely,

Sum Kwong Yip, Derek
Chairman and CEO
JACOBSON PHARMA CORPORATION LIMITED

13 June 2025

CORPORATE VISION AND MISSION

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 create sustainable value through accessible, cost-effective products and solutions that enhance patient outcomes and meet evolving healthcare needs.

We enrich the communities where we operate through responsible and inclusive practices.

We consistently 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 actively seek new opportunities in emerging areas. Through innovation and dedication, we consistently go above and beyond to deliver excellence.

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 & ANALYSIS

BUSINESS REVIEW

In FY2025, the Group maintained its growth trajectory, delivering consistent operational performance and solid business results amidst the economic slowdown influenced by macroeconomic challenges and ongoing geopolitical tensions. These outcomes reflect the Group's resilience to navigate a challenging market environment effectively.

During the Reporting Period, Hong Kong saw a surge in flu cases during peak seasons, exacerbated by the circulation of other respiratory pathogens. This has led to increased hospital and clinic visits, driving up demand for healthcare services and medications.

Several underlying factors contributed to this trend, including an aging population, a higher prevalence of chronic diseases, and growing public health awareness, all of which supported sustained growth in pharmaceutical demand. These market dynamics were further reinforced by recent healthcare policy initiatives, particularly the Chronic Disease Co-Care (CDCC) Pilot Scheme, which is expected to fuel long-term demand for cost-effective generic medicines.

The Group strategically leveraged emerging market opportunities through disciplined execution of its core priorities, further consolidating its leadership position in Hong Kong's generic drugs market sector. Progress was driven by advancement in our research and development pipeline, improvement in manufacturing capabilities, expansion of our product portfolio, refinement of commercial strategies, and optimisation of distribution channels. These efforts underpinned the Group's stable performance in FY2025.

Corporate responsibility is integral to our business and culture, fostering stakeholder trust, mitigating risks, empowering our workforce, and reinforcing our role as a trusted healthcare partner in Hong Kong. Building on this foundation, we have advanced our commitment to sustainable development through the "5 to Thrive" framework, focusing on Corporate Governance, Product Responsibility, Societal Engagement, Environmental Stewardship, and Employee Commitment. Environmental sustainability remains a strategic priority, with measurable progress toward our established targets for reducing greenhouse gas emissions, waste generation, energy consumption, and water usage during the Reporting Period.

During FY2025, we enhanced our ESG initiatives, including the "Mid-Autumn Festival Goodies Bag Delivery 2024" for elderly residents, scholarships at The University of Hong Kong ("**HKU**") to support education, and the launch of the "J+ Fellow" staff shared space to foster learning and collaboration. Our efforts earned recognition through the "Good MPF Employer" and "EcoPartner Award", underscoring our dedication to environmental and social responsibility.

RESULTS

The Group achieved a 7.4% growth in total revenue during FY2025, reaching HK$1,576.9 million compared to the prior year, despite challenging economic conditions. Profit for the year from continuing operations increased by 43.1% to HK$300.8 million, driven by our steadfast commitment to operational excellence and strategic execution.

The significant increase in profit for the year from continuing operations was primarily driven by the promising performance in the specialty medicines and overall generic drug business complemented by revenue contributions from newly in-licensed products and the robust launch of new products. Enhanced operating efficiency at our production facilities and prudent cost-control measures further supported these gains, contributing to improved operational profitability.

Following the distribution of JBM Healthcare Shares as a special dividend in specie to the equity shareholders of the Company in August 2023, the Group no longer consolidates JBM Healthcare's results during the Reporting Period. As a result, profit attributable to equity shareholders of the Company for FY2025 increased by 12.7% to HK$300.8 million compared to the prior year.

Bolstered by solid business performance and disciplined cost management, the Group achieved an adjusted EBITDA of HK$572.8 million. Our financial position strengthened, with the net gearing ratio improving to 8.3% from 12.2% at the close of FY2025, and cash reserves holding steady at HK$509.0 million. This resilient financial foundation, combined with consistent business growth, positions the Group well to navigate market dynamics and pursue future opportunities.

OPERATIONAL PERFORMANCE

Robust Portfolio Aligning with Evolving Healthcare Demand

During FY2025, Hong Kong faced extended flu seasons, intensified by the circulation of other respiratory pathogens, with significant impacts on vulnerable populations, including children and the elderly. This prolonged flu activity significantly increased demand for cold and flu treatments, driving notable sales growth of branded generics in the Private Sector.

In addition, several broader factors further sustained elevated healthcare visits and medication demand. Hong Kong's aging population, coupled with a high prevalence of chronic conditions such as diabetes and hypertension, fueled the consistent need for long-term medications and medical consultations. Public health campaigns have also further heightened awareness of preventive care and early treatment, contributing to increased health consciousness among the population. Additionally, growing mental health challenges, including depression and anxiety, driven by factors such as social isolation, chronic illness, and economic pressures, resulted in a notable rise in demand for mental health medications.

Aligning with rising demand driven by Hong Kong's healthcare trends, the Group's product portfolio demonstrated robust growth across key therapeutic categories. In the cardiovascular segment, sales of angiotensin-converting enzyme inhibitors and calcium channel blockers both recorded strong gains. The diuretic class also expanded, supported by increased consumption, while lipid-lowering medications benefited from broader usage. Meanwhile, the oral anti-diabetic segment saw steady growth amid strong demand, and the bladder and prostate category also recorded notable sales momentum.

As Hong Kong faces rising demand for healthcare driven by an aging population and increasing prevalence of chronic diseases, the Group remains well-positioned to respond with a broad portfolio of essential and specialty medications. Backed by an efficient supply chain and a commitment to continuous enhancement, the Group ensures that healthcare professionals and patients have access to high-quality, cost-effective treatments. This proactive approach enables the Group to effectively address the city's evolving healthcare needs while reinforcing its role as a trusted pharmaceutical provider.

R&D Pipeline Advancement

We maintained consistent momentum in expanding our R&D pipeline throughout the Reporting Period, steadily advancing our strategic objective to broaden the product portfolio.

As of 31 March 2025, 13 products had completed development and were submitted to the Department of Health for registration approval. These submissions span a range of therapeutic classes, including typical antipsychotics, gastrointestinal treatments, cardiovascular medications, anticonvulsants, antibiotics, and central nervous system therapies. Additionally, 2 products entered the stability testing phase, while 7 new candidates were added to the pipeline.

As of 31 March 2025, our R&D pipeline comprised 219 products, categorised as follows: 65 with approval for registration, 13 under registration review, 63 that have completed development and are undergoing stability preparation or studies, and 22 in formulation or pre-formulation research. This robust pipeline underscores our commitment to addressing evolving healthcare needs through sustained product innovation.

Manufacturing Expansion and Smart Production Capabilities

During the Reporting Period, the Group strengthened its production capabilities across all dosage forms, reinforcing our commitment to meeting escalating market demands with efficiency.

Our sterile manufacturing operations exhibited robust growth, with eye drop production surging by 23.3% year on year to approximately 45,600 liters. This performance underscores our technical proficiency in aseptic production and our adept response to expanding market demand.

In solid dosage forms, we solidified our market-leading position, producing approximately 3.2 billion tablets and capsules. Strategic investments in new filling lines boosted semi-solid dosage output to approximately 330.2 tonnes, while process enhancements, including automated packaging systems, drove oral liquid dosage production to approximately 2.5 million liters.

These accomplishments were supported by operational transformation through the integration of advanced technologies. By automating previously manual processes, we achieved significant productivity improvements while upholding our rigorous quality standards.

In February 2025, the Group successfully acquired a purpose-built pharmaceutical facility at Tai Po InnoPark through a competitive tender. The site will be expanded to over 70,000 square feet and will serve as a key platform for our next phase of growth.

Looking ahead, we plan to launch the trial production of a new automated production line in late 2026 as part of our smart manufacturing initiative, backed by the Hong Kong Government's New Industrialisation Acceleration Scheme. This represents a significant milestone in our ongoing efforts to strengthen production capabilities.

This state-of-the-art site will feature 10 new smart production lines dedicated to sterile eye drops, solid dosage forms, and oral liquid medicines. Notably, the oral liquid line will extend our ongoing collaboration with a reputable medical school to advance specialty treatments for leukaemia.

Powered by advanced AI, real-time data analytics, and robotics, the new facility will significantly boost production efficiency while ensuring the highest standards of product quality. This expansion not only reinforces our leadership in Hong Kong's pharmaceutical sector but also contributes to Hong Kong's emerging status as a hub for advanced industrial development.

BUSINESS DEVELOPMENT

In-license of Specialised Products

To complement our R&D pipeline, we continue to enhance our specialty drug portfolio through a strategic in-licensing approach, partnering with leading global manufacturers.

During the Reporting Period, we secured exclusive in-licensing agreements for 20 high-performing specialty drugs across diverse therapeutic areas, including rheumatology, immunology, oncology, haematology, cardiology, endocrinology, neurology, and rare diseases.

We placed particular focus on gastrointestinal disorders, introducing next-generation acid suppression therapies and novel formulations from South Korea, classified as New Chemical Entities (NCE) in Hong Kong, to improve outcomes for conditions like Gastroesophageal Reflux Disease (GERD) and peptic ulcers.

In cardiovascular care, we expanded our offerings with innovative anticoagulants and anti-hypertensives featuring advanced delivery systems. Our biologics portfolio for inflammatory and autoimmune diseases grew with new treatments for rheumatoid arthritis and psoriasis, designed for enhanced administration. For haematologic malignancies, we strengthened our multiple myeloma therapies with targeted treatments and supportive care options.

In oncology, we significantly broadened our pipeline with novel therapies for solid tumors, such as lung and colorectal cancers, and enriched our breast cancer portfolio with targeted biologics for specific molecular subtypes and advanced hormonal treatments.

These carefully selected in-licensing products, chosen for their robust clinical profiles, market potential, and ability to address unmet healthcare needs, position the Group for sustained growth. By diversifying our specialty portfolio, we uphold our commitment to advancing patient care and delivering innovative and efficient therapeutic solutions.

Strategic Partnership and Collaboration

*Arsenol: Transforming Acute Promyelocytic Leukemia ("**APL**") Treatment Through Oral Arsenic Trioxide ("**Oral ATO**")*

Arsenol, an oral formulation of arsenic trioxide solution co-developed by HKU and Jacobson, is advancing as a transformative treatment for APL. With a 97% overall survival rate and 100% molecular remission demonstrated in extensive trials, Oral ATO offers a safer, more convenient alternative to intravenous therapy. This innovation is set to redefine global treatment standards for APL.

Arsenol has received Orphan Drug Designation (ODD) from both the U.S. FDA and EMA for its Oral ATO formulation. Following a successful pre-IND meeting and subsequent IND submission, the U.S. FDA granted IND clearance in January 2025, paving the way for a global Phase III registrational trial. Led by SDK Therapeutics (SDK), the trial is scheduled to commence in 2026, with completion targeted and U.S. FDA Market Authorization anticipated by the first half of 2028.

Arsenol's strong market potential is driven by its high efficacy, favorable safety profile, and outpatient administration, all of which contribute to reduced healthcare costs and improved patient outcomes. Its cost-effective model presents a compelling alternative to intravenous arsenic trioxide, particularly in settings where healthcare accessibility and affordability are critical.

Adoption is steadily progressing in Malaysia, Singapore, and Taiwan. With regulatory momentum building in major markets and Phase III trials planned in the U.S., EU, and Hong Kong, Arsenol is well-positioned for global rollout. A dossier license agreement with a U.S. hematology-focused pharmaceutical company further supports market entry, while robust patent protection across key markets ensures long-term exclusivity.

Efforts to fortify the clinical robustness of Arsenol are also underway, backed by the Hong Kong Innovation and Technology Fund and facilitated through clinical research organisations.

CAR-T Therapy Launch and Partnership

On 20 February 2025, we marked a major milestone in advanced therapeutics with the successful launch of Hong Kong's first Axicabtagene Ciloleucel ("**Yikaida**") treatment, followed by patient reinfusion on 20 March 2025. This achievement coincided with the Group's logistics arm becoming a pioneering holder of an Advanced Therapeutic Product ("**ATP**") license in Hong Kong for logistics handling, laying a strong foundation for the expansion of our specialised ATP business portfolio.

Building on this progress, we have strengthened our partnership with Fosun Pharma to deliver Yikaida to patients across Hong Kong and Macau markets. Developed by FosunKairos, a joint venture between Fosun Pharma and Kite Pharma, Inc., this advanced CAR-T therapy is now supported by Jacobson's integrated logistics, sales, and marketing operations in close collaboration with FosunKairos.

Yikaida is backed by strong clinical evidence and has secured regulatory approvals in major markets including the U.S., EU, and Japan. It is the only CAR-T therapy currently approved as a second-line treatment for diffuse large B-cell lymphoma by both the U.S. FDA and the National Medical Products Administration in China. The ZUMA-7 study further validated its clinical value, demonstrating superior survival outcomes compared to standard treatment protocols.

Operationally, the therapy offers significant advantages by removing the need for international transport of patient samples, thereby reducing lead times and associated costs. With our ATP license, our logistics division is one of only two authorised CAR-T handlers in Hong Kong, reinforcing our strategic position as we scale our presence in the advanced therapeutics market.

e-Jacob Pharma2U: Enhancing Digital Procurement for Healthcare Professionals

Following the successful launch of e-Jacob Pharma2U, Jacobson's comprehensive e-ordering platform, we have significantly enhanced our sales and customer service capabilities. The platform has gained strong traction among private clinic clients, streamlining procurement processes for pharmaceutical products and medical supplies through its reliable and user-friendly interface. A steady increase in adoption rates clearly demonstrates its effectiveness in addressing the evolving needs of healthcare professionals.

The platform's dual-interface approach, featuring both a mobile app and a web version, successfully accommodates diverse clinical workflows and preferences. Usage patterns reveal that approximately 75% of visits occur via the mobile app, while approximately 80% of orders are placed through the web interface. We have further boosted engagement and customer loyalty through targeted promotional initiatives, including special discounts and reward points, while a specialised campaign for dental professionals has successfully expanded our reach within this important market segment.

To enhance the platform's appeal, we have strategically enriched our product portfolio with high-value additions such as reputable, branded medical products and devices. Our ongoing digital promotion campaigns continue driving increasing usage rates while reinforcing overall customer satisfaction.

Moving forward, we remain committed to continuously optimising e-Jacob Pharma2U by incorporating valuable user feedback, further expanding our diverse product range, and enhancing the overall user experience. By effectively combining the platform's digital convenience with personalised support from our dedicated sales teams, we continue strengthening customer relationships and solidifying our market position, ensuring both efficient service delivery and hands-on assistance for healthcare professionals.

OUTLOOK

Hong Kong's economy is projected to maintain modest growth through 2025, despite global uncertainties. GDP grew by 1.8% year-on-year in the third quarter of 2024, though a 1.1% quarter-on-quarter decline reflected the impact of geopolitical tensions and subdued private consumption. Nonetheless, government stimulus measures and a recovering economy in Mainland China are expected to boost confidence and domestic activity, though external geopolitical and economic uncertainties remain a key consideration.

The Group remains confident in Hong Kong's long-term resilience and is strategically positioned to seize emerging healthcare opportunities. Our adaptability enables us to align quickly with evolving market trends and meet rising healthcare demand.

The generic drugs market sector is set for steady growth, supported by favorable policy reforms and demographic shifts. The 2024 Policy Address expanded the Chronic Disease Co-Care (CDCC) Pilot Scheme, which now benefits over 58,000 patients and promotes the use of generics in chronic disease management. Meanwhile, initiatives like the Community Pharmacy Program and generics substitution policies enable public hospital patients to access affordable medicines at community pharmacies under pharmacist supervision.

Regulatory reforms further support market access, including tender requirements for patent clearance, aligning with World Trade Organization standards. The planned establishment of the Hong Kong Centre for Medical Products Regulation (CMPR) by 2026–27 will adopt a "primary evaluation" model to expedite drug registration. With public healthcare expenditure projected at HK$128 billion in 2025–26, the outlook for generics is increasingly favorable.

Demographic and societal trends amplify demand. With over 20% of Hong Kong's population aged 65+ by 2025, the need for chronic disease treatments, such as diabetes and cardiovascular medications, is rising. Additionally, growing mental health challenges, exacerbated by urban stress and post-COVID-19 effects, have increased demand for psychotropic medications, with notable rises in antidepressant and anxiolytic prescriptions. Heightened awareness of preventive care and mental health management further underscores the critical role of accessible, high-quality generics.

Underpinned by robust performance and steady progress, we are confident in our medium- and long-term growth prospects. The Group continues to strengthen its market position across Hong Kong and Asia with a focused growth strategy. We are expanding our portfolio through in-licensing and R&D, particularly in chronic and specialty medications. Our e-Jacob Pharma2U platform, now serving over 800 clinics and growing, enhances distribution efficiency, while stronger commercial, regulatory, and regional partnerships help us reach more patients with cost-effective healthcare solutions.

By leveraging progressive policy reforms and demographic trends, Jacobson is well-positioned to drive sustainable growth, improve health outcomes, and support a more efficient, patient-centered healthcare system.

CORPORATE DEVELOPMENT

EXPANDING PHARMACEUTICAL MANUFACTURING AT TAI PO INNOPARK

As part of our continued efforts to strengthen production capabilities, the Group acquired a purpose-built pharmaceutical facility at Tai Po InnoPark in Hong Kong through a successful tender in February 2025. Spanning over 70,000 square feet and originally designed for pharmaceutical use, the facility marks a key milestone in our strategic expansion.

The facility will house ten smart production lines for sterile eye drops, solid dosage forms, and oral liquid medications. The oral liquid line will build on our existing collaboration with a reputable medical school to expand offerings in specialty leukaemia treatments. Integrating AI, real-time data analytics, and robotics, the project aims to enhance efficiency and ensure high standards of quality in line with our commitment to delivering value-added pharmaceutical products. The first line will enter trial production by end-2026, with full operations expected by the end of 2028.

The strategic expansion reinforces our leadership in Hong Kong's pharmaceutical sector while supporting the city's broader goal of becoming a hub for advanced industrial development. Through technology and collaboration, we remain focused on driving innovation and meeting evolving healthcare needs in local and global markets.

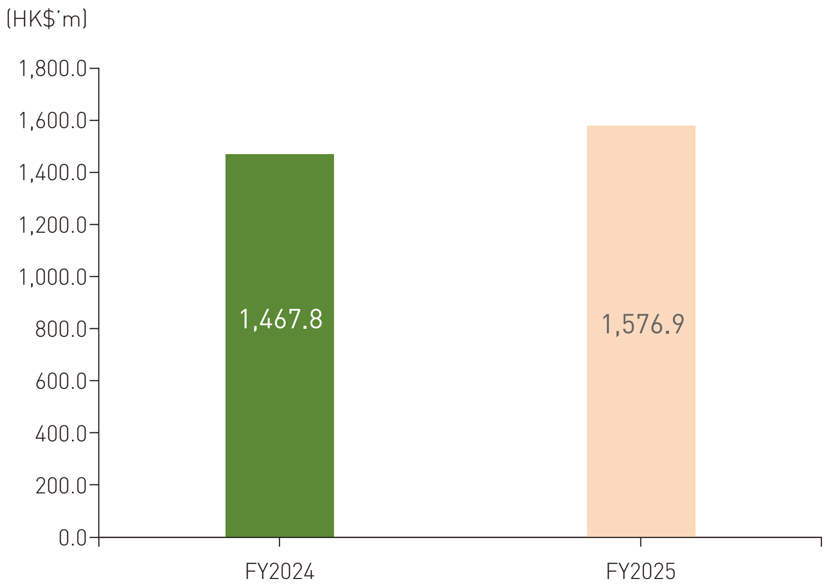
REMUNERATION POLICY

As of 31 March 2025, the Group has a total of 1,749 employees (as of 31 March 2024: 1,723 employees). For the Reporting Period, the total staff costs of the Group was HK$473.1 million, compared to HK$452.1 million for the year ended 31 March 2024 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 31 March 2025, 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

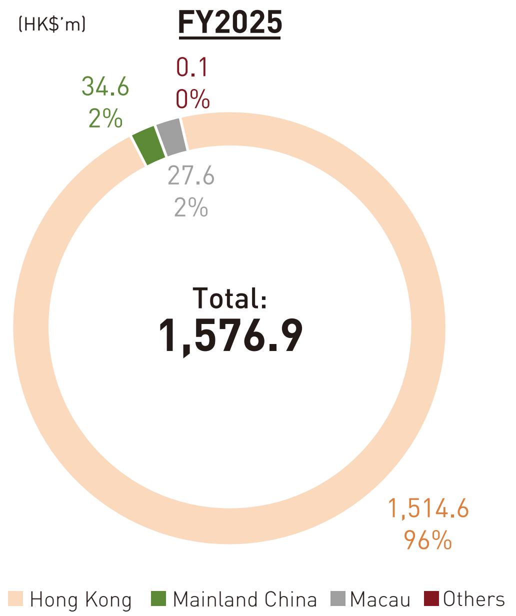
REVENUE

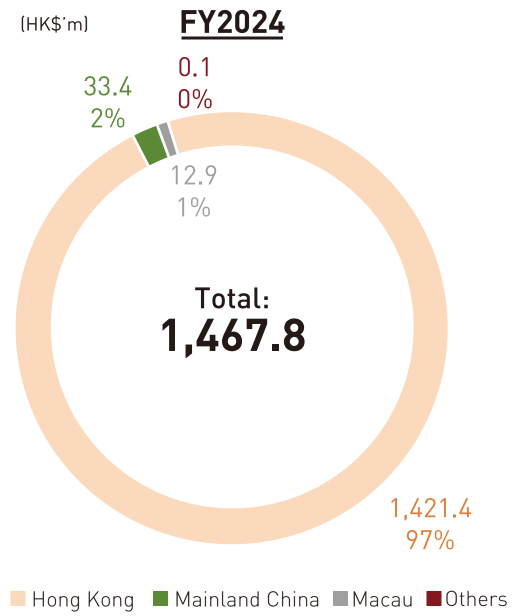


The Group achieved steady growth during the Reporting Period, with revenue rising by HK$109.1 million, or 7.4%, year-on-year despite challenging economic conditions. This growth was mainly driven by solid performance in both specialty medicines and the broader generic drug business, supported by strong demand for healthcare services and medications. Key factors included an aging population, rising incidence of chronic diseases, increased awareness of preventive care and early treatment, and growing mental health needs. Additional momentum came from newly in-licensed products and the successful launch of new offerings.

Further supporting this growth, Hong Kong experienced extended flu seasons during the Reporting Period, compounded by the spread of other respiratory pathogens. These conditions had a pronounced impact on vulnerable groups, particularly children and the elderly, leading to a surge in demand for cold and flu treatments and driving notable sales growth across the Group's operations.

Revenue by geographic locations

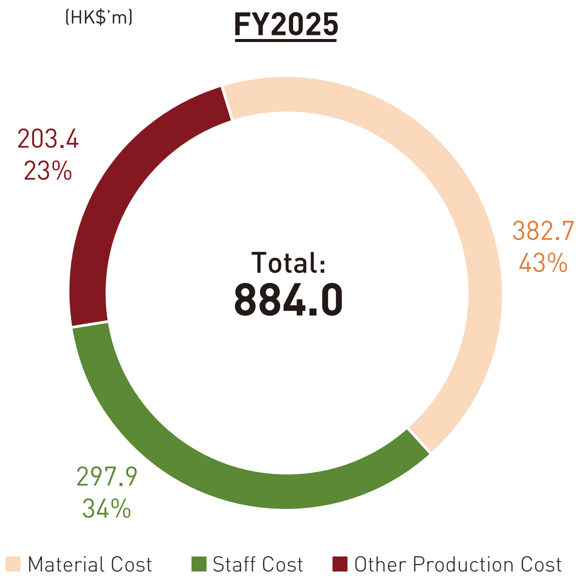


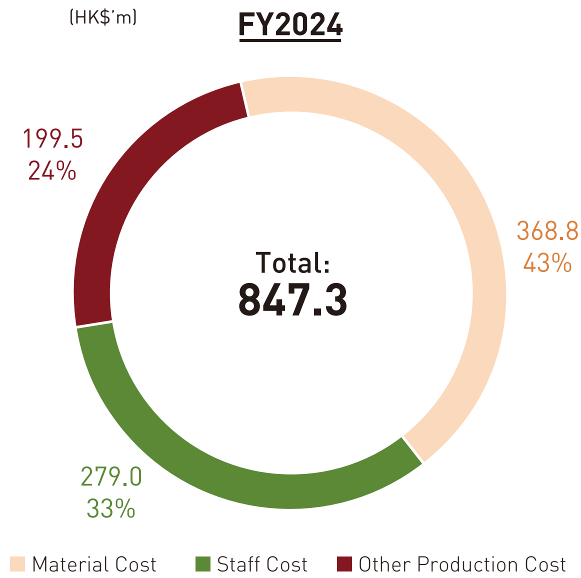


During the Reporting Period, Hong Kong continued to be the Group's primary revenue contributor, accounting for approximately 96% of total revenue. Revenue from the Hong Kong market rose by HK$93.2 million, or 6.6% year-on-year, primarily driven by the aforementioned factors including strong product performance, newly in-licensed products and increased healthcare demand.

In Macau, revenue surged by HK$14.7 million, or 114.0%, reflecting heightened demand for the Group's essential medicines. Meanwhile, revenue from Mainland China showed stable growth, increasing by HK$1.2 million, or 3.6%, during the Reporting Period.

COST OF SALES



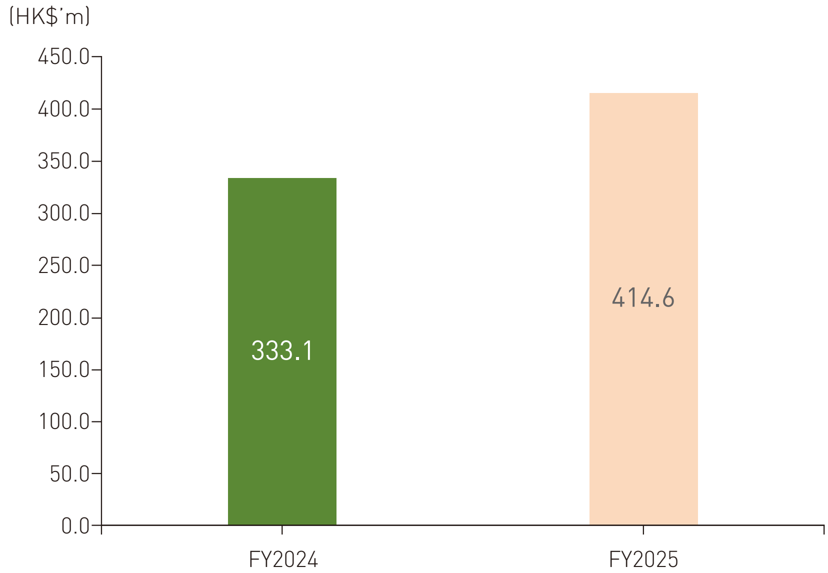


The increase in cost of sales of HK$36.7 million, or 4.3%, was generally in line with the overall sales growth of the Group during the Reporting Period. Material cost continued to be the major component, contributing approximately 43% of the total cost of sales, while staff cost and other production costs contributed approximately 34% and 23%, respectively.

The increase in material costs of HK$13.9 million, or 3.8%, was attributable to the higher production volume resulting from heightened sales demand during the Reporting Period.

The increase in staff cost of HK$18.9 million, or 6.8%, was reflected in the increased production headcount to accommodate the higher production levels in response to heightened sales demand during the Reporting Period and salary increment. The other production costs slightly increased by HK$3.9 million, or 2.0%, as a result of the enhanced operational efficiency at our production facilities and prudent cost-control measures.

PROFIT FROM OPERATIONS



The increase in profit from operations by HK$81.5 million, or 24.5%, to HK$414.6 million was mainly attributable to the increase in gross profit of HK$72.5 million resulting from the notable sales growth and the lower operating expenses resulting from the successful implementation of effective cost-control measures during the Reporting Period.

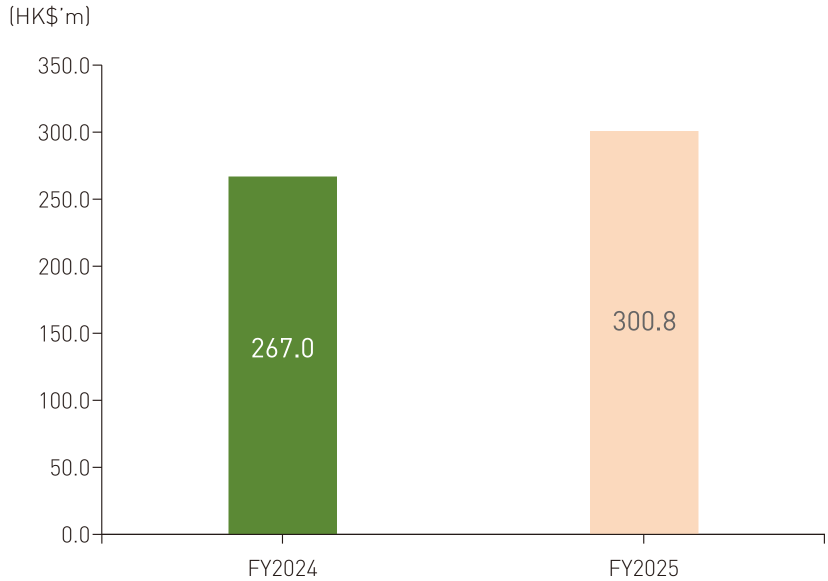
FINANCE COSTS

The significant decrease in finance costs of HK$37.3 million, or 47.4%, was primarily due to the lower bank loan balance resulting from the repayment of bank loans aimed at optimising the Group's financial leverage, as well as the declining interest rates in the market during the Reporting Period.

INCOME TAX

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

PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS



The profit attributable to equity shareholders increased by HK$33.8 million, or 12.7%, to HK$300.8 million was mainly attributable to the significant increase in profit for the year from continuing operations of HK$90.6 million, or 43.1%, during the Reporting Period compared to the same period of last year, which were offset partially by 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).

ASSETS

Investment properties and property, plant and equipment

The increase in property, plant and equipment and investment properties principally reflected the additions of HK$318.6 million mainly arose from the acquisitions of properties, plant and machinery used by our pharmaceutical manufacturing plants, which was offset partially by the depreciation of HK$125.2 million, the fair value loss on investment properties of HK$30.3 million and the disposals of property, plant and equipment with the net book value of HK$4.3 million.

Intangible assets

The decrease in intangible assets was principally attributable to the amortisation of HK$18.7 million, which was offset partially by the capitalised development costs of drugs, software for operations management and the new e-ordering system of HK$4.9 million.

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

The estimated recoverable amount of the CGUs in the generic drugs segment exceeds their carrying amount as at 31 March 2025 by approximately HK$1,268.3 million (as at 31 March 2024: HK$1,157.3 million).

Inventories

The increase in inventories by HK$15.0 million, or 4.7%, was primarily due to higher production volumes driven by sustained sales growth and a broader product mix following the successful launch of new products in the markets.

Cash and cash equivalents

As at 31 March 2025, approximately 99.3% 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 bank loans as of 31 March 2025 were generally maintained at the same level as that of 31 March 2024. As at 31 March 2025, 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 (including 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 31 March 2025 respectively:

		As at 31 March 2024		As at 31 March 2025	
Use of IPO Proceeds	**Proposed application*** HK$'000	**Actual utilised amount** HK$'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**	**–**
Acquisitions – Enhancement of distribution network	104,331	104,331	–	**104,331**	**–**
Acquisitions – Intangible assets	69,554	69,554	–	**69,554**	**–**
Capital investments – Upgrading of manufacturing plants and facilities	113,197	113,197	–	**113,197**	**–**
Capital investments – Two specific automated production facilities	12,000	12,000	–	**12,000**	**–**
Expansion of bioequivalence clinical studies	98,449*	92,853	5,596	**98,449**	**–**
Establishment of a new joint R&D centre with HKIB	5,882*	5,882	–	**5,882**	**–**
Marketing and advertising	83,465	83,465	–	**83,465**	**–**
General working capital	69,554	69,554	–	**69,554**	**–**
Total	695,540	689,944	5,596	**695,540**	**–**

* 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 the 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.

As at 31 March 2025, all IPO Proceeds have been utilised. There has not been any change to the intended use of the 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 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 price per Placing Share was HK$0.59. 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 31 March 2025, 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 31 March 2025 respectively:

		As at 31 March 2024		As at 31 March 2025	
Use of Placing Proceeds	**Proposed application** HK$'000	**Actual utilised amount** HK$'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, Placing Proceeds and bank borrowings.

CHARGE ON GROUP ASSETS

As at 31 March 2024 and 31 March 2025, 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 8.3% as at 31 March 2025, mainly attributable to cash generated from operations during the Reporting Period of HK$588.1 million.

FINANCIAL RISK ANALYSIS

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

CONTINGENT LIABILITIES

As at 31 March 2025, the Group did not have any significant contingent liabilities.

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

Save for the connected transaction in relation to the acquisition of 100,500 shares of Li Chung Shing Tong (Holdings) Limited as disclosed in the announcement of the Company dated 11 November 2024, 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 31 March 2025 and up to the date of this annual report.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE CULTURE AND STRATEGY

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

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

- satisfactory and sustainable returns to shareholders;
- that the interests of stakeholders of the Company are safeguarded;
- that overall business risk is understood and managed appropriately;
- safety, efficacy and quality of products; and
- that high standards of ethics are maintained.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining high corporate governance standards.

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

The Company has applied the code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Listing Rules as its own code of corporate governance.

For the year ended 31 March 2025, 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 code provision C.2.1 of part 2 of the CG Code ("**Code Provision C.2.1**"). Detail of the deviation from Code Provision C.2.1 is explained in the section headed "Chairman and Chief Executive Officer" of this report.

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.

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

BOARD OF DIRECTORS

The Company is headed by an effective Board which assumes responsibility for its leadership and control and be collectively responsibility for promoting the Company's success by directing and supervising the Company's affairs. Directors take decisions objectively in the best interests of the Company.

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and regularly reviews the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time to perform his/her responsibilities that are commensurate with his/her role and the Board responsibilities. The Board includes a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

BOARD OF DIRECTORS (Continued)

BOARD COMPOSITION

The Board currently comprises seven Directors, consisting of three executive Directors, one non-executive Director and three independent non-executive Directors.

The Board currently comprises the following 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

Save for the fact that Mr. Yim Chun Leung (an executive Director) is the brother-in-law of Professor Lam Sing Kwong, Simon (an independent non-executive Director), there is no relationship (including financial, business, family or other material/relevant relationships) among the members of the Board.

The biographical information of the Directors and the relationships between the members of the Board are set out in the "Directors' Biographies" section of the Report of the Directors of this annual report.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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 chairman of the Board and chief executive officer of the Company and accordingly, 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 of the Board and chief executive officer of the Company 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 chief executive officer of the Company at an appropriate time, taking into account the circumstances of the Group as a whole.

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

BOARD OF DIRECTORS (Continued)

BOARD INDEPENDENCE EVALUATION

The Company has established a board independence evaluation mechanism (the "**Board Independence Evaluation Mechanism**") on 29 June 2022 which sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board effectively exercises independent judgement to better safeguard the shareholders' interests.

The objectives of the evaluation are to improve Board effectiveness, maximise its strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

Pursuant to the Board Independence Evaluation Mechanism, the Board will conduct annual review on its independence. The board independence evaluation report will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.

During the Reporting Period, all Directors has completed the independence evaluation in the form of a questionnaire individually. The board independence evaluation report was presented to the Board and the evaluation results were satisfactory.

During the Reporting Period, the Board reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanism and the results were satisfactory.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

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

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

In accordance with the Articles of Association, Mr. Sum Kwong Yip, Derek, Ms. Pun Yue Wai, Mr. Young Chun Man, Kenneth and Professor Lam Sing Kwong, Simon will retire by rotation at the 2025 AGM. Mr. Sum Kwong Yip, Derek, Ms. Pun Yue Wai and Mr. Young Chun Man, Kenneth, being eligible, will offer themselves to be re-elected at the 2025 AGM. Professor Lam Sing Kwong, Simon has informed the Company that he will not be seeking re-election at the 2025 AGM and accordingly will retire as an independent non-executive Director with effect from the conclusion of the 2025 AGM.

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

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

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

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

All Directors, including non-executive Director and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

BOARD OF DIRECTORS (Continued)

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT (Continued)

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

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

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

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

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

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

During the Reporting Period, the Company organised a training session to the Directors conducted by the industry expert. Such training session cover a wide range of topics including the latest updates on CG Code, the Stock Exchange's new climate requirements under its ESG framework, and amendments to Listing Rules relating to treasury shares. Individual Director has also attended seminars organised by external professional parties on different topics, including board governance, taxation and financial reporting updates.

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

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

Directors	Types of Training
Executive Directors	
Mr. Sum Kwong Yip, Derek	A, B
Mr. Yim Chun Leung	A, B
Ms. Pun Yue Wai	A, B
Non-executive Director	
Professor Wong Chi Kei, Ian	A, B
Independent Non-executive Directors	
Dr. Lam Kwing Tong, Alan	A, B
Mr. Young Chun Man, Kenneth	A, B
Professor Lam Sing Kwong, Simon	A, B

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

BOARD COMMITTEES

The Board has established committees, namely, the Audit Committee, Remuneration Committee, Nomination Committee and Executive Committee for overseeing particular aspects of the Company's corporate governance affairs, and ESG Committee to assist the Board to manage all matters relating to environmental, social and governance, as well as the sustainable development of the Group. All these committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, Remuneration Committee, Nomination Committee and ESG Committee are posted on the websites of the Company and the Stock Exchange, and are available to shareholders upon request.

AUDIT COMMITTEE

The Audit Committee currently consists of three members including all independent non-executive Directors namely Mr. Young Chun Man, Kenneth (Chairman of the Audit Committee), Dr. Lam Kwing Tong, Alan and Professor Lam Sing Kwong, Simon (with Mr. Young Chun Man, Kenneth who possesses the professional qualification and accounting expertise in compliance with the requirement under Rules 3.10(2) and 3.21 of the Listing Rules).

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

The primary duties of the Audit Committee shall be to assist the Board in its oversight of the completeness, accuracy and fairness of the financial statements of the Company, of the effectiveness and adequacy of risk management and internal control systems, of the independence of the external auditor and of the performance of the Company's internal audit and compliance function. The Audit Committee is provided with sufficient resources to discharge its duties and it can seek independent professional advice according to the Company's policy if considered necessary. The major roles and functions of the Audit Committee are included in its terms of reference, which are available on the respective websites of the Company and the Stock Exchange.

The Audit Committee, together with the management of the Company, has reviewed the annual results of the Group for the Reporting Period.

The Audit Committee shall meet at least twice a year in accordance with its terms of reference. Two Audit Committee meetings were held during the Reporting Period and the attendance of each member is set out in the section headed "Board Meetings" of this report.

During the Reporting Period, the Audit Committee performed its work as summarised below:

(i) reviewed and recommended for the Board's approval of the financial reports for the year ended 31 March 2024 and the interim period ended 30 September 2024;

(ii) reviewed the independent auditor's report from the external auditor;

(iii) reviewed the external auditor's independence and objectivity and recommended for the Board's approval on the re-appointment of the auditor;

(iv) reviewed the continuing connected transactions and their annual caps;

(v) reviewed and recommended for the Board's approval of the internal audit report and risk management report discussing the matters, including the major internal audit issues, the financial reporting systems, effectiveness of the internal audit function, risk management and the internal control systems of the Group;

(vi) reviewed, evaluated and assessed the effectiveness of the Audit Committee and the adequacy of its terms of reference;

(vii) reviewed the compliance with the Deed of Non-competition by the Covenantors (defined in the section headed "Deed of Non-competition" of the Report of the Directors of this annual report); and

(viii) reviewed the arrangements for the employees to raise concerns about possible improprieties in financial reporting, internal control or other matters.

BOARD COMMITTEES (Continued)

REMUNERATION COMMITTEE

The Remuneration Committee currently consists of three members including two independent non-executive Directors namely Dr. Lam Kwing Tong, Alan (Chairman of the Remuneration Committee) and Mr. Young Chun Man, Kenneth and one executive Director namely Ms. Pun Yue Wai.

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

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

During the Reporting Period, the Remuneration Committee met five times at which the committee members reviewed the remuneration of Directors and evaluated and assessed the effectiveness of the Remuneration Committee and the adequacy of its terms of reference. The Remuneration Committee also reviewed the remuneration packages of individual non-executive Directors and senior management, the Company's policy and structure for the remuneration of all Directors and senior management. In addition, the Remuneration Committee reviewed and approved the proposed grant of share award to certain selected participants under the Share Award Scheme, reviewed the renewed service agreements of Mr. Sum Kwong Yip, Derek, Mr. Yim Chun Leung and Ms. Pun Yue Wai and made recommendation to the Board to approve the same.

Details of the remuneration of the senior management, who are the Directors, are set out in note 6 to the consolidated financial statements. The emoluments of the Directors by band for the year ended 31 March 2025 is set out below:

In the band of	Number of individuals
Nil to HK$1,000,000	4
HK$3,000,001 to HK$4,000,000	1
HK$7,000,001 to HK$8,000,000	1
HK$17,000,001 to HK$18,000,000	1

NOMINATION COMMITTEE

The Nomination Committee currently consists of three members including two independent non-executive Directors namely Mr. Young Chun Man, Kenneth (Chairman of the Nomination Committee) and Dr. Lam Kwing Tong, Alan and one executive Director namely Mr. Yim Chun Leung.

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

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

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

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

During the Reporting Period, the Nomination Committee met once at which the committee members reviewed the structure, size and composition of the Board, the independence of the independent non-executive Directors, the Board Diversity Policy and the Director Nomination Policy, considered the qualifications of the retiring directors standing for election at the annual general meeting. In addition, the Nomination Committee also evaluated and assessed the effectiveness of the Nomination Committee and the adequacy of its terms of reference.

BOARD COMMITTEES (Continued)

EXECUTIVE COMMITTEE

The Executive Committee currently consists of all the executive Directors, namely Mr. Sum Kwong Yip, Derek (Chairman of the Executive Committee), Mr. Yim Chun Leung and Ms. Pun Yue Wai.

The primary duties of the Executive Committee are to assist the Board in facilitating more efficient day-to-day operations and business of the Group and to handle such matters as delegated by the Board from time to time.

During the Reporting Period, the Executive Committee met seven times at which the committee members reviewed the matters, among others, the latest status and development of business projects of the Group during the Reporting Period.

ESG COMMITTEE

The ESG Committee currently consists of three members including one independent non-executive Director namely Professor Lam Sing Kwong, Simon (Chairman of the ESG Committee), one executive Director namely Mr. Yim Chun Leung and the company secretary of the Company namely Mr. Yu Chun Kau.

The primary duties of the ESG Committee are to assist the Board to manage all matters relating to environmental, social and governance, as well as the sustainable development of the Group.

During the Reporting Period, the ESG Committee met once at which the committee members reviewed the ESG matters, among others, key ESG parameters of the Company, proposed ESG approach and associated budget on key ESG projects during the Reporting Period.

BOARD DIVERSITY POLICY

The Board Diversity Policy was adopted by the Company on 30 August 2016 and revised on 21 November 2018. The Company is committed to equality of opportunity in all aspects of its business and does not discriminate on the grounds of race, gender, independence, disability, nationality, religious or philosophical belief, age, sexual orientation, family status or any other factor so as to enable the Company to serve its shareholders and other stakeholders going forward.

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

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

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

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

BOARD DIVERSITY POLICY (Continued)

An analysis of the Board's current composition based on the measurable objectives is set out below:

Gender	Age Group
Male: 6 Directors Female: 1 Director	51-60: 1 Director 61-70: 5 Directors 71-80: 1 Director

Designation	Educational Background
Executive Directors: 3 Directors Non-executive Director: 1 Director Independent Non-executive Directors: 3 Directors	PhD/Doctorate degree: 2 Directors Master's degree: 2 Directors Bachelor's degree: 2 Directors Tertiary education: 1 Director

Nationality	Business Experience
Chinese: 7 Directors	Accounting and finance: 2 Directors Business management: 2 Directors Education: 2 Directors Medical practice: 1 Director

The Nomination Committee and the Board considered that the current composition of Board is sufficiently diverse and the Board has not set any measurable objectives.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

GENDER DIVERSITY

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as at the date of the Reporting Period:

	Female	Male
Board	14.29% (1)	85.71% (6)
Senior Management*	14.29% (1)	85.71% (6)
Other employees	42.25% (736)	57.75% (1,006)
Overall workforce	42.14% (737)	57.86% (1,012)

* *Senior management comprises Directors only*

The Board had targeted to achieve and had achieved at least 14.29% (1) of female Directors and 42.25% (736) of female employees of the Group and considers that the above current gender diversity is satisfactory.

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

DIRECTOR NOMINATION POLICY

The Director Nomination Policy was adopted by the Company pursuant to the Board resolutions passed on 21 November 2018.

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

CRITERIA ADOPTED FOR SELECTION AND RECOMMENDATION FOR DIRECTORSHIP

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

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

NOMINATION PROCESS

(a) Appointment of New Director

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

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

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

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

(b) Re-election of Director at General Meeting

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

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

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

DIRECTOR NOMINATION POLICY (Continued)

NOMINATION PROCESS (Continued)

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

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

DIVIDEND POLICY

Apart from compliance with the applicable legal requirements, a dividend policy was adopted by the Company pursuant to the Board resolutions passed on 21 November 2018, which sets out the guidelines for the Board to determine whether to pay a dividend and the level of such dividend to be paid. In general, it is the policy of the Company to share with its shareholders in the Company's profits with reasonably stable and consistent dividends whilst retaining adequate reserves and financial resources for future growth drivers such as mergers and acquisitions activities. Normally, the Company pays dividends twice a year, which are the interim and final dividends. The policy also contains a number of factors for which the Board has to consider in determining the frequency, amount and form of any dividend in any financial year/period.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the code provision A.2.1 of part 2 of the CG Code.

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

BOARD MEETINGS

ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each Director at the Board meetings, Board Committee meetings and annual general meeting of the Company held during the Reporting Period is set out in the table below:

	Attendance/Number of Meetings						
Name of Director	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Executive Committee**	**ESG Committee**	**Annual General Meeting[(1)]**
Mr. Sum Kwong Yip, Derek *(Chairman)*	6/6	N/A	N/A	N/A	7/7	N/A	1/1
Mr. Yim Chun Leung	6/6	N/A	N/A	1/1	7/7	1/1	1/1
Ms. Pun Yue Wai	6/6	N/A	5/5	N/A	7/7	N/A	1/1
Professor Wong Chi Kei, Ian	6/6	N/A	N/A	N/A	N/A	N/A	1/1
Dr. Lam Kwing Tong, Alan	6/6	2/2	5/5	1/1	N/A	N/A	1/1
Mr. Young Chun Man, Kenneth	6/6	2/2	5/5	1/1	N/A	N/A	1/1
Professor Lam Sing Kwong, Simon	6/6	2/2	N/A	N/A	N/A	1/1	1/1

Note:

(1) The 2024 annual general meeting of the Company was held on 28 August 2024.

Apart from Board meetings, the chairman of the Board also held a meeting with the independent non-executive Directors without the presence of other Directors during the Reporting Period.

The independent non-executive Directors and non-executive Director have attended general meeting of the Company to gain and develop a balanced understanding of the views of the shareholders.

ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

The Directors acknowledged their responsibility for preparing, with the support from the Finance Department of the Company, the consolidated financial statements of the Group. In preparing the consolidated financial statements for the year ended 31 March 2025, the accounting principles generally accepted in Hong Kong have been adopted and the requirements of the Hong Kong Financial Reporting Standards (which also include Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance have been complied with. The Directors believe that they have selected suitable accounting policies and applied them consistently, and made judgements and estimates that are prudent and reasonable and ensure the consolidated financial statements are prepared on a going concern basis.

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

The reporting responsibilities of the Company's external auditor, KPMG, are set out in the Independent Auditor's Report on pages 54 to 57 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

During the Reporting Period, the Group has engaged external consultants to review the risk management framework including the risk management policy (the "**Risk Management Policy**"). We highlighted the key features of our structured risk management approach as follows:

I. Risk Governance Structure

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

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

The Board acknowledged its responsibility for the risk management and internal control systems and reviewed their effectiveness covering a full financial year of the Group annually.

Risk Management Committee
The Risk Management Committee, comprising both financial and operational executives of the Group, is responsible for overseeing the Group's overall risk management framework and to advise the Audit Committee and the Board on the Group's risk-related matters.

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

ACCOUNTABILITY AND AUDIT (Continued)

RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

I. Risk Governance Structure (Continued)

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

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

II. Risk Management Process

During the Reporting Period, the Group uses a blended top-down and bottom-up approach for identifying risks. Sources of risk, areas of impact, events and their potential consequences are identified. A risk universe has been created to ensure the entire spectrum risks are captured. The identified risks are categorised into financial, operational, reputation, legal and regulatory and people.

The Group uses a 3-by-3 risk matrix (heat map) to assess risks. The risk rating is scored in terms of the consequence and likelihood of occurrence. Risks are rated according to their residual risk levels. Residual risk levels refer to the scoring of risks which exist, taking into account all existing controls. The result from the risk analysis is evaluated to determine whether or not identified risks are within predefined risk appetite and tolerance levels.

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

III. Risk Monitoring and Reporting

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

Bottom-up reporting: From operational management to the Risk Management Committee

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

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

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

IV. Annual Confirmation

The Group's risk management and internal control systems are designed to provide reasonable, but not absolute assurance against material misstatement or loss; to manage rather than completely eliminate the risk of failure to achieve business objectives. It has a key role in the management of risks that are significant to the fulfilment of business objectives. The Board, through the Audit Committee and with the assistance of the Company's external consultants, conducted risk management and internal control reviews of the business operations of the Group for the year ended 31 March 2025 and considered them to be effective and adequate. The management has provided a confirmation to the Audit Committee (and the Board) on the effectiveness of these systems for the Reporting Period.

ACCOUNTABILITY AND AUDIT (Continued)

INTERNAL AUDIT

The Company's external consultant prepares the internal audit report (the "**Internal Audit Report**") to the Audit Committee. The internal audit plays an important role in providing assurance to the Board that a sound internal control system is maintained and operated by the management.

The Internal Audit Report was issued to the Audit Committee and the Board for review of the adequacy and effectiveness of the internal audit function which included a discussion on the risk governance structure and the preliminary top risks which the Group is facing. The internal control issues raised in the Internal Audit Report would be addressed and managed promptly by the management, and the Audit Committee and the Board are satisfied that there are adequate risk management and internal control systems in the Company.

HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Company has a policy with regard to the principles and procedures for handling and disseminating the inside information of the Company in compliance with the requirements under Part XIVA of the SFO and the Listing Rules. The policy regulates the handling and dissemination of inside information, which includes:

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

WHISTLEBLOWING POLICY

To uphold high standards of business ethics and personal conduct of all the directors, officers and staff of the Group, the Company adopted a whistleblowing policy on 25 November 2022 such that employees and those who deal with the Group (e.g. customers, business partners and suppliers) can raise their concerns, in confidence and anonymity at their election, about possible improprieties in any matter related to the Group. Written complaints can be lodged directly to the chairman of the Audit Committee or the chairman of the Board (if the compliant concerns the chairman of the Audit Committee or a member of the Audit Committee). All whistleblowing issues will be dealt with in strict confidence.

ANTI-CORRUPTION POLICY

For details of the anti-corruption policy of the Group, please refer to the section headed "Anti-corruption" as set out in the "2024/2025 Environmental, Social and Governance Report" of the Company.

AUDITOR'S REMUNERATION

The remuneration paid/payable to the external auditor of the Company, KPMG, in respect of audit services and non-audit services for the year ended 31 March 2025 were HK$4,880,000 (2024: HK$6,243,000) and HK$1,642,000 (2024: HK$2,145,000) respectively. The non-audit services for the years ended 31 March 2025 and 2024 mainly consisted of tax consultancy services, other reporting services and advisory services. The remuneration payable to other external consultants in respect of non-audit services (mainly consisted of advisory services and other reporting services) for the year ended 31 March 2025 was HK$348,000 (2024: HK$200,000).

SHAREHOLDERS' RIGHTS

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

To safeguard shareholders' interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange after each general meeting.

SHAREHOLDERS' RIGHTS (Continued)

PROCEDURES FOR SHAREHOLDERS TO CONVENE AND TO PUT FORWARD PROPOSALS AT AN EXTRAORDINARY GENERAL MEETING

Article 58 of the Articles of Association provides that any one or more duly registered shareholder(s) of the Company holding at the date of deposit of the requisition not less than one-tenth of the voting rights at general meetings, on a one vote per share basis, in the capital of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to make a requisition to convene an extraordinary general meeting for the transaction of any business specified in such requisition and add resolutions to the agenda of such meeting; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

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

PROCEDURES FOR SHAREHOLDERS TO PROPOSE A PERSON FOR ELECTION AS DIRECTOR

Shareholders may propose a person for election as Director. For detailed procedures, please refer to the section "Corporate Governance" under "Investor Relations" on the Company's website (www.jacobsonpharma.com/download/Procedures_e.pdf).

PROCEDURES FOR SHAREHOLDERS TO PUT FORWARD ENQUIRIES TO THE BOARD

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

CONTACT DETAILS

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

Address:	Unit 2313-18, 23/F Tower 1, Millennium City 1 388 Kwun Tong Road Kwun Tong, Kowloon Hong Kong
Telephone no.:	(+852) 2267 2298
Email:	jacobsonpharma@sprg.com.hk
Attention:	Strategic Public Relations Group/Company Secretary

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavors to maintain an on-going dialogue with shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, the Directors (or their delegates as appropriate) are available to meet shareholders and answer their enquiries. External auditor of the Company is also invited to attend the Company's annual general meeting pursuant to code provision F.2.2 of part 2 of the CG Code.

During the Reporting Period, the Company has not made any changes to its Memorandum and Articles of Association. An up to date version of the Memorandum and Articles of Association is also available on the Company's website (http://www.jacobsonpharma.com) and the Stock Exchange's website (http://www.hkex.com.hk).

SHAREHOLDERS' COMMUNICATION POLICY

The Company has in place a Shareholders Communication Policy. The policy aims at providing timely, clear and reliable information the shareholders to allow them to make informed decisions and assessment of the performance and prospect of the Company, and views of the shareholders are communicated to the Company in assistance of the Company's development of appropriate strategies and measures in line with the interests of the shareholders. The Board reviewed the implementation and effectiveness of the Shareholders Communication Policy and the results were satisfactory.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS (Continued)

SHAREHOLDERS' COMMUNICATION POLICY (Continued)

The Company has established a number of channels for maintaining an on-going dialogue with its shareholders as follows:

(a) General Meetings

The Company holds general meetings which offer a valuable forum for dialogue and interaction with management. Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at general meetings for and on their behalf if they are unable to attend the general meetings.

Appropriate arrangements for the annual general meetings and other general meetings shall be in place to encourage shareholders' participation:

(i) the Board members, chairmen or members of respective committees, and external auditor of the Company and such other person as the Board deems appropriate shall attend the general meetings of the Company to respond to questions addressed to the Company. In particular, management of the Company shall ensure the external auditor of the Company attend the annual general meetings to answer questions about the conduct of the audit, the preparation and content of the independent auditor's report, the accounting policies and auditor independence;

(ii) the chairman of the independent Board committee (if any) shall be available to answer questions at any general meeting to approve a connected transaction or any other transaction that requires independent shareholders' approval;

(iii) the Company shall explain the procedures of voting by poll in detail and answer any questions from the shareholders on voting by poll before voting so as to ensure that each shareholder understands the relevant arrangements;

(iv) for each substantially separate issue at a general meeting, a separate resolution shall be proposed by the chairman of that meeting. The Company shall avoid "bundling" resolutions unless they are interdependent and linked forming one significant proposal. Where the resolutions are "bundled", the Company shall explain the reasons and material implications in the notice of meeting; and

(v) voting results on any resolutions of the general meetings will be released on the websites of the Company and the Stock Exchange.

(b) Company's Website

The Company maintains a website: (www.jacobsonpharma.com) which contains announcements, annual reports, interim reports, circulars for general meetings and other documents such as corporate information and highlight of historical development, etc. Information on the Company's website is updated on a regular basis and information released by the Company to the Stock Exchange is also posted on the Company's website immediately thereafter. To be environmentally friendly, shareholders are encouraged to access the relevant information on the Company's website.

The Company is also permitted to send or otherwise make available its corporate communication (including notices, announcements, circulars, interim reports and annual reports) to the shareholders using electronic means, and to publish corporate communication on its own website, subject to the Company satisfying the procedures set out in Rule 2.07A of the Listing Rules.

(c) Shareholders' Enquiries

Shareholders may at any time make a request for the Company's information to the extent such information is publicly available and the Company has an investor relationship function to attend to enquiries from the shareholders. Details of the contact are set out below:

Strategic Public Relations Group
Email: jacobsonpharma@sprg.com.hk

COMPANY SECRETARY

The company secretary of the Company, Mr. Yu Chun Kau is an employee of the Group and reports directly to chairman of the Board and chief executive officer of the Company. The Board approves the selection, appointment or dismissal of the company secretary of the Company. All Directors have access to the advice and services of the company secretary of the Company to ensure that board procedures, and all applicable law, rules and regulations, are followed.

Mr. Yu Chun Kau has confirmed that he has taken no less than 15 hours of the relevant professional training during the Reporting Period.

REPORT OF THE DIRECTORS

The Board is pleased to present their report and the audited financial statements of the Group for the year ended 31 March 2025.

PRINCIPAL ACTIVITY

The principal activity of the Company is investment holding. The Company and its subsidiaries are principally engaged in the development, production, marketing and sale of generic drugs. Details of the principal subsidiaries of the Company are set out in note 12 to the consolidated financial statements of this annual report.

BUSINESS REVIEW

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

- The 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. Further details are set out in the section headed "Risk Management and Internal Control" of the Corporate Governance Report of this annual report.

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. Further details are set out in the separate "2024/2025 Environmental, Social and Governance Report" which is available on the websites of the Company (http://www.jacobsonpharma.com) and the Stock Exchange (https://www.hkexnews.hk). You may access the "2024/2025 Environmental, Social and Governance Report" (i) by clicking on the "Investor Relations" section in the menu on the homepage of the Company's website; or (ii) by browsing through the Stock Exchange's website.

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.

BUSINESS REVIEW (Continued)

KEY RELATIONSHIPS

Customers

The Group is fully aware that as a pharmaceutical manufacturer, it is our key focus to ensure our products are safe, effective and of high quality to our customers. To ensure the quality of products, the Group has fully implemented GMP in accordance with the PIC/S GMP Guide set forth by the Pharmacy and Poisons Board of Hong Kong since 1 October 2015. The Group also established product recall procedures with reference to the Pharmaceutical Products Recall Guidelines issued by the Department of Health of Hong Kong. The Group also designates sales management team to establish and maintain contact with the customers. Our sales representatives conduct regular meetings with key customers to understand the need of the customers and introduce new products to our customers. Customer complaints received by sales representatives will be escalated to management team and be handled accordingly, with the aim to achieve customer satisfaction.

Employees

Human resources are crucial to the continued success of the Group. The Group has provided staff with different kinds of benefit and staff compensation. For the personal training and development of our employees, the Group nominates employees to participate in internal and external training and development programs. Employees can also initiate application for training sponsorship for attending different courses to enhance their professional and management skills and knowledge. The Group also provides general training on manufacturing skills, equipment operation, GMP and PIC/S standards to our production staff. Details of our remuneration policy are set out in the section headed "Remuneration Policy" of the Management Discussion & Analysis of this annual report.

Suppliers

Quality of products is the most important aspect of the Group and the Group delegates product quality control to our quality assurance department and quality control department, which are mainly responsible for carrying out all necessary and relevant tests on raw materials, intermediate products and finished products. The Group also designates teams responsible for purchasing raw materials and vendor approval process is required for our major suppliers of key raw materials for generic drugs, for example on-site audit or audit by questionnaire, and regular monitoring. The Group monitors our suppliers for any incidents or regulatory warnings and also maintains long-term relationships with suppliers of raw materials of proprietary drugs.

Further details are set out in the "2024/2025 Environmental, Social and Governance Report" of the Company.

RESULTS AND DIVIDENDS

The Group's profits for the Reporting Period and the Group's financial position at the end of Reporting Period are set out in the consolidated financial statements on pages 58 to 123 of this annual report.

The Board recommends to declare a final cash dividend of HK5.50 cents per Share for FY2025 (FY2024: final cash dividend of HK3.00 cents per Share) and a special cash dividend of HK6.00 cents per Share, subject to the approval of shareholders of the Company at the 2025 AGM to be held on 28 July 2025 (Monday), which is expected to be paid on 28 August 2025 (Thursday) to shareholders whose names appear on the register of members of the Company on 14 August 2025 (Thursday), being the record date for determining shareholders' entitlement to the proposed final cash dividend and special cash dividend. Including the interim cash dividend of HK3.50 cents per Share paid on 2 April 2025, the total cash dividend for FY2025 amounts to HK15.00 cents per Share (FY2024: HK5.50 cents per Share). The details of the final cash dividend and the special cash dividend of the Company are set out in note 9 to the consolidated financial statements of this annual report.

SUMMARY FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the last five financial years, is set out on page 125 of this annual report. This summary does not form part of the audited financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in note 23 to the consolidated financial statements of this annual report.

DISTRIBUTABLE RESERVES

The reserves available for distribution to the shareholders by the Company at 31 March 2025 consisted of share premium, distributable reserves and retained earnings totaling HK$1,748,875,000 (31 March 2024: HK$1,871,169,000). Movements in the reserves of the Company and the Group during the year are set out in note 24 to the consolidated financial statements on page 107 and the Consolidated Statement of Changes in Equity on page 61 of this annual report respectively.

BORROWINGS

Particulars of borrowings of the Group as at 31 March 2025 are set out in note 21 to the consolidated financial statements of this annual report.

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 31 March 2025, the Company did not hold any treasury shares.

DIRECTORS

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

Mr. Sum Kwong Yip, Derek* *(Chairman and Chief Executive Officer)*
Mr. Yim Chun Leung*
Ms. Pun Yue Wai*
Professor Wong Chi Kei, Ian^
Dr. Lam Kwing Tong, Alan**
Mr. Young Chun Man, Kenneth**
Professor Lam Sing Kwong, Simon**

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

In accordance with the provisions of the Articles of Association, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. All Directors appointed by the Board shall then be eligible for re-election at the annual general meeting. At the 2025 AGM, Mr. Sum Kwong Yip, Derek, Ms. Pun Yue Wai, Mr. Young Chun Man, Kenneth and Professor Lam Sing Kwong, Simon will retire by rotation. Mr. Sum Kwong Yip, Derek, Ms. Pun Yue Wai and Mr. Young Chun Man, Kenneth, being eligible, will offer themselves for re-election, and Professor Lam Sing Kwong, Simon has informed the Company that he will not be seeking re-election at the 2025 AGM and accordingly will retire as an independent non-executive Director with effect from the conclusion of the 2025 AGM.

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

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

CHANGE OF INFORMATION ON DIRECTORS

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

(1) Mr. Sum Kwong Yip, Derek, an executive Director, chairman of the Board and chief executive officer of the Company, has been appointed as a member of the Chinese Medicines Industry Subcommittee under the Chinese Medicine Development Committee for a term of two years with effect from 1 February 2025. Furthermore, Mr. Sum has been re-designated from a non-executive director to an executive director of JBM Healthcare (stock code: 2161) with effect from 12 June 2025.

(2) Mr. Yim Chun Leung, an executive Director, has been re-designated from a non-executive director to an executive director of JBM Healthcare (stock code: 2161) with effect from 12 June 2025.

(3) Professor Wong Chi Kei, Ian, a non-executive Director, has been appointed as a non-official Director of Hong Kong Genome Institute for a term of two years with effect from 5 November 2024.

(4) Professor Lam Sing Kwong, Simon, an independent non-executive Director, has been appointed as an independent non-executive director of China Wacan Group Company Limited (a company listed on the Main Board, stock code: 1920) with effect from 16 May 2025.

In respect of the change in emoluments of Directors, please refer to note 6 to the consolidated financial statements of this annual report.

DIRECTORS' BIOGRAPHIES

(A) EXECUTIVE DIRECTORS

Mr. Sum Kwong Yip, Derek, aged 62, is the founder of the Group. Mr. Sum has been appointed as an executive Director, chairman of the Board and the chief executive officer of the Company since 1 April 2016, chairman of the Executive Committee since 22 November 2017 and chairman of scientific advisory committee of the Company since 10 April 2016. He has also been appointed as the chairman of the Award Committee established for the purpose of the Share Award Scheme. He is the director of the substantial shareholders (namely Queenshill and Kingshill) and a controlling shareholder (namely Kingshill) of the Company, and certain subsidiaries of the Group. He is mainly responsible for the overall strategic planning and operation management of the Group. He also spearheads the planning of our product development and technological research functions. Mr. Sum joined the Group in September 1998 and he was mainly responsible for business management and strategic development. Mr. Sum has over 37 years of sales and corporate management experience in the pharmaceutical industry.

Mr. Sum has been serving as the chairman of the board of directors and a non-executive director of JBM Healthcare (stock code: 2161, the issued shares of which are listed on the Main Board) since 22 September 2020 and has been re-designated from a non-executive director to an executive director on 12 June 2025.

Prior to joining the Group, Mr. Sum held various management positions in multi-national corporations. He started his career in pharmaceutical industry with Sandoz Division of Edward Keller Limited in April 1988 and moved on to take up a management position with Watsons Pharmaceutical Limited under Hutchison Whampoa Limited in December 1988. In 1990, Watsons Pharmaceutical Limited was renamed as JDH Pharmaceutical Limited. Since then, Mr. Sum had worked in the Inchcape Group and he was the chief executive of Hong Kong and China of the pharmaceutical division under Inchcape JDH Limited back in 1998 before he embarked upon his entrepreneurial pursuit with the Group. Mr. Sum has been a member of the advisory board of the School of Pharmacy of The Chinese University of Hong Kong since June 2007. He has also been appointed as a member of the Chinese Medicines Industry Subcommittee under the Chinese Medicine Development Committee for a term of two years with effect from 1 February 2025.

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

Mr. Yim Chun Leung ("Mr. Yim"), aged 63, has been appointed as an executive Director since 1 April 2016, a member of the Nomination Committee since 21 September 2016, a member of the Executive Committee since 22 November 2017 and a member of the ESG Committee since 29 June 2022. He is also a member of the Award Committee established for the purpose of the Share Award Scheme. Mr. Yim was a company secretary of the Company from 1 July 2019 to 31 March 2021. He is also a director of certain subsidiaries of the Group. Mr. Yim joined the Group as an independent non-executive director of Jacobson Pharma Group (BVI) Limited in September 2008. Mr. Yim is mainly responsible for corporate management, strategic development and investor relationship functions of the Group. Mr. Yim has over 40 years of experience in the auditing, accounting and corporate finance fields.

Mr. Yim has been appointed as a non-executive director of JBM Healthcare (stock code: 2161, the issued shares of which are listed on the Main Board) since 22 September 2020 and has been re-designated from a non-executive director to an executive director on 12 June 2025.

Mr. Yim has served in numerous companies listed on the Main Board. From May 2014 to February 2023, he served as an independent non-executive director of China New City Commercial Development Limited (now known as China New City Group Limited, stock code: 1321). He served as an executive director of LVGEM (China) Real Estate Investment Company Limited (formerly known as New Heritage Holdings Ltd., stock code: 95) from December 2004 and its chief executive officer from July 2014, respectively until he resigned in March 2016. From May 2002 to June 2004, Mr. Yim served as the financial controller of Soundwill Holdings Limited (stock code: 878). From December 2000 to February 2002, Mr. Yim served as the chief financial officer of Sinolink Worldwide Holdings Limited (stock code: 1168). From January 1998 to April 1999, Mr. Yim served as an executive director of N P H International Holdings Limited (now known as Concord New Energy Group Limited, stock code: 182). From January 1994 to January 1998, Mr. Yim served as the finance director of Tysan Holdings Limited (stock code: 687). From June 1987 to December 1993, Mr. Yim worked at GPI International Limited (a subsidiary of Gold Peak Technology Group Limited, stock code: 40) and his last position was assistant financial controller.

Mr. Yim is the brother-in-law of Professor Lam Sing Kwong, Simon, an independent non-executive Director.

Mr. Yim obtained a master of Business Administration degree from the University of Manchester, United Kingdom in June 2008. He has been a non-practising member of the Hong Kong Institute of Certified Public Accountants since January 1991 and a fellow of the Association of Chartered Certified Accountants (formerly the Chartered Association of Certified Accountants) since October 1995.

Ms. Pun Yue Wai ("Ms. Pun"), aged 73, has been appointed as an executive Director, a member of the Remuneration Committee since 1 February 2017 and a member of the Executive Committee since 22 November 2017. She is also a director of certain subsidiaries of the Group and a vice president of the Company and is mainly in charge of the administration function of the Group. Ms. Pun has joined the Group since August 1998 and is one of the longest-serving employees of the Group. Since joining the Group, Ms. Pun has held various management positions within the Group.

DIRECTORS' BIOGRAPHIES (Continued)

(B) NON-EXECUTIVE DIRECTOR

Professor Wong Chi Kei, Ian ("Professor Wong"), aged 57, has been re-designated from an independent non-executive Director to a non-executive Director since 14 January 2022 and has been a member of the scientific advisory committee of the Company since 10 April 2016. Professor Wong was an independent non-executive Director, the chairman of the Nomination Committee and a member of the Audit Committee from 1 December 2017 to 13 January 2022. Professor Wong is the past incumbent of Lo Shiu Kwan Kan Po Ling Endowed Professorship in Pharmacy. From 6 April 2024, Professor Wong has been appointed as Regius Professor in Pharmacy (Part-time) at Aston University in the United Kingdom. From 5 November 2024, Professor Wong has been appointed as a non-official Director of Hong Kong Genome Institute for a term of two years. He is also a member of the Pharmacy and Poisons Board of Hong Kong for a term of two years between 2023 and 2025. Prior to his current appointment, Professor Wong was a member of the Pharmacy and Poisons Board of Hong Kong between 2012 and 2015, and between 2019 and 2025. Professor Wong was the Head of Department of Pharmacology and Pharmacy at The University of Hong Kong between 2018 and 2024 and changed to part-time Professor from 1 November 2024. Professor Wong was the Head of Research Department of Practice and Policy at the University College London School of Pharmacy between 2015 and 2018. He was the founding director of the Centre for Paediatric Pharmacy Research between 2002 and 2011, at The School of Pharmacy, University College London Institute of Child Health, University of London and Great Ormond Street Hospital for Children.

As a recipient of the United Kingdom Department of Health Public Health Career Scientist Award in 2002, Professor Wong is the only pharmacist to date to have received such an award in the United Kingdom. He also received the Chemist and Druggist's Pharmacy Practice Research Medal in 2004 for his research in paediatric medicines. In recognition of his work in paediatric medicines research, Professor Wong was awarded an Honorary Fellowship of the Royal College of Paediatrics and Child Health in 2011, and Fellowships of the Royal Pharmaceutical Society, the British Pharmacological Society and the Faculty of Public Health, Royal Colleges of Physicians of the United Kingdom in 2012, 2019 and 2021, respectively.

Professor Wong qualified as a pharmacist in the United Kingdom in 1992 and in Hong Kong in 1993. Professor Wong worked at the former Medicines Control Agency (Regulatory Authority) between 1992 and 1993. His research career began when he took up a research pharmacist post at the David Lewis Centre for Epilepsy to investigate the safety of new antiepileptic drugs between 1994 and 1997. Professor Wong received his PhD from Manchester Medical School in 1998 for his work at the David Lewis Centre. Thereafter, he took up the post as a lecturer in Pharmacy Practice at the University of Bradford in 1997, and became a senior lecturer in 2001.

In association with the University College London School of Pharmacy, University College London Institute Child Health, Great Ormond Street Hospital for Children and some other investors, Professor Wong set up Therakind Ltd in 2007. Therakind Ltd is a private European pharmaceutical company specialising in research and development of medicines for children.

(C) INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Lam Kwing Tong, Alan ("Dr. Lam"), aged 62, has been appointed as an independent non-executive Director since 30 August 2016, the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee respectively since 21 September 2016. Dr. Lam has been running his private general dental practice in Hong Kong since 1998. Prior to that, Dr. Lam started his own dental practice in April 1989 in London and he sold his dental business in April 1994.

Dr. Lam graduated from the University of Glasgow in the United Kingdom with a bachelor of dental surgery degree in December 1987. He obtained the diploma of member in general dental surgery from the Royal College of Surgeons of Edinburgh in November 1999.

Dr. Lam was granted a Diploma of membership in general dentistry by The College of Dental Surgeons of Hong Kong in November 2013.

DIRECTORS' BIOGRAPHIES (Continued)

(C) INDEPENDENT NON-EXECUTIVE DIRECTORS (Continued)

Mr. Young Chun Man, Kenneth ("Mr. Young"), aged 61, has been appointed as an independent non-executive Director since 30 August 2016, the chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee respectively since 21 September 2016. He has also been appointed as the chairman of the Nomination Committee since 14 January 2022. Mr. Young is the founder and was a director of AITIA (HK) CPA LIMITED, a member of TGS Global, since January 2015 and resigned as its director with effect from 4 April 2022. Mr. Young was mainly responsible for developing strategies for the growth of the practice, and to implement proper governance and risk management. He has over 32 years of professional experience in audit and accounting fields. He was a partner at HLB Hodgson Impey Cheng (formerly known as Hodgson Impey Cheng) from September 1994 to March 2011. Mr. Young was an independent non-executive director of Quam Plus International Financial Limited (formerly known as China Tonghai International Financial Limited, stock code: 952), the issued shares of which are listed on the Main Board, since September 2012 until February 2017. He has also been serving as a member of the audit committee and a council member of SAHK (香港耀能協會), a charitable organisation, since 2013 and 2015, respectively. Mr. Young has been an independent non-executive director of Soundwill Holdings Limited (a company listed on the Main Board, stock code: 878) since 16 June 2023.

Mr. Young obtained a degree of master of corporate finance from The Hong Kong Polytechnic University in November 2004 and a degree of bachelor of arts in economics from University of Essex in the United Kingdom in July 1985. Mr. Young was qualified as a chartered accountant in England and Wales in August 1991. He was admitted fellowship of The Hong Kong Institute of Certified Public Accountants in December 2004. Mr. Young has also been a fellow of The Institute of Chartered Accountants in England and Wales since January 2002 and an ordinary member of the Society of Chinese Accountants & Auditors since 11 December 2015. Mr. Young also held various committee member positions with The Hong Kong Institute of Certified Public Accountants from 1998 to 2014.

Professor Lam Sing Kwong, Simon ("Professor Lam"), aged 66, has been re-designated from a non-executive Director to an independent non-executive Director since 1 November 2021 and has been appointed as a member of the Audit Committee and the chairman of Risk Management Committee since 1 August 2020. Since 29 June 2022, he has also been appointed as the chairman of the ESG Committee. Professor Lam was a non-executive Director from 11 April 2016 to 31 October 2021 prior to his re-designation. Professor Lam is mainly responsible for advising the Board on corporate strategies and governance development. Professor Lam is currently a professor of Management and Strategy at the Faculty of Business and Economics of The University of Hong Kong. Professor Lam obtained a doctorate degree in commerce from the Faculty of Economics and Commerce at the Australian National University in April 1996. Professor Lam has published a number of academic papers and case analyses on the topics of corporate strategy, organisation development and operations management. He has extensive experience in corporate management, strategic development of organisations and corporate finance.

Professor Lam is currently an independent non-executive director of Overseas Chinese Town (Asia) Holdings Limited (stock code: 3366), Kwan On Holdings Limited (stock code: 1559), Qingci Games Inc. (stock code: 6633) and China Wacan Group Company Limited (stock code: 1920). He was also an independent non-executive director of Sinomax Group Limited (stock code: 1418) from March 2014 to June 2023. Wives of Professor Lam and Mr. Yim Chun Leung, an executive Director, are sisters.

DIRECTORS' EMOLUMENTS

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

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Other than the 2023 Logistics Services Agreement, 2023 Manufacturing Services Agreement, 2023 Overseas Sales Administrative Services Agreement and License Agreements (each as defined in the paragraph headed "Continuing Connected Transactions" of this report), no transactions, arrangements and contracts that were significant in relation to the Company's business to which the Company or any of its subsidiaries was a party and in which any Director or the Director's connected entity or any of the Controlling Shareholders (or any of their subsidiaries) had a material interest, whether directly or indirectly, subsisted at the end of FY2025 or at any time during FY2025.

INTERESTS IN COMPETING BUSINESS

As at 31 March 2025, none of the Directors is interested in any business apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for a renewed term of three years from 1 April 2025, except Ms. Pun Yue Wai, whose renewed term is for two years from 1 February 2025, all of which may be terminated by either party giving to the other party not less than three months' notice in writing. Each of the non-executive Directors, including the independent non-executive Directors, has entered into a letter of appointment with the Company for a term of three years from 30 August 2022, except Professor Wong Chi Kei, Ian, whose letter of appointment with the Company is for a renewed term of three years from 1 December 2023, all of which may be terminated earlier by either party serving on the other party not less than one month's notice in writing.

None of the Directors proposed for re-election at the 2025 AGM is a party to any service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

MANAGEMENT CONTRACTS

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

EQUITY-LINKED AGREEMENTS

SHARE 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 our 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 31 March 2025, 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 annual report (excluding treasury shares, if any).

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. The options may be exercised not more than ten years from the date of grant.

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 31 March 2025, 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 1 April 2024 and 31 March 2025, there were no share options outstanding under the Share Option Scheme.

EQUITY-LINKED AGREEMENTS (Continued)

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 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.

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.

EQUITY-LINKED AGREEMENTS (Continued)

SHARE AWARD SCHEME (Continued)

During the Reporting Period, the Trustee purchased 6,400,000 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 31 March 2025, 6,000,000 Shares were held by the Trustee. During the Reporting Period, no Share was issued to the Trustee under the Share Award Scheme, and 20,400,000 awarded shares were granted to certain selected participants under the Share Award Scheme. Details of which are as follows:

			Number of awarded shares							
Grantees	**Date of grant**	**Purchase price**[3] 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 31 March 2025**	**Vesting date**	**Closing price per Share immediately before the grant date** HK$	**Fair value of awards at the grant date**[2] HK$
Directors										
Mr. Sum	15 April 2024	–	–	3,100,000	(3,100,000)	–	–	30 May 2024	0.58	0.57
	5 December 2024	–	–	6,900,000	(6,900,000)	–	–	22 January 2025	0.80	0.82
Mr. Yim Chun Leung	15 April 2024	–	–	1,000,000	(1,000,000)	–	–	30 May 2024	0.58	0.57
	5 December 2024	–	–	3,600,000	(3,600,000)	–	–	22 January 2025	0.80	0.82
Ms. Pun Yue Wai	15 April 2024	–	–	500,000	(500,000)	–	–	30 May 2024	0.58	0.57
	5 December 2024	–	–	1,200,000	(1,200,000)	–	–	22 January 2025	0.80	0.82
Five highest paid individuals[1]	15 April 2024	–	–	5,320,000	(5,320,000)	–	–	30 May 2024	0.58	0.57
	5 December 2024	–	–	13,500,000	(13,500,000)	–	–	22 January 2025	0.80	0.82
Other eligible employees	15 April 2024	–	–	180,000	(180,000)	–	–	30 May 2024	0.58	0.57
	5 December 2024	–	–	1,400,000	(1,400,000)	–	–	22 January 2025	0.80	0.82

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 this annual report.

(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 dates on which the awards that were vested during the Reporting Period was HK$0.94 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.

DEED OF NON-COMPETITION

On 30 August 2016, the Controlling Shareholders, Longjin Investments Limited ("**Longjin**") and Mr. Lau Wing Hung ("**Mr. Lau**") (all together the "**Covenantors**") have entered into a Deed of Non-competition in favor of the Company, pursuant to which the Covenantors have undertaken to the Group that they would not, and would procure that none of their associates (other than any members of the Group) will directly or indirectly engage in any business which competes or is likely to compete, directly or indirectly, with the Group's business in Hong Kong or any other places in which the Group carried on business (the "**Restricted Business**").

If there is any new business opportunity in the Restricted Business, the Covenantors shall refer such new business opportunities to the Group within seven (7) days. Such business opportunity shall have first been offered or made available to the Group and be considered by the independent non-executive Directors or its committees which do not have a material interest in the business opportunity. Each of the Covenantors shall not invest, participate, be engaged in and/or operate in such business opportunity unless the Board or its committees have declined in writing or failed to respond within six (6) months after being notified of such opportunity.

The Covenantors have undertaken to the Company that they will, and will procure their respective associates to use their best endeavors to, provide all necessary information for the annual review by the independent non-executive Directors for the enforcement of the Deed of Non-competition and that they will make annual declaration in the annual report on their compliance with the Deed of Non-competition.

According to the Deed of Non-competition, the undertakings given by the Covenantors under the Deed of Non-competition shall lapse and the Covenantors shall be released from the restrictions imposed on it upon occurrence of the earlier of either of: (i) the date on which the Shares cease to be listed on the Stock Exchange (except for temporary suspension of trading of the Shares); or (ii) the Covenantors and/or their associates (other than any member of the Group) cease to hold or otherwise be interested in, whether directly or indirectly, 30% or more of the voting rights of the Company, whichever occurs first.

On 31 March 2020, Kingshill, Longjin and Mr. Lau have terminated their Deed of Acting in Concert dated 8 January 2016 and Longjin and Mr. Lau ceased to hold, directly or indirectly 30% or more of the voting rights of the Company. Notwithstanding of the aforesaid, since the Controlling Shareholders, being three of the Covenantors (the "**Remaining Covenantors**"), still hold, directly or indirectly, 30% or more of the voting rights of the Company, the Remaining Covenantors will continue to be bound by the non-competition undertaking under the Deed of Non-competition.

The Remaining Covenantors confirmed that they have complied with the Deed of Non-competition for FY2025. The independent non-executive Directors have conducted a review for FY2025 and also reviewed the relevant undertakings and are satisfied that the Deed of Non-competition has been fully complied.

PERMITTED INDEMNITY PROVISION

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

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

As at 31 March 2025, 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	1,198,538,000	59.92%	Long position
Mr. Yim	Beneficial owner	44,020,000	2.20%	Long position
Ms. Pun	Beneficial owner	9,510,000	0.48%	Long position
Dr. Lam	Interests of spouse	600,000	0.03%	Long position

Note:

(1) Mr. Sum is the registered and beneficial owner of 31,250,000 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 31 March 2025, none of the Directors or chief executive of the Company or any of their close associates had or was deemed to have any interests or short positions in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which they were taken or deemed to have under such provisions of the SFO, or which were required to be recorded in the register to be kept by the Company pursuant to section 352 of the SFO, or which were required, pursuant to section 347 of the SFO and the Model Code, to be notified to the Company and the Stock Exchange.

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

As at 31 March 2025, 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	1,198,538,000	59.92%	Long position
Yunnan Baiyao Group[5]	Beneficial owner	200,000,000	10.00%	Long position
Longjin[6]	Beneficial owner	157,050,000	7.85%	Long position
Mr. Lau[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 31,250,000 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 is owned as to 75% by 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 31 March 2025, 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*

CONNECTED TRANSACTION

On 11 November 2024, Po Chai Herbal Technology Limited ("**Po Chai Herbal**") (an indirect wholly-owned subsidiary of JBM Healthcare) and PCHT Herbal Sciences Limited ("**PCHT**") (an indirect wholly-owned subsidiary of JBM Healthcare) as sellers and Europharm Laboratoires Company Limited ("**Europharm**") (an indirect wholly-owned subsidiary of the Company) as purchaser entered an agreement (the "**LCSTH SPA**"), pursuant to which Po Chai Herbal and PCHT agreed to sell 56,500 shares and 44,000 shares of Li Chung Shing Tong (Holdings) Limited ("**LCSTH**") respectively, and Europharm agreed to acquire the shares, at a total cash consideration of HK$46,230,000. LCSTH is a company with limited liability incorporated under the laws of Hong Kong and is principally engaged in the manufacturing and sale of proprietary Chinese medicines. The transaction made LCSTH an associate company of Europharm and, therefore, a permitted entity under the lease of Europharm with Hong Kong Science and Technology Parks Corporation for use certain land and buildings at Tai Po InnoPark (the "**Factory**"). This license arrangement benefits Europharm by generating rental income from the unused Factory space. As at 11 November 2024, (i) Mr. Sum, a director and a controlling shareholder of JBM Healthcare, is interested in approximately 59.58% of the issued shares of the Company, and therefore Europharm is an associate of Mr. Sum and a connected person of JBM Healthcare; and (ii) Mr. Sum, a director and a controlling shareholder of the Company, is interested in approximately 62.39% of the issued shares of JBM Healthcare, and therefore Po Chai Herbal and PCHT are associates of Mr. Sum and connected persons of the Company. Accordingly, the transaction contemplated under the LCSTH SPA constituted a connected transaction of both the Company and JBM Healthcare under Chapter 14A of the Listing Rules.

Details of the sales and purchase of shares in LCSTH were set out in the joint announcement of the Company and JBM Healthcare dated 11 November 2024.

CONTINUING CONNECTED TRANSACTIONS

On 28 February 2025, Europharm and LCSTH entered into a license agreement (the "**2025 License Agreement**") pursuant to which Europharm agreed to grant a license to LCSTH to use a portion of the Factory for a period from 28 January 2025 to 27 January 2028 (both days inclusive) at a monthly license fee of HK$218,000 pursuant to the terms and conditions of the 2025 License Agreement. As at 28 February 2025, (i) Mr. Sum, a director and a controlling shareholder of JBM Healthcare, is interested in approximately 59.92% of the issued shares of the Company, and therefore Europharm is an associate of Mr. Sum and a connected person of JBM Healthcare; and (ii) Mr. Sum, a director and a controlling shareholder of the Company, is interested in approximately 62.39% of the issued shares of JBM Healthcare, and therefore LCSTH is an associate of Mr. Sum and a connected person of the Company. Accordingly, the transaction contemplated under the 2025 License Agreement constituted a connected transaction of JBM Healthcare and a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

On 1 December 2020, Europharm and Europharm Laboratoires (Hong Kong) Company Limited ("**Europharm HK**") (an indirect wholly-owned subsidiary of JBM Healthcare) entered into a license agreement (the "**2020 License Agreement**", together with the 2025 Licence Agreement, the "**License Agreements**") pursuant to which Europharm agreed to grant a license to Europharm HK to use a separate portion of the Factory from 1 December 2020 to 30 November 2025 (both days inclusive) at a monthly license fee of HK$247,000 pursuant to the terms and conditions of the 2020 License Agreement. The license fee under the License Agreements shall be payable by LCSTH and Europharm HK on the first day of each calendar month during the term of the relevant license agreement. The licensing arrangements under the License Agreements benefit Europharm by generating rental income from the unused Factory space.

Since the License Agreements were entered into between members of the JBM Healthcare Group with Europharm in respect of the license of the use of the Factory, the transactions contemplated under the License Agreements were aggregated pursuant to the requirements of the Listing Rules. The annual caps under the License Agreements were HK$990,000, HK$5,580,000, HK$5,580,000 and HK$4,590,000 respectively for each of the period from 28 January 2025 to 31 March 2025, the financial year ending 31 March 2026, the financial year ending 31 March 2027 and the period from 1 April 2027 to 27 January 2028, respectively.

For the year ended 31 March 2025, the license fee payable by LCSTH to Europharm under the License Agreements was HK$990,000.

Details of the 2025 License Agreement were set out in the joint announcement of the Company and JBM Healthcare dated 28 February 2025.

CONTINUING CONNECTED TRANSACTIONS (Continued)

Upon the listing of shares of JBM Healthcare on the Main Board (the "**Listing**") on 5 February 2021, the following transactions in our ordinary and usual course of business constituted continuing connected transactions of our Company under Chapter 14A of the Listing Rules. Details of the following transactions were disclosed in the prospectus of JBM Healthcare dated 26 January 2021.

(I) LOGISTICS SERVICES AGREEMENT

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

The reasons of JBM Healthcare Group for using such logistics services provided by the Jacobson Connected Persons upon the Listing are, among others, (i) the Jacobson Connected Persons and JBM Healthcare Group have established a long-term business relationship and the Jacobson Connected Persons are familiar with the operation flow, product delivery and specific logistics requirements of JBM Healthcare Group and are therefore a reliable supplier of such services; (ii) the logistics aspects of on-going operations of JBM Healthcare Group can continue undisrupted; and (iii) the charges and terms of the utilisation of such logistics services are no less favorable than those provided by independent third parties for similar services.

The 2021 Logistics Services Agreement had an initial term commencing on 5 February 2021 and expired on 31 March 2023, and was renewable upon expiry at the discretion of JBM Healthcare Group on terms to be agreed by the parties. The 2021 Logistics Services Agreement may be terminated during its term by JBM Healthcare by giving our Company not less than three-month's prior written notice.

The charges payable by JBM Healthcare Group for the utilisation of logistics services would be determined with reference to the costs of the Jacobson Connected Persons providing relevant services (taking into account, among others, labour costs, trucking operations and maintenance costs and other related costs) plus a profit margin of 10.0%. The finance department of JBM Healthcare Group would also make reference to quotations of other logistics services provided by independent third parties from time to time to ensure that the terms offered to them under the 2021 Logistics Services Agreement would be comparable to or better than that offered by independent third parties.

The 2021 Logistics Services Agreement expired on 31 March 2023. Prior to its expiration, on 3 March 2023, our Company (on behalf of our subsidiaries excluding JBM Healthcare Group) entered into a new logistics services agreement (the "**2023 Logistics Services Agreement**") with JBM Healthcare (on behalf of its subsidiaries) for the continual carrying on the transactions contemplated thereunder after the expiry of the 2021 Logistics Services Agreement. The 2023 Logistics Services Agreement has a term of three years, commencing on 1 April 2023 and ending on 31 March 2026, and is renewable upon expiry at the discretion of the parties thereto on terms to be agreed by them. The annual caps of charges and service fees under the 2023 Logistics Services Agreement for the financial years ended 31 March 2024 and 31 March 2025 and ending 31 March 2026 are HK$5,000,000, HK$6,000,000 and HK$7,000,000 respectively. The payment term is 30 days from the invoice date. Details on the 2023 Logistics Services Agreement were disclosed in the joint announcement of the Company and JBM Healthcare dated 3 March 2023.

For the year ended 31 March 2025, the provision of logistics services fee payable by JBM Healthcare Group was HK$4,554,000 (FY2024: HK$4,077,000).

(II) MANUFACTURING SERVICES AGREEMENT

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

The manufacture and sale of the Selected Generic Drugs and the relevant production facilities had been part of the Ho Chai Kung business prior to its acquisition by JBM Healthcare Group (the "**HCK Acquisition**"). Given the nature of the products, the marketing and sales of the Selected Generic Drugs were restructured and accordingly conducted under the manufacturing, marketing and sale of generic drugs of the Group (excluding JBM Healthcare Group) following the HCK Acquisition. Nevertheless, due to the pre-existing product registration and manufacturing license arrangements and to make use of the spare production capacity of the relevant production facilities, the production of the Selected Generic Drugs has remained under the Ho Chai Kung business (which forms part of JBM Healthcare Group pursuant to the Reorganisation) and was accordingly being formalised under the 2021 Manufacturing Services Agreement as continuing connected transactions.

CONTINUING CONNECTED TRANSACTIONS (Continued)

(II) MANUFACTURING SERVICES AGREEMENT (Continued)

On the other hand, JBM Healthcare Group has established a long-term business relationship with the Jacobson Connected Persons and JBM Healthcare Group is a reliable business partner and stable customer to the Group.

The 2021 Manufacturing Services Agreement had an initial term commencing on 5 February 2021 and expired on 31 March 2023, and was renewable upon expiry at the discretion of JBM Healthcare Group on terms to be agreed by the parties. The 2021 Manufacturing Services Agreement may be terminated during its term by JBM Healthcare (in respect of the manufacturing services of Dr. Freeman Products) by giving our Company not less than three-month's prior written notice or by agreement of both parties.

The manufacturing services fees of the Selected Generic Drugs payable by the Jacobson Connected Persons to JBM Healthcare Group and the manufacturing services fees payable by JBM Healthcare Group to the Jacobson Connected Persons under the 2021 Manufacturing Services Agreement would be determined with reference to the costs of manufacturing, including all fixed and variable costs of labour, raw materials, electricity and utility charges and other production overheads, plus a profit margin of 15.0%, which would be no less favorable than (i) the prices chargeable by JBM Healthcare Group to independent third parties or (ii) the prices chargeable by independent third parties to JBM Healthcare Group.

The 2021 Manufacturing Services Agreement expired on 31 March 2023. Prior to its expiration, on 3 March 2023, our Company (on behalf of our subsidiaries excluding JBM Healthcare Group) entered into a new manufacturing services agreement (the "**2023 Manufacturing Services Agreement**") with JBM Healthcare (on behalf of its subsidiaries), pursuant to which (i) JBM Healthcare Group shall continue to provide manufacturing services of Selected Generic Drugs to the Jacobson Group and (ii) the Jacobson Group shall provide manufacturing services of branded healthcare products, such as antiseptic hand rubs, antiseptic alcohol, lotion and mouthwash, cough syrup and capsules for cough and nasal congestion (the "**Branded Healthcare Products**") to the JBM Healthcare Group, after the expiry of the 2021 Manufacturing Services Agreement. The 2023 Manufacturing Services Agreement has a term of three years, commencing on 1 April 2023 and ending on 31 March 2026, and is renewable upon expiry at the discretion of the parties thereto on terms to be agreed by them. Pursuant to the 2023 Manufacturing Services Agreement, the annual caps of manufacturing services fees of the Selected Generic Drugs for the financial years ended 31 March 2024 and 31 March 2025 and ending 31 March 2026 are HK$3,500,000, HK$3,500,000 and HK$3,500,000 respectively, whereas the annual caps of manufacturing services fees of the Branded Healthcare Products for the financial years ended 31 March 2024 and 31 March 2025 and ending 31 March 2026 are HK$3,000,000, HK$4,000,000 and HK$5,000,000 respectively. The payment term is 30 days from the invoice date. Details on the 2023 Manufacturing Services Agreement were disclosed in the joint announcement of the Company and JBM Healthcare dated 3 March 2023.

On 2 April 2024, in anticipation of the increase in orders for the Selected Generic Drugs, the Company and JBM Healthcare envisaged that the annual caps in respect of the services fees for the manufacturing of Selected Generic Drugs for the year ended 31 March 2025 and ending 31 March 2026 as contemplated under the 2023 Manufacturing Services Agreement (the "**Existing Annual Caps**") will not be sufficient. Therefore, with effect from 2 April 2024, the Existing Annual Caps have been revised and increased to HK$5,000,000 and HK$6,500,000 for the year ended 31 March 2025 and ending 31 March 2026 respectively. Details on the revision of the Existing Annual Caps under the 2023 Manufacturing Services Agreement were disclosed in the joint announcement of the Company and JBM Healthcare dated 2 April 2024.

The amount for provision of manufacturing services of the Selected Generic Drugs by JBM Healthcare Group for the year ended 31 March 2025 was HK$4,189,000 (FY2024: HK$3,390,000) while the amount for provision of manufacturing services of the Branded Healthcare Products to JBM Healthcare Group for the year ended 31 March 2025 was HK$209,000 (FY2024: HK$112,000).

(III) OVERSEAS SALES ADMINISTRATIVE SERVICES AGREEMENT

On 19 January 2021, our Company (on behalf of our subsidiaries excluding JBM Healthcare Group) entered into an agreement (the "**2021 Overseas Sales Administrative Services Agreement**") with JBM Healthcare (on behalf of its subsidiaries) which was conditional upon the Listing, to govern the provision of the overseas sales administrative services of the Group (excluding JBM Healthcare Group) in Macau, Singapore and Taiwan to JBM Healthcare Group.

The reasons for entering into the 2021 Overseas Sales Administrative Services Agreement are that, among others, the JBM Healthcare Group has established a long-term business relationship with the Group and is a reliable business partner and stable customer to the Group.

The 2021 Overseas Sales Administrative Services Agreement had an initial term commencing on 5 February 2021 and expired on 31 March 2023, and was renewable upon expiry at the discretion of JBM Healthcare Group on terms to be agreed by the parties. The 2021 Overseas Sales Administrative Services Agreement may be terminated during its term by JBM Healthcare by giving our Company not less than three-month's prior written notice or by agreement of both parties.

CONTINUING CONNECTED TRANSACTIONS (Continued)

(III) OVERSEAS SALES ADMINISTRATIVE SERVICES AGREEMENT (Continued)

The services fee under the 2021 Overseas Sales Administrative Services Agreement payable by JBM Healthcare Group would be determined with reference to the costs and expenses of providing relevant services (such as salaries of staff employed and related expenses, and general office and administrative expenses).

The 2021 Overseas Sales Administrative Services Agreement expired on 31 March 2023. Prior to its expiration, on 3 March 2023, our Company (on behalf of our subsidiaries excluding JBM Healthcare Group) entered into a new overseas sales administrative services agreement ("**2023 Overseas Sales Administrative Services Agreement**") with JBM Healthcare (on behalf of its subsidiaries) for the continue carrying on the provision of the overseas sales administrative services in Macau (including but not limited to orders management, sales and customers support services) by the Group to JBM Healthcare Group, after the expiry of the 2021 Overseas Sales Administrative Services Agreement. The 2023 Overseas Sales Administrative Services Agreement has a term of three years, commencing on 1 April 2023 and ending on 31 March 2026, and is renewable upon expiry at the discretion of the parties thereto on terms to be agreed by them. The annual caps of charges and service fees under the 2023 Overseas Sales Administrative Services Agreement for the financial years ended 31 March 2024 and 31 March 2025 and ending 31 March 2026 are HK$3,000,000, HK$3,500,000 and HK$4,000,000 respectively. The payment term is 30 days from the invoice date. Details on the 2023 Overseas Sales Administrative Services Agreement were disclosed in the joint announcement of the Company and JBM Healthcare dated 3 March 2023.

For the year ended 31 March 2025, the provision of overseas sales administrative services fee payable by JBM Healthcare Group was HK$624,000 (FY2024: HK$658,000).

As at 31 March 2025, (i) Mr. Sum, a non-executive director, the chairman, and a controlling shareholder of JBM Healthcare, is interested in approximately 59.92% of the issued shares of the Company, and therefore, the Company is an associate of Mr. Sum and a connected person of JBM Healthcare; and (ii) Mr. Sum, our chairman, executive Director, chief executive officer and one of our Controlling Shareholders, is interested in approximately 62.39% of the issued shares of JBM Healthcare, and therefore, JBM Healthcare is an associate of Mr. Sum and a connected person of the Company. As such, the transactions contemplated under each of the abovementioned License Agreements, 2023 Logistics Services Agreement, 2023 Manufacturing Services Agreement and 2023 Overseas Sales Administrative Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios is more than 0.1% but less than 5%, pursuant to Rule 14A.76(2)(a) of the Listing Rules, each of these continuing connected transactions will be exempt from the circular and independent shareholders' approval requirements but subject to the announcement, reporting, and annual review requirements under Chapter 14A of the Listing Rules.

The independent non-executive Directors have reviewed the continuing connected transactions under each of the License Agreements, 2023 Logistics Services Agreement, 2023 Manufacturing Services Agreement and 2023 Overseas Sales Administrative Services Agreement for the year ended 31 March 2025 (the "**Transactions**") and confirmed that the Transactions have been entered into: (i) in the ordinary and usual course of the Group's business; (ii) on normal commercial terms or better; and (iii) in accordance with the terms of the respective agreements governing such transactions on terms that were fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Company's auditor was engaged to report on the Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued their unqualified letter containing the auditor's findings and conclusions in respect of the Transactions in accordance with Rule 14A.56 of the Listing Rules and confirming that nothing has come to its attention that causes it to believe that the Transactions (1) have not been approved by the Board; (2) were not, in all material respects, in accordance with the pricing policies of the Group for transactions involving the provision of goods and services by the Group; (3) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (4) have exceeded the relevant annual caps as set by the Company.

Save as disclosed above, none of the related party transactions constitutes a discloseable connected transaction or a continuing connected transaction under Chapter 14A of the Listing Rules. It is confirmed that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

For the Reporting Period, the aggregate revenue attributable to the Group's five largest customers was 53.3% (FY2024: 51.7%) of the total revenue. The largest customer accounted for 48.0% (FY2024: 46.3%) of the Group's revenue.

For the Reporting Period, the aggregate purchases attributable to the Group's five largest suppliers accounted for less than 30% of the total purchases for the year.

To the best knowledge of the Directors, neither the Directors, their close associates, nor any shareholders who own more than 5% of the issued Shares (excluding treasury shares, if any), had any beneficial interest in the Group's five largest customers during the Reporting Period.

REMUNERATION POLICY

Details of the Company's remuneration policy are set out in the section headed "Remuneration Policy" of the Management Discussion & Analysis of this annual report.

RETIREMENT BENEFIT SCHEMES

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

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

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

CHARITABLE DONATION

During the Reporting Period, the Group made a total of HK$93,600 (FY2024: HK$128,000) in charitable donations.

AUDITOR

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditor of the Company is to be proposed at the 2025 AGM. There has been no change of auditor in the past three years.

On behalf of the Board

Sum Kwong Yip, Derek
Chairman
13 June 2025

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the shareholders of
Jacobson Pharma Corporation Limited
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Jacobson Pharma Corporation Limited ("**the Company**") and its subsidiaries ("**the Group**") set out on pages 58 to 123, which comprise the consolidated statement of financial position as at 31 March 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

Key Audit Matter

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

Assessing potential impairment of goodwill

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

The Key Audit Matter	How the matter was addressed in our audit
The carrying value of the Group's goodwill which amounted to HK$183,722,000 as at 31 March 2025 was allocated to the Group's generic drugs business. Management performs an annual impairment assessment of goodwill by assessing its value in use by preparing discounted cash flow forecasts and comparing the net present value of the cash flow forecast with carrying value of the cash generating unit ("**CGU**") to which the goodwill has been allocated to determine if any impairment is required. Management exercises significant judgement in determining certain key assumptions, including revenue growth rates, gross margins and the discount rates applied, when preparing the discounted cash flow forecasts. We identified assessing potential impairment of goodwill as a key audit matter because of the significance of goodwill to the Group's total assets and because the assessment of potential impairment of goodwill requires significant management judgement, particularly in estimating the future cash flows, which may be inherently uncertain, and in determining an appropriate discount rates, which could be subject to management bias.	Our audit procedures to assess the potential impairment of goodwill included the following: • evaluating management's identification of CGUs and the allocation of assets to each relevant CGU and with the assistance of our internal valuation specialists, assessing the methodology applied by management in its impairment assessments with reference to the requirements of the prevailing accounting standards; • challenging the revenue growth rates and gross margins adopted by management in its preparation of the discounted cash flow forecasts by referring to industry and other available third party information, the recent financial performance of each relevant CGU and management's plans for future operations; • with the assistance of our internal valuation specialists, assessing the discount rates used in the discounted cash flow forecasts by benchmarking against other comparable companies and considering the risks specific to each relevant CGU; • obtaining from management sensitivity analyses of the key assumptions, including revenue growth rates, gross margins and the discount rates, adopted in the discounted cash flow forecasts to evaluate the impact on the headroom for each relevant CGU and assessing the impact of changes in the key assumptions to the conclusions reached and whether there are any indicators of management bias; • comparing the key assumptions included in the discounted cash flow forecasts prepared in the prior year with the current year's performance of each relevant CGU and making enquiries of management as to the reasons for any significant variations identified, to assess whether the judgement made by management in the preparation of the discounted cash flow forecasts in the prior year indicated possible management bias; and • assessing the reasonableness of the disclosures in the consolidated financial statements in respect of management's impairment assessment with reference to the requirements of the prevailing accounting standards.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

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

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

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

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

Responsibilities of the Directors for the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Lee Ka Nang (practising certificate number: P05456).

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
13 June 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

	Note	Year ended 31 March 2025 HK$'000	2024 HK$'000
Continuing operations			
Revenue	2	**1,576,897**	1,467,798
Cost of sales		**(883,958)**	(847,323)
Gross profit		**692,939**	620,475
Other net income	3	**45,898**	45,028
Selling and distribution expenses		**(123,965)**	(128,690)
Administrative and other operating expenses		**(200,272)**	(203,687)
Profit from operations		**414,600**	333,126
Finance costs	4(A)	**(41,372)**	(78,708)
Share of profits of associates		**398**	165
Profit before taxation	4	**373,626**	254,583
Income tax	5(A)	**(72,793)**	(44,414)
Profit for the year from continuing operations		**300,833**	210,169
Discontinued operations			
Profit for the year from discontinued operations	30(A)	**–**	52,392
Net gain on distribution in specie	30(C)	**–**	28,217
Profit for the year		**300,833**	290,778
Other comprehensive income for the year			
Item that will not be reclassified subsequently to profit or loss, net of nil tax:			
Revaluation of financial assets at fair value through other comprehensive income		**(99,042)**	(18,747)
Items that may be reclassified subsequently to profit or loss, net of nil tax:			
Exchange differences on translation of financial statements of operations outside Hong Kong		**(618)**	(578)
Release of exchange reserve upon disposal of a subsidiary		**–**	102
Release of exchange reserve upon distribution in specie	30(C)	**–**	418
Other comprehensive income for the year		**(99,660)**	(18,805)
Total comprehensive income for the year		**201,173**	271,973
Profit attributable to:			
Equity shareholders of the Company		**300,833**	266,968
Non-controlling interests		**–**	23,810
Total profit for the year		**300,833**	290,778
Profit attributable to equity shareholders of the Company arises from:			
– Continuing operations		**300,833**	210,236
– Discontinued operations		**–**	56,732
		300,833	266,968

	Note	Year ended 31 March 2025 HK$'000	2024 HK$'000
Total comprehensive income attributable to:			
Equity shareholders of the Company		**201,173**	249,262
Non-controlling interests		**–**	22,711
Total comprehensive income for the year		**201,173**	271,973
Total comprehensive income attributable to equity shareholders of the Company arises from:			
– Continuing operations		**201,173**	193,815
– Discontinued operations		**–**	55,447
		201,173	249,262
		HK cents	HK cents
Earnings per Share:	8		
Basic and diluted			
– Continuing operations		**15.15**	10.95
– Discontinued operations		**–**	2.95
		15.15	13.90

Note: The results of branded healthcare segment are classified as discontinued operations of the Group during the year ended 31 March 2024.

The notes on pages 63 to 123 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 9.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2025

	Note	As at 31 March 2025 HK$'000	2024 HK$'000
Non-current assets			
Investment properties	10	**163,880**	197,790
Property, plant and equipment	10	**1,494,092**	1,301,425
Intangible assets	11	**421,135**	435,849
Interests in associates	13	**50,825**	23,537
Other non-current assets	14	**68,487**	95,014
Other financial assets	17	**398,558**	457,970
Deferred tax assets	22	**10,231**	10,853
		2,607,208	2,522,438
Current assets			
Inventories	15	**332,879**	317,857
Trade and other receivables	16	**194,440**	233,363
Current tax recoverable		**1,590**	1,259
Cash and cash equivalents	18	**509,045**	411,937
		1,037,954	964,416
Current liabilities			
Trade and other payables and contract liabilities	19	**258,730**	216,467
Bank loans	21	**237,200**	112,800
Lease liabilities	20	**24,010**	26,872
Current tax payable		**33,200**	16,704
		553,140	372,843
Net current assets		**484,814**	591,573
Total assets less current liabilities		**3,092,022**	3,114,011
Non-current liabilities			
Bank loans	21	**476,500**	592,200
Lease liabilities	20	**35,501**	17,507
Deferred tax liabilities	22	**102,582**	107,944
		614,583	717,651
NET ASSETS		**2,477,439**	2,396,360
CAPITAL AND RESERVES			
Share capital	23	**19,942**	19,802
Reserves	25	**2,433,278**	2,352,339
Total equity attributable to equity shareholders of the Company		**2,453,220**	2,372,141
Non-controlling interests		**24,219**	24,219
TOTAL EQUITY		**2,477,439**	2,396,360

Approved and authorised for issue by the Board on 13 June 2025.

Mr. Sum Kwong Yip, Derek
Director

Mr. Yim Chun Leung
Director

The notes on pages 63 to 123 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2025

		Attributable to equity shareholders of the Company									
		Share capital (Note 23)	Share premium (Note 25(A))	Shares held for share award schemes (Note 26)	Capital reserve (Note 25(B))	Exchange reserve (Note 25(C))	Fair value reserve (non-recycling) (Note 25(D))	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 year		–	–	–	–	–	–	266,968	266,968	23,810	290,778
Other comprehensive income		–	–	–	–	(58)	(17,648)	–	(17,706)	(1,099)	(18,805)
Total comprehensive income for the year		–	–	–	–	(58)	(17,648)	266,968	249,262	22,711	271,973
Dividend approved in respect of the previous year	9(B)	–	–	–	–	–	–	(45,519)	(45,519)	–	(45,519)
Dividend declared in respect of the current year	9(A)	–	–	–	–	–	–	(48,084)	(48,084)	–	(48,084)
Dividends paid by subsidiaries attributable to non-controlling interests		–	–	–	–	–	–	–	–	(10,514)	(10,514)
Disposal of a subsidiary		–	–	–	308	–	–	(308)	–	–	–
Placing of new ordinary shares		660	38,238	–	–	–	–	–	38,898	–	38,898
Employee share award schemes-value of employee services	4(B)	–	–	–	19,368	–	–	–	19,368	–	19,368
Realised loss on disposals of equity investments designated at FVOCI (non-recycling)		–	–	–	–	–	34,171	(34,171)	–	–	–
Shares acquired for the Share Award Scheme	26(A)	(124)	–	(7,561)	–	–	–	–	(7,685)	–	(7,685)
Shares vested for the Share Award Scheme	26(A)	188	–	17,341	(13,202)	–	–	(4,327)	–	–	–
JBM Healthcare Shares vested for share award scheme of JBM Healthcare	26(C)	–	–	5,184	(12,340)	–	–	996	(6,160)	6,160	–
Distribution in specie	30	–	–	103	19,348	–	17,087	(601,166)	(564,628)	(513,971)	(1,078,599)
At 31 March 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
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 year		**–**	**–**	**–**	**–**	**–**	**–**	**300,833**	**300,833**	**–**	**300,833**
Other comprehensive income		**–**	**–**	**–**	**–**	**(618)**	**(99,042)**	**–**	**(99,660)**	**–**	**(99,660)**
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**(618)**	**(99,042)**	**300,833**	**201,173**	**–**	**201,173**
Dividend approved in respect of the previous year	9(B)	**–**	**–**	**–**	**–**	**–**	**–**	**(59,572)**	**(59,572)**	**–**	**(59,572)**
Dividend declared in respect of the current year	9(A)	**–**	**–**	**–**	**–**	**–**	**–**	**(69,798)**	**(69,798)**	**–**	**(69,798)**
Share Award Scheme – value of employee services	4(B)	**–**	**–**	**–**	**15,353**	**–**	**–**	**–**	**15,353**	**–**	**15,353**
Shares acquired for the Share Award Scheme	26(A)	**(64)**	**–**	**(6,013)**	**–**	**–**	**–**	**–**	**(6,077)**	**–**	**(6,077)**
Shares vested for the Share Award Scheme	26(A)	**204**	**–**	**16,294**	**(18,593)**	**–**	**–**	**2,095**	**–**	**–**	**–**
At 31 March 2025		**19,942**	**1,038,133**	**(4,882)**	**148,412**	**3,601**	**72,437**	**1,175,577**	**2,453,220**	**24,219**	**2,477,439**

The notes on pages 63 to 123 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2025

	Note	Year ended 31 March 2025 HK$'000	2024 HK$'000
Operating activities			
Cash generated from operations	18(B)	588,145	541,295
Income tax paid		(61,368)	(56,932)
Net cash generated from operating activities		526,777	484,363
Investing activities			
Payment for purchase of property, plant and equipment, intangible assets and other assets		(248,383)	(129,509)
Proceeds from disposals of property, plant and equipment		1,118	237
Interest received		14,713	24,489
Dividend received from an investment		1,981	3,678
Payment for investment in an associate		(46,230)	–
Payment for other financial assets		(17,081)	–
Purchases of key-management insurance		(3,876)	–
Proceeds from sale of other financial assets		–	35,327
Proceeds from disposal of equity interest in an associate		–	9,120
Decrease in non-pledged time deposits with original maturity of over three months		–	100,000
Net cash (used in)/generated from investing activities		(297,758)	43,342
Financing activities			
Capital element of lease rentals paid	18(C)	(32,975)	(37,522)
Interest element of lease rentals paid	18(C)	(2,468)	(1,678)
Proceeds from bank loans	18(C)	530,000	852,000
Repayment of bank loans	18(C)	(521,300)	(1,572,000)
Other borrowing costs paid	18(C)	(38,904)	(68,997)
Dividends paid		(59,572)	(93,603)
Payments for shares held for the Share Award Scheme	26(A)	(6,077)	(7,685)
Dividends paid to non-controlling interests		–	(10,514)
Distribution in specie		–	(152,154)
Net proceeds from placing of new ordinary shares		–	38,898
Net cash used in financing activities		(131,296)	(1,053,255)
Net increase/(decrease) in cash and cash equivalents		97,723	(525,550)
Cash and cash equivalents at the beginning of the year	18(A)	411,937	936,418
Effect of foreign exchange rate changes		(615)	1,069
Cash and cash equivalents at the end of the year	18(A)	509,045	411,937

The notes on pages 63 to 123 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Material Accounting Policies

(A) STATEMENT OF COMPLIANCE

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

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

(B) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 March 2025 comprise the Company and its subsidiaries and the Group's interests in associates.

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

(C) ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in note 33.

(D) BASIS OF MEASUREMENT

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**") and prepared on the historical cost basis except that the following assets and liabilities are stated at their fair values as explained in the accounting policies set out below:

- investment properties (see note 1(K)); and

- investments measured as financial assets at fair value through other comprehensive income ("**FVOCI**") and fair value through profit or loss ("**FVPL**") (see note 1(J)).

1 Material Accounting Policies (Continued)

(E) 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* ("**2020 amendments**") and amendments to HKAS 1, *Presentation of financial statements – Non-current liabilities with covenants* ("**2022 amendments**")

- 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*

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

Amendments to HKAS 1, *Presentation of financial statements* (the 2020 and 2022 amendments, collectively the "HKAS 1 amendments")

The HKAS 1 amendments impact the classification of a liability as current or non-current, and have been applied retrospectively as a package.

The 2020 amendments primarily clarify the classification of a liability that can be settled in its own equity instruments. If the terms of a liability could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments and that conversion option is accounted for as an equity instrument, these terms do not affect the classification of the liability as current or non-current. Otherwise, the transfer of equity instruments would constitute settlement of the liability and impact classification.

The 2022 amendments specify that conditions with which an entity must comply after the reporting date do not affect the classification of a liability as current or non-current. However, the entity is required to disclose information about non-current liabilities subject to such conditions.

The HKAS 1 amendments do not have a material impact on the Group's financial statements.

Amendments to HKFRS 16, *Leases – Lease liability in a sale and leaseback*

The amendments clarify how an entity accounts for a sale and leaseback after the date of the transaction. The amendments require the seller-lessee to apply the general requirements for subsequent accounting of the lease liability in such a way that it does not recognise any gain or loss relating to the right of use it retains. A seller-lessee is required to apply the amendments retrospectively to sale and leaseback transactions entered into after the date of initial application. The amendments do not have a material impact on these financial statements as the Group has not entered into any sale and leaseback transactions.

Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: disclosures – Supplier finance arrangements*

The amendments introduce new disclosure requirements to enhance transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments do not have a material impact on these financial statements as the Group does not have any supplier finance arrangement.

1 Material Accounting Policies (Continued)

(F) SUBSIDIARIES AND NON-CONTROLLING INTERESTS

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

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

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

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

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

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

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

1 Material Accounting Policies (Continued)

(G) ASSOCIATES AND JOINT VENTURES

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

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

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale (see note 1(AA)). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate or joint venture that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see notes 1(I) and 1(O)(ii)). At each reporting date, the Group assesses whether there is any objective evidence that the investment is impaired. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

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

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

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

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

In the Company's statement of financial position, investments in associates and joint ventures are stated at cost less impairment losses, unless classified as held for sale (or included in a disposal group that is classified as held for sale).

(H) BUSINESS COMBINATIONS

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

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

1 Material Accounting Policies (Continued)

(I) GOODWILL

Goodwill represents the excess of

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

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

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

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

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

(J) OTHER INVESTMENTS IN DEBT AND EQUITY SECURITIES

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

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 27(E). These investments are subsequently accounted for as follows, depending on their classification.

(i) Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see note 1(X)(iii)).

– FVOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

– FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) Equity investments

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

1 Material Accounting Policies (Continued)

(K) INVESTMENT PROPERTIES

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 1(N)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 1(X)(v).

(L) PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(O)(ii)), except for freehold land which is stated at cost less accumulated impairment losses.

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

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

– Freehold land is not depreciated.

– Leasehold land and buildings are depreciated over the unexpired term of lease.

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

– Machinery and equipment	5–20 years
– Furniture, fixtures and office equipment	4–20 years
– Motor vehicles	4–10 years
– Leasehold improvements	Shorter of the lease term or 9–10 years

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

1 Material Accounting Policies (Continued)

(M) INTANGIBLE ASSETS (OTHER THAN GOODWILL)

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

– Unpatented drugs	10–30 years
– Technology knowhow	25 years
– Customer relationship	10–20 years
– Capitalised development costs	30 years
– Software	5–10 years
– Distribution rights	Over the distribution agreement term of 3-15 years

Both the period and method of amortisation are reviewed annually.

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

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if it can be demonstrated that the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs, where applicable (see note 1(Z)). Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see note 1(O)(ii)). Other development expenditure is recognised as an expense in the period in which it is incurred.

1 Material Accounting Policies (Continued)

(N) LEASED ASSETS

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

(i) As a lessee

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

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

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

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

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

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("**lease modification**") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

The Group presents right-of-use assets that do not meet the definition of investment property in "property, plant and equipment" and presents lease liabilities separately in the consolidated statement of financial position.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

1 Material Accounting Policies (Continued)

(N) LEASED ASSETS (Continued)

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying asset to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 1(X)(v).

(O) CREDIT LOSSES AND IMPAIRMENT OF ASSETS

(i) Credit losses from financial instruments

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

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

Measurement of ECLs

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

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material.

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

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

ECLs are measured on either of the following bases:

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

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

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

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

1 Material Accounting Policies (Continued)

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

(i) Credit losses from financial instruments (Continued)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

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

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

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

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

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

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

Basis of calculation of interest income

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

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

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

– significant financial difficulties of the debtor;

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

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

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

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

1 Material Accounting Policies (Continued)

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

(i) Credit losses from financial instruments (Continued)

Write-off policy

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

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

(ii) Impairment of other non-current assets

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

– property, plant and equipment, including right-of-use assets;

– intangible assets;

– goodwill; and

– investment in subsidiaries in the Company's statement of financial position.

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

– ***Calculation of recoverable amount***

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit). A portion of the carrying amount of a corporate asset is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

– ***Recognition of impairment losses***

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

– ***Reversals of impairment losses***

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

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

1 Material Accounting Policies (Continued)

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

(iii) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 1(O)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(P) INVENTORIES

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

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

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

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

(Q) TRADE AND OTHER RECEIVABLES

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

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measure at fair value plus transaction costs. All receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses (see note 1(O)(i)).

(R) INTEREST-BEARING BORROWINGS

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

(S) TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

(i) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(ii) Contract liabilities

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

1 Material Accounting Policies (Continued)

(T) CASH AND CASH EQUIVALENTS

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

(U) EMPLOYEE BENEFITS

(i) Short-term employee benefits and contributions to defined contribution retirement plans

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

(ii) Share-based payment arrangements

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vests (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained earnings).

(iii) Defined benefit plan obligations

The Group has the following category of defined benefit plan:

– *LSP under the Hong Kong Employment Ordinance*

The Group's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. For LSP obligations, the estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees. The calculation of defined benefit obligation is performed by a qualified actuary using the projected unit credit method.

Remeasurements arising from the defined benefit plan, which comprise actuarial gains and losses, and the effect of any asset ceiling (excluding interest), are recognised immediately in other comprehensive income. Net interest expense for the period is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the reporting period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period. Net interest expense and other expenses related to defined benefit plan are recognised in profit or loss.

1 Material Accounting Policies (Continued)

(V) INCOME TAX

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

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

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

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

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

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 1(K), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

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

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

1 Material Accounting Policies (Continued)

(V) INCOME TAX (Continued)

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

- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(W) PROVISIONS, CONTINGENT LIABILITIES AND ONEROUS CONTRACTS

(i) Provision and contingent liabilities

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

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

(ii) Onerous contracts

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of fulfilling the contract. The cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling that contract.

(X) REVENUE AND OTHER INCOME

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

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

(i) Sale of goods

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

(ii) Commission income

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

(iii) Interest income

Interest income is recognised as it accrues under the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 1(O)(i)).

1 Material Accounting Policies (Continued)

(X) REVENUE AND OTHER INCOME (Continued)

(iv) Dividends

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

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(v) Rental income from leases

Rental income receivable under leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(vi) Subcontracting income

Subcontracting income is recognised when the subcontracting service is rendered.

(vii) Government grants

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Company will comply with the conditions attaching to them. Grants that compensate the Company for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Company for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(Y) TRANSLATION OF FOREIGN CURRENCIES

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

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

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

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

(Z) BORROWING COSTS

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

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

1 Material Accounting Policies (Continued)

(AA) NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the consolidated statement of profit or loss and comprehensive income, which comprises:

– the post-tax profit or loss of the discontinued operation; and

– the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

(BB) RELATED PARTIES

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

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

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

1 Material Accounting Policies (Continued)

(CC) SEGMENT REPORTING

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

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

2 Revenue and Segment Reporting

(A) REVENUE

The principal activities of the Group are development, production, marketing and sale of generic drugs. All the revenue for the years ended 31 March 2025 and 2024 was recognised in accordance with HKFRS 15, *Revenue from contracts with customers* ("**HKFRS 15**"). The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contracts and does not disclose information about remaining performance obligations that have original expected duration of one year or less.

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

(B) SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following 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 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 these financial statements.

As discussed in note 30, 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 year ended 31 March 2024.

2 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 year is set out below:

	Continuing operations Generic drugs		Discontinued operations Branded healthcare		Total	
	Year ended 31 March		Year ended 31 March		Year ended 31 March	
	2025 HK$'000	2024 HK$'000	**2025 HK$'000**	2024 HK$'000	**2025 HK$'000**	2024 HK$'000
Revenue from external customers recognised at a point in time	**1,576,897**	1,467,798	**–**	242,521	**1,576,897**	1,710,319
Inter-segment revenue	**–**	16	**–**	1,381	**–**	1,397
Reportable segment revenue	**1,576,897**	1,467,814	**–**	243,902	**1,576,897**	1,711,716
Reportable segment profit (adjusted EBITDA)	**572,765**	453,079	**–**	82,734	**572,765**	535,813

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

	Continuing operations Year ended 31 March		Discontinued operations Year ended 31 March	
	2025 HK$'000	2024 HK$'000	**2025 HK$'000**	2024 HK$'000
Revenue				
Reportable segment revenue	**1,576,897**	1,467,814	**–**	243,902
Elimination of inter-segment revenue	**–**	(16)	**–**	(1,381)
Consolidated revenue	**1,576,897**	1,467,798	**–**	242,521
Profit				
Reportable segment profit	**572,765**	453,079	**–**	82,734
Elimination of inter-segment profit	**–**	(8)	**–**	(211)
Reportable segment profit derived from the Group's external customers	**572,765**	453,071	**–**	82,523
Interest income from bank deposits and investments	**14,713**	24,006	**–**	483
Dividend income from an investment	**1,981**	3,678	**–**	–
Gain on deemed disposal of an associate	**741**	–	**–**	–
Share of profits/(losses) of associates	**398**	165	**–**	(600)
Fair value gain on a convertible promissory note	**172**	–	**–**	–
Depreciation and amortisation	**(143,871)**	(141,823)	**–**	(14,699)
Finance costs	**(41,372)**	(78,708)	**–**	(3,260)
Fair value loss on investment properties	**(30,323)**	(7,429)	**–**	–
Loss on changes in fair value of investments in key-management insurance	**(1,578)**	–	**–**	–
Gain on disposal of an associate	**–**	1,623	**–**	–
Share of losses of joint ventures	**–**	–	**–**	(2)
Consolidated profit before taxation	**373,626**	254,583	**–**	64,445

2 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 Year ended 31 March		Discontinued operations Year ended 31 March	
	2025 HK$'000	2024 HK$'000	**2025 HK$'000**	2024 HK$'000
Revenue from external customers				
Hong Kong (place of domicile)	**1,514,593**	1,421,374	**–**	179,022
Mainland China	**34,575**	33,385	**–**	39,226
Macau	**27,630**	12,903	**–**	11,894
Singapore	**–**	136	**–**	4,648
Others	**99**	–	**–**	7,731
	1,576,897	1,467,798	**–**	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 ("**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.

	As at 31 March	
	2025 HK$'000	2024 HK$'000
Specified non-current assets		
Hong Kong (place of domicile)	**2,104,803**	1,938,213
Mainland China	**23,213**	24,988
Macau	**96**	132
Taiwan	**4,350**	4,198
Cambodia	**65,957**	86,084
	2,198,419	2,053,615

(iv) Information about major customers

For the year ended 31 March 2025, the Group's customer base includes one (2024: 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$757,202,000 (2024: HK$679,944,000).

3 Other Net Income

	Continuing operations Year ended 31 March		Discontinued operations Year ended 31 March	
	2025 HK$'000	2024 HK$'000	**2025 HK$'000**	2024 HK$'000
Interest income from bank deposits and investments	**14,713**	24,006	**–**	483
Net distribution and logistic service income	**37,926**	361	**–**	–
Subcontracting income	**7,991**	9,864	**–**	–
Rental income	**10,571**	6,871	**–**	–
Dividend income from an investment	**1,981**	3,678	**–**	–
Net foreign exchange gain/(loss)	**300**	(102)	**–**	2,440
Government subsidies	**231**	90	**–**	–
Fair value loss on investment properties	**(30,323)**	(7,429)	**–**	–
Net loss on disposals of property, plant and equipment	**(3,193)**	(53)	**–**	(5)
Gain on deemed disposal of an associate	**741**	–	**–**	–
Fair value gain on a convertible promissory note	**172**	–	**–**	–
Loss on changes in fair value of investments in key-management insurance	**(1,578)**	–	**–**	–
Net loss on disposals of intangible assets	**(909)**	–	**–**	–
Gain on disposal of an associate	**–**	1,623	**–**	–
Commission income	**–**	–	**–**	1,041
Others	**7,275**	6,119	**–**	1,754
	45,898	45,028	**–**	5,713

4 Profit Before Taxation

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

	Continuing operations Year ended 31 March		Discontinued operations Year ended 31 March	
	2025 HK$'000	2024 HK$'000	**2025 HK$'000**	2024 HK$'000
(A) FINANCE COSTS				
Interest on bank loans and other borrowings (note 18(C))	**38,904**	77,104	**–**	3,186
Interest on lease liabilities (note 18(C))	**2,468**	1,604	**–**	74
	41,372	78,708	**–**	3,260

4 Profit Before Taxation (Continued)

	Continuing operations Year ended 31 March		Discontinued operations Year ended 31 March	
	2025 HK$'000	2024 HK$'000	**2025 HK$'000**	2024 HK$'000
(B) STAFF COSTS				
Salaries, wages and other benefits	**439,171**	420,517	**–**	47,881
Contributions to defined contribution retirement schemes	**18,529**	18,105	**–**	1,810
Equity-settled share-based payment expenses	**15,353**	13,438	**–**	5,930
	473,053	452,060	**–**	55,621

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

Pursuant to the relevant labour rules and regulations in the PRC, the Group participates in defined contribution retirement benefit scheme (the "**Scheme**") organised by the relevant local government authority in the PRC whereby the Group is required to make contributions to the Scheme at 16% (2024: 14%) of the standard wages determined by the relevant authority in the PRC.

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

	Continuing operations Year ended 31 March		Discontinued operations Year ended 31 March	
	2025 HK$'000	2024 HK$'000	**2025 HK$'000**	2024 HK$'000
(C) OTHER ITEMS				
Depreciation (note 10)				
– owned property, plant and equipment	**90,318**	84,037	**–**	5,564
– right-of-use assets	**34,878**	37,291	**–**	1,789
	125,196	121,328	**–**	7,353
Amortisation of intangible assets (note 11)	**18,675**	20,495	**–**	7,346
Auditors' remuneration				
– audit services	**4,880**	5,300	**–**	943
– other services	**1,642**	1,856	**–**	289
Research and development costs (other than amortisation of capitalised development costs)	**2,235**	6,450	**–**	–
Rentals received from investment properties less direct outgoings of HK$137,000 (2024: HK$163,000)	**10,434**	6,708	**–**	–
Cost of inventories# (note 15(B))	**883,958**	847,323	**–**	116,603

Cost of inventories includes HK$379,145,000 for the year ended 31 March 2025 (2024: HK$360,757,000), relating to staff costs, and depreciation and amortisation expenses which amount respective total amounts disclosed separately above or in note 4(B) for each of these types of expenses.

5 Income Tax

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

	Continuing operations Year ended 31 March		Discontinued operations Year ended 31 March	
	2025 HK$'000	2024 HK$'000	**2025 HK$'000**	2024 HK$'000
Current tax				
Provision for the year	**77,519**	54,660	**–**	13,861
Under/(over)-provision in respect of prior years	**14**	(3,355)	**–**	153
	77,533	51,305	**–**	14,014
Deferred tax				
Reversal of temporary differences (note 22(A))	**(4,740)**	(6,891)	**–**	(1,961)
	72,793	44,414	**–**	12,053

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

	Continuing operations Year ended 31 March		Discontinued operations Year ended 31 March	
	2025 HK$'000	2024 HK$'000	**2025 HK$'000**	2024 HK$'000
Profit before taxation	**373,626**	254,583	**–**	64,445
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdiction concerned	**60,689**	41,424	**–**	10,648
Effect of non-deductible expenses	**11,875**	8,848	**–**	1,280
Effect of non-taxable income	**(1,568)**	(1,043)	**–**	(1,963)
Effect of temporary differences not recognised	**1,783**	(1,460)	**–**	1,935
Under/(over)-provision in respect of prior years	**14**	(3,355)	**–**	153
Actual tax expense	**72,793**	44,414	**–**	12,053

Notes:

(i) The provision for Hong Kong Profits Tax for the year is calculated at 16.5% (2024: 16.5%) of the estimated assessable profits for the year.

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

6 Directors' Emoluments

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

	Year ended 31 March 2025					
	Directors' fees HK$'000	**Salaries, allowances and benefits in kind HK$'000**	**Discretionary bonuses HK$'000**	**Retirement scheme contributions HK$'000**	**Share-based payments HK$'000**	**Total HK$'000**
Executive Directors						
Mr. Sum Kwong Yip, Derek	**1,316**	**5,921**	**3,100**	**228**	**7,425**	**17,990**
Mr. Yim Chun Leung	**2,858**	**–**	**1,000**	**193**	**3,522**	**7,573**
Ms. Pun Yue Wai	**1,381**	**–**	**500**	**–**	**1,269**	**3,150**
Non-executive Director						
Professor Wong Chi Kei, Ian	**230**	**–**	**–**	**–**	**–**	**230**
Independent non-executive Directors						
Dr. Lam Kwing Tong, Alan	**230**	**–**	**–**	**–**	**–**	**230**
Mr. Young Chun Man, Kenneth	**230**	**–**	**–**	**–**	**–**	**230**
Professor Lam Sing Kwong, Simon	**230**	**–**	**–**	**–**	**–**	**230**
	6,475	**5,921**	**4,600**	**421**	**12,216**	**29,633**

	Year ended 31 March 2024					
	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Share-based payments HK$'000	Total HK$'000
Executive Directors						
Mr. Sum Kwong Yip, Derek	1,242	4,082	2,300	228	12,927	20,779
Mr. Yim Chun Leung	2,800	–	900	183	2,890	6,773
Ms. Pun Yue Wai	1,330	–	500	–	1,351	3,181
Non-executive Director						
Professor Wong Chi Kei, Ian	230	–	–	–	–	230
Independent non-executive Directors						
Dr. Lam Kwing Tong, Alan	230	–	–	–	–	230
Mr. Young Chun Man, Kenneth	230	–	–	–	–	230
Professor Lam Sing Kwong, Simon	230	–	–	–	–	230
	6,292	4,082	3,700	411	17,168	31,653

Share-based payments represent the value of shares granted to the Directors under the Share Award Scheme and the share award scheme of JBM Healthcare, which are accounted for according to the Group's accounting policies for share-based payment transactions as set out in note 1(U)(ii).

The details of these benefits in kind, including the principal terms and number of shares granted, are disclosed under the section headed "Share Award Scheme" of the Report of the Directors of this annual report and note 26.

7 Individuals with Highest Emoluments

Of the five individuals with the highest emoluments, 3 are Directors for the year ended 31 March 2025 (2024: 3) whose emoluments are disclosed in note 6. The aggregate of the emoluments in respect of the remaining individuals are as follows:

	Year ended 31 March	
	2025	2024
	HK$'000	HK$'000
Salaries and other emoluments	**4,675**	4,513
Discretionary bonuses	**1,340**	1,300
Retirement scheme contributions	**36**	36
Share-based payments	**1,886**	2,119
	7,937	7,968

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

	Year ended 31 March	
	2025	2024
	Number of individuals	Number of individuals
HK$3,000,001 – HK$3,500,000	**1**	1
HK$4,500,001 – HK$5,000,000	**1**	1

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 year ended 31 March 2025 and the weighted average ordinary shares in issue during the year, calculated as follows:

(i) Weighted average number of ordinary shares:

	Year ended 31 March	
	2025	2024
	'000	'000
Ordinary shares of the Company issued at the beginning of the year	**1,980,221**	1,907,821
Effect of ordinary shares held for the Share Award Scheme (note 26(A))	**5,684**	6,244
Effect of placing of new ordinary shares	**–**	6,131
Weighted average number of ordinary shares in issue during the year	**1,985,905**	1,920,196

(ii) Profit attributable to equity shareholders

	Year ended 31 March	
	2025	2024
	HK$'000	HK$'000
Profit attributable to equity shareholders		
– Continuing operations	**300,833**	210,236
– Discontinued operations	**–**	56,732
	300,833	266,968

(B) DILUTED EARNINGS PER SHARE

Diluted earnings per Share for the years ended 31 March 2025 and 2024 were the same as the basic earnings per Share as there were no potential dilutive ordinary share in existence during both years.

9 Dividends

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

(i) Dividend in the form of cash

	Year ended 31 March	
	2025	2024
	HK$'000	HK$'000
Interim dividend declared and payable of HK3.50 cents per Share (2024: Interim dividend declared and paid of HK2.50 cents per Share)	**69,798**	48,084
Final dividend proposed after the end of the Reporting Period of HK5.50 cents per Share (2024: HK3.00 cents per Share) (Note)	**110,012**	60,007
Special dividend proposed after the end of the Reporting Period of HK6.00 cents per Share (2024: nil) (Note)	**120,013**	–
	299,823	108,091

Note: The final and special dividends proposed after the end of the Reporting Period have not been recognised as liabilities at the end of the 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.

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

	Year ended 31 March	
	2025	2024
	HK$'000	HK$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK3.00 cents per Share (2024: HK2.38 cents per Share)	**60,007**	46,034
Less: Dividend of ordinary shares held by the Share Award Scheme	**(435)**	(515)
	59,572	45,519

10 Investment Properties and Property, Plant and Equipment

(A) RECONCILIATION OF CARRYING AMOUNT

	Land and Buildings HK$'000	Machinery and equipment HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Sub-total HK$'000	Investment properties HK$'000	Total HK$'000
Cost:								
At 1 April 2023	1,257,251	500,755	509,080	8,034	42,248	2,317,368	181,172	2,498,540
Additions	31,372	18,942	2,091	1,452	4,060	57,917	28,902	86,819
Transfer from investment properties to buildings	139,140	–	–	–	–	139,140	(139,140)	–
Transfer to investment properties	(154,830)	–	–	–	–	(154,830)	134,285	(20,545)
Fair value adjustment	–	–	–	–	–	–	(7,429)	(7,429)
Disposals	(11,888)	(5,647)	(742)	(448)	(5,161)	(23,886)	–	(23,886)
Distribution in specie	(107,555)	(61,153)	(60,636)	–	–	(229,344)	–	(229,344)
Exchange difference	(1,821)	(3,215)	(98)	(47)	(515)	(5,696)	–	(5,696)
At 31 March 2024	1,151,669	449,682	449,695	8,991	40,632	2,100,669	197,790	2,298,459
Accumulated depreciation:								
At 1 April 2023	266,766	298,950	224,611	7,127	17,766	815,220	–	815,220
Charge for the year	71,896	32,155	18,010	381	6,239	128,681	–	128,681
Transfer to investment properties	(20,545)	–	–	–	–	(20,545)	–	(20,545)
Written back on disposals	(11,888)	(5,458)	(730)	(448)	(5,067)	(23,591)	–	(23,591)
Distribution in specie	(26,810)	(39,376)	(29,746)	–	–	(95,932)	–	(95,932)
Exchange difference	(1,013)	(2,939)	(89)	(36)	(512)	(4,589)	–	(4,589)
At 31 March 2024	278,406	283,332	212,056	7,024	18,426	799,244	–	799,244
Net book value:								
At 31 March 2024	873,263	166,350	237,639	1,967	22,206	1,301,425	197,790	1,499,215

10 Investment Properties and Property, Plant and Equipment (Continued)

(A) RECONCILIATION OF CARRYING AMOUNT (Continued)

	Land and Buildings HK$'000	Machinery and equipment HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Sub-total HK$'000	Investment properties HK$'000	Total HK$'000
Cost:								
At 1 April 2024	1,151,669	449,682	449,695	8,991	40,632	2,100,669	197,790	2,298,459
Additions	141,807	55,041	9,749	3,825	107,956	318,378	209	318,587
Transfer from investment properties to buildings	5,400	-	-	-	-	5,400	(5,400)	-
Transfer to investment properties	(1,940)	-	-	-	-	(1,940)	1,604	(336)
Fair value adjustment	-	-	-	-	-	-	(30,323)	(30,323)
Disposals	(83,351)	(27,032)	(10,570)	(1,476)	(21,368)	(143,797)	-	(143,797)
At 31 March 2025	1,213,585	477,691	448,874	11,340	127,220	2,278,710	163,880	2,442,590
Accumulated depreciation:								
At 1 April 2024	278,406	283,332	212,056	7,024	18,426	799,244	-	799,244
Charge for the year	69,775	29,267	16,605	870	8,679	125,196	-	125,196
Transfer to investment properties	(336)	-	-	-	-	(336)	-	(336)
Written back on disposals	(83,351)	(26,516)	(10,171)	(318)	(19,130)	(139,486)	-	(139,486)
At 31 March 2025	264,494	286,083	218,490	7,576	7,975	784,618	-	784,618
Net book value:								
At 31 March 2025	949,091	191,608	230,384	3,764	119,245	1,494,092	163,880	1,657,972

10 Investment Properties and Property, Plant and Equipment (Continued)

(B) FAIR VALUE MEASUREMENT

Fair value hierarchy

The following table presents the fair value of the Group's properties measured at the end of the Reporting Period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement 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 fair value measurements as at 31 March 2025 and 2024 were categorised into Level 3.

During the year ended 31 March 2025, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2024: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the Reporting Period in which they occur.

The valuations of investment properties at fair value as at 31 March 2025 were performed by the Group's independent valuer, CBRE Advisory Hong Kong Limited (2024: Colliers International (Hong Kong) Limited), who have among their staff fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued, using the market comparison method. The Group's management has reviewed the valuation results performed by the independent valuer for financial reporting purposes by verifying all major inputs and assumptions, and assessing the reasonableness of property valuation. Such valuation is performed at each interim and annual reporting date and is reviewed and approved by senior management.

The unobservable input used for the Level 3 fair value measurements:

	As at 31 March	
	2025	2024
(Discount)/premium on quality of the buildings	**(12%) - 6%**	(10%) - 10%

The fair value of investment properties is determined using market comparison approach by reference to recent sales price of comparable properties on a price per square foot basis, adjusted for a premium or a discount specific to the quality of the Group's buildings compared to the recent sales. Higher premium for higher quality buildings will result in a higher fair value measurement.

The movements during the year in the balance of these Level 3 fair value measurements are disclosed in note 10(A). Fair value adjustment of investment properties is recognised in the line item "other net income" in the consolidated statement of profit or loss and other comprehensive income.

10 Investment Properties and Property, Plant and Equipment (Continued)

(C) RIGHT-OF-USE ASSETS

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

		As at 31 March	
	Note	**2025 HK$'000**	2024 HK$'000
Ownership interests in leasehold properties with remaining lease term of	(ii)		
– Between 10 and 50 years		**29,249**	30,583
Properties leased for own use, carried at depreciated cost	(iii)	**139,164**	43,285
		168,413	73,868

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

	Year ended 31 March	
	2025 HK$'000	2024 HK$'000
Depreciation charge of right-of-use assets by class of underlying asset:		
– Ownership interests in leasehold properties	**1,334**	1,434
– Properties leased for own use	**33,544**	37,646
	34,878	39,080
Interest on lease liabilities (note 4(A))	**2,468**	1,678

Notes:

(i) During the year ended 31 March 2025, additions to right-of-use assets were HK$129,422,000 (2024: HK$30,829,000), which primarily related to the capitalised lease payments under new tenancy agreements.

Details of total cash flows for leases and the maturity analysis of lease liabilities are set out in notes 18(D) and 20 respectively.

(ii) Ownership interests in leasehold properties held for own use

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

(iii) Properties leased for own use

The Group has obtained the right to use other properties as its offices and warehouses through tenancy agreements. The leases typically run for an initial period of 1 to 22 years (2024: 1 to 5 years).

11 Intangible Assets

	Goodwill HK$'000	Memberships HK$'000	Trademarks HK$'000	Unpatented drugs HK$'000	Customer relationship HK$'000	Capitalised development costs HK$'000	Software HK$'000	Distribution rights HK$'000	Technology knowhow HK$'000	Total HK$'000
Cost:										
At 1 April 2023	450,565	9,020	389,915	238,927	383,325	67,571	40,102	23,366	20,447	1,623,238
Additions	–	–	–	–	–	1,184	382	–	2,691	4,257
Distribution in specie	(266,843)	(1,220)	(387,107)	(35,108)	(234,832)	–	–	(17,700)	(23,138)	(965,948)
At 31 March 2024	183,722	7,800	2,808	203,819	148,493	68,755	40,484	5,666	–	661,547
Accumulated amortisation and impairment losses:										
At 1 April 2023	–	–	370	86,431	173,733	3,157	30,472	9,000	–	303,163
Charge for the year	–	–	–	8,560	13,154	1,011	3,156	1,574	386	27,841
Distribution in specie	–	–	(370)	(11,143)	(87,728)	–	–	(5,679)	(386)	(105,306)
At 31 March 2024	–	–	–	83,848	99,159	4,168	33,628	4,895	–	225,698
Net book value:										
At 31 March 2024	183,722	7,800	2,808	119,971	49,334	64,587	6,856	771	–	435,849

	Goodwill HK$'000	**Memberships HK$'000**	**Trademarks HK$'000**	**Unpatented drugs HK$'000**	**Customer relationship HK$'000**	**Capitalised development costs HK$'000**	**Software HK$'000**	**Distribution rights HK$'000**	**Technology knowhow HK$'000**	**Total HK$'000**
Cost:										
At 1 April 2024	**183,722**	**7,800**	**2,808**	**203,819**	**148,493**	**68,755**	**40,484**	**5,666**	**–**	**661,547**
Additions	**–**	**–**	**–**	**–**	**–**	**851**	**4,019**	**–**	**–**	**4,870**
Transfer from development cost	**–**	**–**	**–**	**1,496**	**–**	**(1,496)**	**–**	**–**	**–**	**–**
Disposals	**–**	**–**	**–**	**(2,310)**	**–**	**–**	**–**	**–**	**–**	**(2,310)**
At 31 March 2025	**183,722**	**7,800**	**2,808**	**203,005**	**148,493**	**68,110**	**44,503**	**5,666**	**–**	**664,107**
Accumulated amortisation and impairment loss:										
At 1 April 2024	**–**	**–**	**–**	**83,848**	**99,159**	**4,168**	**33,628**	**4,895**	**–**	**225,698**
Charge for the year	**–**	**–**	**–**	**7,675**	**7,492**	**983**	**1,754**	**771**	**–**	**18,675**
Disposals	**–**	**–**	**–**	**(1,401)**	**–**	**–**	**–**	**–**	**–**	**(1,401)**
At 31 March 2025	**–**	**–**	**–**	**90,122**	**106,651**	**5,151**	**35,382**	**5,666**	**–**	**242,972**
Net book value:										
At 31 March 2025	**183,722**	**7,800**	**2,808**	**112,883**	**41,842**	**62,959**	**9,121**	**–**	**–**	**421,135**

The amortisation charge of unpatented drugs, customer relationship, capitalised development costs, software, distribution rights and technology knowhow is included in "Cost of sales", "Selling and distribution expenses" and "Administrative and other operating expenses" in the consolidated statement of profit or loss and other comprehensive income for the years ended 31 March 2025 and 2024.

11 Intangible Assets (Continued)

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

In assessing the useful life of trademarks, management considered trademarks are renewable upon their expiry and the Group will not incur significant costs to renew the registration of trademarks which is a routine administrative procedure. In addition, due consideration is given to the existing longevity of trademarks, the indefinite life cycle of the industry in which the Group operates and the expected usage of the trademarks in the future. In light of these considerations, no factor could be identified that would result in the trademarks having a finite useful life and accordingly the trademarks have been assessed as having an indefinite useful life.

IMPAIRMENT TESTS FOR CASH GENERATING UNITS CONTAINING GOODWILL AND TRADEMARKS

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial forecast prepared by management covering a five-year period (2024: five-year period). Cash flows beyond the five-year period (2024: five-year period) are extrapolated using the estimated rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

Key assumptions used for value-in-use calculations:

	As at 31 March	
	2025	2024
Gross margin	**24%-61%**	19%-57%
Growth rate	**3%**	3%
Discount rate	**14%-16%**	14%-16%

Management determined forecasted gross margin based on past performance and its expectations for market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant CGUs if the discount rate is not the same for all CGUs in the same segment. As at 31 March 2025, the management believes that any reasonably foreseeable change in any of the above key assumptions could not cause the carrying amounts of the CGUs including related goodwill to exceed the recoverable amounts of the CGUs.

Capitalised development costs of HK$39,144,622 (2024: HK$38,914,000) are not yet available for use as at the end of Reporting Period. The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial forecast prepared by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rate of 3% (2024: 3%) which does not exceed the long-term average growth rate for the industry in which the CGU operates. Discount rates of 12% (2024: 13%) and gross profit margin of 35% (2024: 35%) have been adopted for the calculations of the recoverable amounts as at the end of Reporting Period.

The memberships represent club memberships. The Directors consider that the recoverable amount of the intangible asset exceeds the carrying amount and therefore no impairment is necessary. The recoverable amount of the intangible asset is estimated by reference to the current open market value less cost to sell as at the end of the Reporting Period.

12 Investment in Subsidiaries

Details of the principal subsidiaries at 31 March 2025 are as follows:

Company name	Place of incorporation and business	Particulars of issued and paid-up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
A-Pharm Medical Limited	Hong Kong	160,000 ordinary shares	100%	–	100%	Trading of pharmaceutical products
American Unicorn Laboratories Limited	Hong Kong	50,000,000 ordinary shares	100%	–	100%	Manufacturing and sales of pharmaceutical products
APT Pharma (China) Co., Ltd. (Note (i)) 雅柏藥業(中國)有限公司	PRC	HK$108,600,000	100%	–	100%	Manufacturing and sales of pharmaceutical products
APT Pharma Limited	Hong Kong	8,750,000 ordinary shares	100%	–	100%	Manufacturing and sales of pharmaceutical products
Charmaine Pharmaceutical Company Limited	Hong Kong	1,100,000 ordinary shares	100%	–	100%	Holding of pharmaceutical licenses
China Method Limited	Hong Kong	1,000,000 ordinary shares	100%	–	100%	Properties Holding
Citi-Ascent Limited	Hong Kong	1 ordinary share	100%	–	100%	Procurement of packaging material
Europharm Laboratoires Company Limited	Hong Kong	18,000,009 ordinary shares	100%	–	100%	Manufacturing and sales of pharmaceutical products
Frankin Pharmaceutical Laboratories Company Limited	Hong Kong	440,000 ordinary shares	100%	–	100%	Holding of pharmaceutical licenses
Jacobson Group Management Limited	Hong Kong	10,000 ordinary shares	100%	–	100%	Provision of management services to Group companies
Jacobson Group Treasury Limited	Hong Kong	10,000 ordinary shares	100%	–	100%	Provision of treasury services to Group companies
Jacobson Research Laboratory Limited	Hong Kong	10,000 ordinary shares	100%	–	100%	Research and development

12 Investment in Subsidiaries (Continued)

Details of the principal subsidiaries at 31 March 2025 are as follows: (Continued)

			Proportion of ownership interest			
Company name	**Place of incorporation and business**	**Particulars of issued and paid-up capital**	**Group's effective interest**	**Held by the Company**	**Held by a subsidiary**	**Principal activities**
Jean-Marie Pharmacal Company Limited	Hong Kong	48,193,657 ordinary shares	100%	–	100%	Manufacturing and sales of pharmaceutical products
LKC Holdings Limited	Hong Kong	10,000 ordinary shares	100%	–	100%	Properties Holding
Marching Pharmaceutical Limited	Hong Kong	10,000,000 ordinary shares	100%	–	100%	Manufacturing and sales of pharmaceutical products
Medipharma Limited	Hong Kong	47,340 ordinary shares	100%	–	100%	Manufacturing and sales of pharmaceutical products
Melborn Limited	Hong Kong	5,000,000 ordinary shares	100%	–	100%	Properties holding
Melborm Property Limited	Hong Kong	2 ordinary shares	100%	–	100%	Properties holding
Neochem Pharmaceutical Laboratories Limited	Hong Kong	3,000,000 ordinary shares	100%	–	100%	Manufacturing and sales of pharmaceutical products
Nice Laboratories Limited	Hong Kong	1,000,000 ordinary shares	100%	–	100%	Holding of pharmaceutical licenses
Pharmason Company Limited	Hong Kong	10,000 ordinary shares	100%	–	100%	Trading of pharmaceutical products
Smart Garden Limited	Hong Kong	1,000 ordinary shares	100%	–	100%	Properties holding
Synco (H.K.) Limited	Hong Kong	46,800 ordinary shares	100%	–	100%	Manufacturing and sales of pharmaceutical products
Universal Pharmaceutical Laboratories, Limited	Hong Kong	5,000 ordinary shares	100%	–	100%	Holding of pharmaceutical licenses
Vickmans Laboratories Limited	Hong Kong	661,650 ordinary shares	100%	–	100%	Manufacturing and sales of pharmaceutical products

Note:

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

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

13 Interests in Associates

	As at 31 March	
	2025 **HK$'000**	2024 HK$'000
Share of net assets, including goodwill on acquisition	**50,825**	23,537

Particulars of the material associates are as follows:

Company name	Place of incorporation and business	Particulars of issued and paid-up capital	Proportion of ownership interest attributable to the Group	Principal activities
Li Chung Shing Tong (Holdings) Limited	Hong Kong	500,000 ordinary shares	20.1%	Manufacturing and sale of proprietary Chinese medicines

The following table illustrates the summarised financial information of Li Chung Shing Tong (Holdings) Limited, adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2025 **HK$'000**
Current assets	**132,135**
Non-current assets	**47,348**
Current liabilities	**(43,119)**
Non-current liabilities	**(2,551)**
Equity	**133,813**
Revenue	**37,084**
Profit for the year	**1,222**
Other comprehensive income	**–**
Total comprehensive income	**1,222**
Reconciled to the group's interest in the associate:	
Group's effective interest	**20.1%**
Group's share of net assets of the associate	**26,896**
Goodwill	**19,579**
Carrying amount in the consolidated financial statements	**46,475**

All of the associates are accounted for using the equity method in the consolidated financial statements. During the Reporting Period, the Group acquired 20.1% equity interest in Li Chung Shing Tong (Holdings) Limited at a consideration of HK$46,230,000 from Po Chai Herbal Technology Limited and PCHT Herbal Sciences Limited, entities controlled by the controlling shareholder of the Company. During the year ended 31 March 2025, the Group's interest in one of the associates has been transferred to financial assets at FVOCI due to the issuance of new shares by the associate to a third party. The dilution of the Group's ownership interest in the associate has resulted to a loss of significant influence over the associate. A gain on deemed disposal of the associate of approximately HK$741,000 was recognised in profit or loss. During the year ended 31 March 2024, the Group's interest in one of the associates has been disposed of to a third party and resulted in a gain of approximately HK$1,623,000.

Aggregate information of associates that are not individually material:

	2025 **HK$'000**	2024 HK$'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	**4,350**	23,537
Aggregate amounts of the Group's share of these associates:		
Profit/(loss) and total comprehensive income		
– Continuing operations	**152**	165
– Discontinued operations	**–**	(600)

14 Other Non-Current Assets

	As at 31 March	
	2025	2024
	HK$'000	HK$'000
Prepayments for purchase of non-current assets	**68,487**	95,014

15 Inventories

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

	As at 31 March	
	2025	2024
	HK$'000	HK$'000
Raw materials	**154,402**	163,087
Work in progress	**16,408**	14,109
Finished goods	**162,069**	140,661
	332,879	317,857

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

	Year ended 31 March	
	2025	2024
	HK$'000	HK$'000
Continuing operations:		
Carrying amount of inventories sold	**889,254**	842,662
(Reversal of)/provision for write-down of inventories	**(5,296)**	4,661
	883,958	847,323

	For the period from 1 April 2023 to 24 August 2023 HK$'000
Discontinued operations:	
Carrying amount of inventories sold	112,954
Provision for write-down of inventories	3,649
	116,603

16 Trade and Other Receivables

	As at 31 March	
	2025	2024
	HK$'000	HK$'000
Trade receivables	**145,091**	172,834
Other receivables	**9,762**	14,185
Deposits and prepayments	**39,449**	46,236
Amounts due from associates	**138**	108
	194,440	233,363

At 31 March 2025, the deposits and prepayments expected to be recovered after more than one year amounted to HK$14,399,000 (2024: HK$11,147,000). The remaining trade and other receivables are expected to be recovered within one year.

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 31 March	
	2025	2024
	HK$'000	HK$'000
Less than 1 month	**103,100**	116,527
1 to 6 months	**41,604**	56,263
Over 6 months	**387**	44
	145,091	172,834

Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 27(A).

17 Other Financial Assets

	As at 31 March	
	2025	2024
	HK$'000	HK$'000
Non-current:		
Equity securities designated at FVOCI (non-recycling)		
– Unlisted equity securities	**176,981**	221,990
– Listed equity securities in Hong Kong	**202,026**	235,980
	379,007	457,970
Financial assets measured at FVPL		
– Unlisted debt securities	**17,253**	–
– Investments in key management insurance	**2,298**	–
	19,551	–
	398,558	457,970

The Group designated its investments in equity securities acquired during the prior years at FVOCI (non-recycling) under HKFRS 9 which are mainly represented by the investment in Tycoon Group Holdings Limited. These designations were chosen as the investments are held for strategic purposes. Dividend income of HK$1,981,000 was received from such investments during the year ended 31 March 2025 (2024: HK$3,678,000).

The Group measured its financial assets acquired during the year ended 31 March 2025 at FVPL under HKFRS 9 which are mainly represented by the convertible promissory note issued by SDK Therapeutics, Inc., and investments in key management insurance which are denominated in United States dollars.

During the year ended 31 March 2024, the Group disposed of entire investment in Shanghai Henlius Biotech, Inc. in response to an adjustment in its investment strategies. Net fair value gain of HK$4,859,000 was recognised in other comprehensive income and net realised loss of HK$31,209,000 was transferred from fair value reserve (non-recycling) to retained earnings upon disposal during the year ended 31 March 2024.

18 Cash and Cash Equivalents and Other Cash Flow Information

(A) CASH AND CASH EQUIVALENTS COMPRISE:

	As at 31 March	
	2025 HK$'000	2024 HK$'000
Short-term deposits with banks	**25,261**	15,871
Cash at bank and in hand	**483,784**	396,066
Cash and cash equivalents in the consolidated cash flow statement	**509,045**	411,937

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

		Year ended 31 March	
	Note	**2025 HK$'000**	2024 HK$'000
Operating activities			
Profit before taxation			
From continuing operations		**373,626**	254,583
From discontinued operations	30(A)	**–**	64,445
Adjustments for:			
Depreciation and amortisation		**143,871**	156,522
Net loss on disposals of property, plant and equipment	3	**3,193**	58
Net loss on disposals of intangible assets	3	**909**	–
Interest income from bank deposits and investments	3	**(14,713)**	(24,489)
Dividend income from an investment	3	**(1,981)**	(3,678)
Fair value loss on investment properties	3	**30,323**	7,429
Loss on changes in fair value of investments in key-management insurance	3	**1,578**	–
Fair value gain on a convertible promissory note	3	**(172)**	–
Finance costs	4(A)	**41,372**	81,968
Share of (profits)/losses of associates		**(398)**	435
Share-based compensation expenses	4(B)	**15,353**	19,368
Gain on deemed disposal of an associate	3	**(741)**	–
Gain on disposal of partial equity interest in an associate	3	**–**	(1,623)
Share of losses of joint ventures		**–**	2
Changes in working capital			
Increase in inventories		**(15,022)**	(9,300)
Decrease/(increase) in trade and other receivables		**38,923**	(68,272)
(Decrease)/increase in trade and other payables and provisions		**(27,976)**	63,847
Cash generated from operations		**588,145**	541,295

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

(C) RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Bank loans HK$'000 (note 21)	Lease liabilities HK$'000 (note 20)	Total HK$'000
At 1 April 2024	**705,000**	**44,379**	**749,379**
Changes from financing cash flows:			
Capital element of lease rentals paid	**–**	**(32,975)**	**(32,975)**
Interest element of lease rentals paid	**–**	**(2,468)**	**(2,468)**
Proceeds from bank loans	**530,000**	**–**	**530,000**
Repayment of bank loans	**(521,300)**	**–**	**(521,300)**
Other borrowing costs paid	**(38,904)**	**–**	**(38,904)**
Total changes from financing cash flows	**(30,204)**	**(35,443)**	**(65,647)**
Other changes:			
Increase in lease liabilities from entering into new leases during the year	**–**	**48,107**	**48,107**
Interest on lease liabilities (note 4(A))	**–**	**2,468**	**2,468**
Interest expenses (note 4(A))	**38,904**	**–**	**38,904**
Total other changes	**38,904**	**50,575**	**89,479**
At 31 March 2025	**713,700**	**59,511**	**773,211**
At 1 April 2023	1,543,707	55,357	1,599,064
Changes from financing cash flows:			
Capital element of lease rentals paid	–	(37,522)	(37,522)
Interest element of lease rentals paid	–	(1,678)	(1,678)
Proceeds from bank loans	852,000	–	852,000
Repayment of bank loans	(1,572,000)	–	(1,572,000)
Other borrowing costs paid	(68,997)	–	(68,997)
Total changes from financing cash flows	(788,997)	(39,200)	(828,197)
Other changes:			
Increase in lease liabilities from entering into new leases during the year	–	30,829	30,829
Interest on lease liabilities (note 4(A))	–	1,678	1,678
Interest expenses (note 4(A))	80,290	–	80,290
Distribution in specie (note 30)	(130,000)	(4,285)	(134,285)
Total other changes	(49,710)	28,222	(21,488)
At 31 March 2024	705,000	44,379	749,379

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

(D) TOTAL CASH FLOWS FOR LEASES

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

	Year ended 31 March	
	2025	2024
	HK$'000	HK$'000
Within financing cash flows	**(35,443)**	(39,200)

19 Trade and Other Payables and Contract Liabilities

	As at 31 March	
	2025	2024
	HK$'000	HK$'000
Trade payables	**41,658**	51,688
Salary and bonus payables	**57,575**	53,662
Payables and accruals for addition of property, plant and equipment	**495**	54
Other payables and accruals	**134,835**	50,187
Contract liabilities	**24,167**	60,876
	258,730	216,467

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

(A) TRADE PAYABLES

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 31 March	
	2025	2024
	HK$'000	HK$'000
Less than 1 month	**18,450**	25,065
1 to 6 months	**23,158**	26,537
Over 6 months	**50**	86
	41,658	51,688

(B) CONTRACT LIABILITIES

Movements of contract liabilities are as follows:

	Year ended 31 March	
	2025	2024
	HK$'000	HK$'000
At the beginning of the year	**60,876**	54,885
Decrease in contract liabilities as a result of recognising income during the year that was included in the contract liabilities at the beginning of the year	**(60,876)**	(54,885)
Increase in contract liabilities as a result of receiving forward income deposits at the end of the year	**24,167**	60,876
At the end of the year	**24,167**	60,876

All of the contract liabilities are expected to be recognised as income within one year.

20 Lease Liabilities

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

	As at 31 March	
	2025	2024
	HK$'000	HK$'000
Within 1 year	**24,010**	26,872
After 1 year but within 2 years	**17,431**	11,759
After 2 years but within 5 years	**18,070**	5,748
	35,501	17,507
	59,511	44,379

21 Bank Loans

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

	As at 31 March	
	2025	2024
	HK$'000	HK$'000
Current portion of bank loans	**237,200**	112,800
Non-current portion of bank loans	**476,500**	592,200
	713,700	705,000

Bank loans were analysed as follows:

	As at 31 March	
	2025	2024
	HK$'000	HK$'000
Bank loans		
– unsecured	**713,700**	705,000

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

	As at 31 March	
	2025	2024
	HK$'000	HK$'000
Bank loans due for repayment:		
Within 1 year	**237,200**	112,800
After 1 year but within 2 years	**274,000**	187,200
After 2 years but within 5 years	**202,500**	405,000
	476,500	592,200
	713,700	705,000

As at 31 March 2025 and 2024, the unsecured facilities were guaranteed by the Company and certain subsidiaries of the Group.

21 Bank Loans (Continued)

These facilities amounted to HK$1,108,950,000 as of 31 March 2025 (2024: HK$1,310,250,000). These facilities were utilised to the extent of HK$758,610,000 (2024: HK$740,774,000).

All the Group's banking facilities are subject to the fulfilment of covenants based on the financial statements of the Group and certain of its subsidiaries, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. As at 31 March 2025, none of the covenants relating to drawn down facilities had been breached (2024: nil). Further details of the Group's management of liquidity risk are set out in note 27(B).

22 Deferred Tax

(A) DEFERRED TAX LIABILITIES/(ASSETS) RECOGNISED

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

	Property, plant and equipment HK$'000	Intangible assets HK$'000	Provisions HK$'000	Unused tax losses HK$'000	Total HK$'000
At 1 April 2023	90,660	124,965	(429)	(12,572)	202,624
Credit to profit or loss	(4,293)	(3,703)	–	(856)	(8,852)
Distribution in specie (note 30)	(14,277)	(86,522)	429	3,658	(96,712)
Exchange difference	31	–	–	–	31
At 31 March 2024	72,121	34,740	–	(9,770)	97,091
At 1 April 2024	**72,121**	**34,740**	**–**	**(9,770)**	**97,091**
Charged/(credited) to profit or loss	**6,660**	**(2,403)**	**–**	**(8,997)**	**(4,740)**
At 31 March 2025	**78,781**	**32,337**	**–**	**(18,767)**	**92,351**

Reconciliation to the consolidated statement of financial position

	As at 31 March	
	2025 HK$'000	2024 HK$'000
Deferred tax assets recognised in the consolidated statement of financial position	**(10,231)**	(10,853)
Deferred tax liabilities recognised in the consolidated statement of financial position	**102,582**	107,944
	92,351	97,091

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

(B) DEFERRED TAX ASSETS NOT RECOGNISED

The Group has unrecognised tax losses arising in Hong Kong of HK$1,435,000 (2024 : HK$1,744,000) that are available indefinitely for offsetting against future taxable profits. The Group also has unrecognised tax losses and other deductible temporary differences arising in Mainland China of HK$14,324,000 (2024: HK$6,363,000), the unrecognised tax losses will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as the Directors considered that it is not probable that sufficient taxable profits will be available against which the unused tax losses can be utilised by the Group.

23 Share Capital

	Number of Shares '000	Amount HK$'000
Authorised:		
Ordinary shares of HK$0.01 each at 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025	5,000,000	50,000
Issued:		
At 1 April 2023	1,907,821	19,078
Placing of new ordinary shares	66,000	660
Ordinary shares acquired for the Share Award Scheme (note 26(A))	(12,370)	(124)
Ordinary shares vested for the Share Award Scheme (note 26(A))	18,770	188
At 31 March 2024 and 1 April 2024	1,980,221	19,802
Ordinary shares acquired for the Share Award Scheme (note 26(A))	(6,400)	(64)
Ordinary shares vested for the Share Award Scheme (note 26(A))	20,400	204
At 31 March 2025	1,994,221	19,942

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.

24 Company-level Statement of Financial Position

	As at 31 March	
	2025 HK$'000	2024 HK$'000
Non-current assets		
Interests in subsidiaries	**518,521**	518,521
Prepayments	**747**	2,365
	519,268	520,886
Current assets		
Other receivables	**273**	589
Amounts due from subsidiaries	**1,400,446**	1,533,223
Cash and cash equivalents	**70,876**	485
	1,471,595	1,534,297
Current liabilities		
Other payables	**69,811**	260
Amount due to a subsidiary	**152,235**	163,952
	222,046	164,212
Net current assets	**1,249,549**	1,370,085
NET ASSETS	**1,768,817**	1,890,971
CAPITAL AND RESERVES		
Share capital	**19,942**	19,802
Reserves	**1,748,875**	1,871,169
TOTAL EQUITY	**1,768,817**	1,890,971

24 Company-level Statement of Financial Position (Continued)

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

	Share capital HK$'000	Share premium HK$'000	Shares held for the Share Award Scheme HK$'000	Capital reserve HK$'000	Fair value reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 April 2023	19,078	999,895	(24,943)	204,230	(10,743)	747,702	1,935,219
Profit for the year	–	–	–	–	–	568,805	568,805
Other comprehensive income	–	–	–	–	(2,162)	–	(2,162)
	–	–	–	–	(2,162)	568,805	566,643
Dividends approved in respect of the previous year (note 9(B))	–	–	–	–	–	(45,519)	(45,519)
Dividends declared in respect of the current year (note 9(A))	–	–	–	–	–	(48,084)	(48,084)
Placing of new ordinary shares	660	38,238	–	–	–	–	38,898
Share Award Scheme – value of employee services	–	–	–	13,438	–	–	13,438
Realised loss on disposals of equity investments designated at FVOCI (non-recycling)	–	–	–	–	10,216	(10,216)	–
Shares acquired for the Share Award Scheme (note 26(A))	(124)	–	(7,561)	–	–	–	(7,685)
Shares vested for the Share Award Scheme (note 26(A))	188	–	17,341	(13,202)	–	(4,327)	–
Distribution in specie	–	–	–	–	2,689	(564,628)	(561,939)
At 31 March 2024 and 1 April 2024	**19,802**	**1,038,133**	**(15,163)**	**204,466**	**–**	**643,733**	**1,890,971**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(2,060)**	**(2,060)**
Dividends approved in respect of the previous year (note 9(B))	**–**	**–**	**–**	**–**	**–**	**(59,572)**	**(59,572)**
Dividends declared in respect of the current year (note 9(A))	**–**	**–**	**–**	**–**	**–**	**(69,798)**	**(69,798)**
Share Award Scheme – value of employee services	**–**	**–**	**–**	**15,353**	**–**	**–**	**15,353**
Shares acquired for the Share Award Scheme (note 26(A))	**(64)**	**–**	**(6,013)**	**–**	**–**	**–**	**(6,077)**
Shares vested for the Share Award Scheme (note 26(A))	**204**	**–**	**16,294**	**(18,593)**	**–**	**2,095**	**–**
At 31 March 2025	**19,942**	**1,038,133**	**(4,882)**	**201,226**	**–**	**514,398**	**1,768,817**

25 Reserves

The nature and purpose of reserves are set out below:

(A) SHARE PREMIUM

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

(B) CAPITAL RESERVE

The capital reserve comprises the following:

- shareholders' loans capitalised;
- the difference between the considerations paid by the Group and the share of net assets value of the subsidiaries acquired from non-controlling interests;
- the difference between the par value of the Company's shares issued and the equity of Jacobson Pharma Group (BVI) Limited ("**JPG (BVI)**") acquired during the group reorganisation completed on 18 March 2016 (the "**Jacobson Reorganisation**"). Pursuant to the Jacobson Reorganisation, the Company issued 1,308,646,000 ordinary shares of HK$0.01 each to the ten shareholders of JPG (BVI) in consideration of acquiring their equity interests held in JPG (BVI). The difference between the ten shareholders' equity interests in JPG (BVI) over the par value of the shares issued by the Company was transferred to the capital reserve in the financial statements as at the date of Jacobson Reorganisation;
- the portion of the grant-date fair value of unexercised share options granted to certain employees, including certain executive Directors of the Company and certain directors of subsidiaries of the Company, that has been recognised in accordance with the accounting policy adopted for share-based payments in note 1(U)(ii);
- with (i) issuance of JBM Healthcare Shares during the year ended 31 March 2021 and (ii) special interim dividend made in the form of distribution in specie of an aggregate of 241,777,625 JBM Healthcare Shares to the Company's qualifying shareholders on 5 February 2021, the Company's equity interest in JBM Healthcare was diluted from 100% to 53.7% at that moment. The effect of the reduction in the Company's equity interest in JBM Healthcare, being the difference between the fair value of consideration and the fair value of special interim dividend and the non-controlling interests in JBM Healthcare, has been recognised directly in capital reserve; and
- with the special dividend made in the form of distribution in specie of an aggregate of 492,259,244 JBM Healthcare Shares to the Company's qualifying shareholders on 24 August 2023, the Company's equity interest in JBM Healthcare was diluted from 53.7% to approximately nil at that moment. The effect of the reduction in the Company's equity interest in JBM Healthcare, being the difference between the fair value of consideration and the fair value of special dividend and the non-controlling interests in JBM Healthcare, has been recognised directly in capital reserve.

(C) EXCHANGE RESERVE

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong. The reserve is dealt with in accordance with the accounting policies set out in note 1(Y).

(D) FAIR VALUE RESERVE (NON-RECYCLING)

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under HKFRS 9 that are held at the end of the Reporting Period.

(E) CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends payable to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Except for the banking facilities which require the fulfillment of covenants relating to certain financial ratios as disclosed in note 21, the Group is not subject to externally imposed capital requirements.

26 Equity-settled Share-based Transactions

(A) 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 year ended 31 March 2025, the trustee of the Share Award Scheme acquired 6,400,000 Shares through purchases on the open market. The total amount paid to acquire the Shares during the year was approximately HK$6,077,000. During the year ended 31 March 2024, the trustee of the Share Award Scheme acquired 12,370,000 Shares through purchases on the open market. The total amount paid to acquire the Shares during the year was approximately HK$7,685,000.

During the year ended 31 March 2025, the Company has granted a total of 20,400,000 Shares to eligible grantees, including certain Directors and employees of the Group. During the year ended 31 March 2024, the Company has granted a total of 17,770,000 Shares to eligible grantees, including certain Directors and employees of the Group.

Details of the Shares awarded under the Share Award Scheme during the year ended 31 March 2025 are as follows:

	Number of Shares					
Date of grant	**As at 1 April 2024**	**Granted during the year**	**Vested during the year**	**Lapsed/ cancelled during the year**	**As at 31 March 2025**	**Vesting date**
15 April 2024	**–**	**5,500,000**	**(5,500,000)**	**–**	**–**	30 May 2024
5 December 2024	**–**	**14,900,000**	**(14,900,000)**	**–**	**–**	22 January 2025
	–	**20,400,000**	**(20,400,000)**	**–**	**–**	

Details of the Shares awarded under the Share Award Scheme during the year ended 31 March 2024 are as follows:

	Number of Shares					
Date of grant	As at 1 April 2023	Granted during the year	Vested during the year	Lapsed/ cancelled during the year	As at 31 March 2024	Vesting date
1 December 2022	1,000,000	–	(1,000,000)	–	–	1 December 2023
13 April 2023	–	4,750,000	(4,750,000)	–	–	30 May 2023
6 October 2023	–	6,120,000	(6,120,000)	–	–	21 November 2023
4 December 2023	–	6,900,000	(6,900,000)	–	–	19 January 2024
	1,000,000	17,770,000	(18,770,000)	–	–	

26 Equity-settled Share-based Transactions (Continued)

(B) SHARE OPTION SCHEME

The Share Option Scheme adopted on 30 August 2016 whereby the Directors are authorised, at their discretion, to determine individuals, including directors and employees of any companies in the Group, to take up options at HK$1 consideration to subscribe for shares of the Company. Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

(i) The terms and conditions of the grants are as follows:

	No of instruments '000	Vesting periods	The options are exercisable in the following tranches:
Options granted to Directors			
– on 30 June 2017	6,000	from 30 June 2017 up to 1 October 2017	from 1 October 2017 up to 30 September 2018
– on 30 June 2017	6,000	from 30 June 2017 up to 1 October 2018	from 1 October 2018 up to 30 September 2019
– on 30 June 2017	6,000	from 30 June 2017 up to 1 October 2019	from 1 October 2019 up to 30 September 2020
	18,000		
Options granted to all other employees			
– on 30 June 2017	5,910	from 30 June 2017 up to 1 October 2017	from 1 October 2017 up to 30 September 2018
– on 30 June 2017	5,910	from 30 June 2017 up to 1 October 2018	from 1 October 2018 up to 30 September 2019
– on 30 June 2017	6,180	from 30 June 2017 up to 1 October 2019	from 1 October 2019 up to 30 September 2020
– on 18 October 2017	1,000	from 18 October 2017 up to 1 April 2018	from 1 April 2018 up to 17 October 2020
	19,000		
Total share options granted	37,000		

26 Equity-settled Share-based Transactions (Continued)

(B) SHARE OPTION SCHEME (Continued)

As at 1 April 2021, all the share options have lapsed and no share options were outstanding as at 31 March 2025 and 2024. No shares options were exercised during the years ended 31 March 2025 and 2024.

(ii) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial lattice model. The contractual life of the share options is used as an input into this model. Expectations of early exercise are incorporated into the binomial lattice model.

Fair value of share options and assumptions

Fair value at measurement date		
Grant date	30 June 2017	18 October 2017
Share price	2.06	2.07
Exercise price	2.06	2.13
Expected volatility (expressed as weighted average volatility used in the modelling under binomial lattice model)	33.2%-41.2%	41.1%
Option life (expressed as weighted average life used in the modelling under binomial lattice model)	1.3-3.3 years	3 years
Expected dividends	1.07%	1.06%
Risk-free interest rate (based on Hong Kong Government Bond Benchmark Yield Curve)	0.61%-0.98%	1.23%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant-date fair value measurement of the services received. There were no market conditions associated with the share option grants.

(C) 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).

26 Equity-settled Share-based Transactions (Continued)

(C) SHARE AWARD SCHEME OF JBM HEALTHCARE (Continued)

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					
Date of grant	As at 1 April 2023	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/ Cancelled during the period from 1 April 2023 to 24 August 2023	As at 24 August 2023	Vesting date
30 March 2023	6,000,000	–	(6,000,000)	–	–	18 May 2023

27 Financial Risk Management and Fair Values

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(A) CREDIT RISK

The Group's credit risk is primarily attributable to cash and cash equivalents and trade and other receivables. Cash and cash equivalents are normally placed at financial institutions that have sound credit ratings and the Group considers the credit risk to be insignificant. Management has a credit policy in place and the exposure to these credit risks are monitored on an ongoing basis.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and therefore concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 31 March 2025, 15.4% (2024: 12.4%) of the total trade and other receivables was due from the Group's largest debtor and 33.2% (2024: 27.0%) was due from the five largest debtors respectively.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which, except for amounts due from customers with significant balances or credit-impaired that are assessed individually, is calculated using a provision matrix. Accordingly, for the year ended 31 March 2025, the Group did not recognise any credit loss allowance (2024: nil) with significant doubt on collection that is individual impaired. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

Expected loss rates are based on actual loss experience over the past year. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

The Group assessed that there is no significant loss allowance recognised in accordance with HKFRS 9 as at 31 March 2025 and 2024 other than for the abovementioned customers, and no provision matrix has therefore been disclosed.

27 Financial Risk Management and Fair Values (Continued)

(B) LIQUIDITY RISK

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The contractual undiscounted cash flows of trade and other payables excluding contract liabilities as at 31 March 2025 and 2024 are due within 1 year or on demand and equal to their carrying value, at the end of the Reporting Period.

The following tables show the remaining contractual maturities at the end of the Reporting Period of the Group's bank loans and lease liabilities, which are based on contractual undiscounted cash outflows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the Reporting Period).

	As at 31 March 2024					
	Contractual undiscounted cash outflow					
	Within 1 year HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total HK$'000	Carrying amount HK$'000
Bank loans	150,541	216,772	420,614	–	787,927	705,000
Lease liabilities	28,209	12,320	5,915	–	46,444	44,379
	178,750	229,092	426,529	–	834,371	749,379

	As at 31 March 2025					
	Contractual undiscounted cash outflow					
	Within 1 year HK$'000	**More than 1 year but less than 2 years HK$'000**	**More than 2 years but less than 5 years HK$'000**	**More than 5 years HK$'000**	**Total HK$'000**	**Carrying amount HK$'000**
Bank loans	**263,354**	**292,341**	**209,427**	**–**	**765,122**	**713,700**
Lease liabilities	**26,560**	**18,865**	**19,213**	**–**	**64,638**	**59,511**
	289,914	**311,206**	**228,640**	**–**	**829,760**	**773,211**

27 Financial Risk Management and Fair Values (Continued)

(C) INTEREST RATE RISK

The Group's interest rate risk arises primarily from long-term borrowings. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group's interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's borrowings at the end of the Reporting Period:

	As at 31 March			
	2025 Effective interest rate	**Amount HK$'000**	2024 Effective interest rate	Amount HK$'000
Fixed rate borrowings:				
Lease liabilities	**1.48%-6.79%**	**59,511**	1.43%-6.79%	44,379
Variable rate borrowings:				
Bank loans	**4.43%-4.81%**	**713,700**	5.68%-5.81%	705,000
Total interest-bearing borrowings		**773,211**		749,379
Fixed rate borrowings as a percentage of total net borrowings		**7.7%**		5.9%

(ii) Sensitivity analysis

As at 31 March 2025, it is estimated that a general increase/decrease of 10 basis points in interest rates with all other variables held constant, would have decreased/increased the Group's profit after tax and retained earnings by approximately HK$596,000 (2024: HK$662,000).

The sensitivity analysis above indicates the annualised impact on the Group's interest expense that would arise assuming that the change in interest rates had occurred at the end of the Reporting Period and had been applied to floating rate instruments which expose the Group to cash flow interest rate risk at that date. The analysis does not take into account exposure to fair value interest rate risk arising from fixed rate instruments as the Group does not hold any fixed rate instruments which are measured at fair value in the financial statements. The analysis is performed on the same basis for 2024.

(D) CURRENCY RISK

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States dollars, Renminbi, Euros, British Pound and New Taiwan Dollars.

In respect of other trade receivables and payables denominated in foreign currencies, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

All the Group's borrowings are denominated in the functional currency of the entity taking out the loan or, in the case of Group entities whose functional currency is Hong Kong dollars, in either Hong Kong dollars or United States dollars. Given this, management does not expect that there will be any significant currency risk associated with the Group's borrowings.

27 Financial Risk Management and Fair Values (Continued)

(D) CURRENCY RISK (Continued)

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the Reporting Period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of operations outside Hong Kong into the Group's presentation currency are excluded.

	As at 31 March									
	2025					2024				
	United States dollars HK$'000	Renminbi HK$'000	Euros HK$'000	British Pound HK$'000	New Taiwan Dollars HK$'000	United States dollars HK$'000	Renminbi HK$'000	Euros HK$'000	British Pound HK$'000	New Taiwan Dollars HK$'000
Cash and cash equivalents	28	4	–	–	144	28	4	–	–	134
Trade and other receivables	2,082	2,787	292	197	–	6,110	1,381	712	–	153
Trade and other payables and contract liabilities	(13,931)	(5)	(77)	(1,967)	–	(19,747)	–	(1)	(1,168)	–
Net exposure arising from recognised assets and liabilities	(11,821)	2,786	215	(1,770)	144	(13,609)	1,385	711	(1,168)	287

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax and retained earnings that would arise if foreign exchange rates to which the Group has significant exposure at the end of the Reporting Period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies.

	As at 31 March			
	2025		2024	
	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained earnings HK$'000	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained earnings HK$'000
Renminbi	6%	140	6%	69
	(6%)	(140)	(6%)	(69)
Euros	2%	4	1%	6
	(2%)	(4)	(1%)	(6)
British Pound	2%	(30)	2%	(20)
	(2%)	30	(2%)	20
New Taiwan Dollars	4%	5	4%	10
	(4%)	(5)	(4%)	(10)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of the Reporting Period for presentation purpose.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the Reporting Period. The analysis excludes differences that would result from the translation of the financial statements of operations outside Hong Kong into the Group's presentation currency. The analysis is performed on the same basis for 2024.

27 Financial Risk Management and Fair Values (Continued)

(E) FAIR VALUE MEASUREMENT

(a) Fair value hierarchy

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

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured using significant unobservable inputs

The following table presents the Group's financial assets that were measured at fair value at 31 March 2025 and 2024.

	Fair value at 31 March 2025	**Fair value measurements at 31 March 2025 categorised into**		
		Level 1	**Level 2**	**Level 3**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Financial assets at FVOCI				
– Unlisted equity securities	**176,981**	**–**	**1,275**	**175,706**
– Listed equity securities in Hong Kong	**202,026**	**202,026**	**–**	**–**
Financial assets at FVPL				
– Unlisted debt securities	**17,253**	**–**	**–**	**17,253**
– Investments in key-management insurance	**2,298**	**–**	**–**	**2,298**

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

As at 31 March 2025, there are certain unlisted financial assets at FVOCI were transferred from Level 2 to Level 3 due to lack of recent transaction.

The fair value of certain unlisted financial assets at FVOCI of HK$136,377,000 was determined with using market approach by reference to the enterprise value to sales ratios of comparable listed companies, adjusted for lack of marketability discount (31 March 2024: 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.

27 Financial Risk Management and Fair Values (Continued)

(E) FAIR VALUE MEASUREMENT (Continued)

(a) Fair value hierarchy (Continued)

As at 31 March 2024, the fair value of an unlisted financial assets at FVOCI of HK$159,327,000 was to the pricing of the recent transactions or offerings of the investees' shares (31 March 2023: determined using market approach by reference to the enterprise value to sales ratios of comparable listed companies, adjusted for lack of marketability discount). Accordingly, the fair value measurement was transferred from Level 3 to Level 2.

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 years ended 31 March 2025 and 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.

(b) 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.

(c) Information about Level 3 fair value measurements

	Valuation technique	Significant unobservable inputs	Range
Unlisted equity securities at FVOCI	Discounted cash flow method	Discount rate	13.3% – 23.6% (2024: 13.8% – 20.6%)
	Market comparison approach	Discount for lack of marketability	20.0% (2024: N/A)
Unlisted debted securities at FVPL	Probability-weighted discounted cash flow	Discount rate	17.2% (2024: N/A)
		Probability of event occurrence	N/A
Investments in key-management insurance	Cash surrender value guaranteed by issuer	N/A	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 31 March 2025, 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$6,155,000/HK$5,226,000 (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 31 March 2025, 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$1,709,000 (2024: N/A).

27 Financial Risk Management and Fair Values (Continued)

(E) FAIR VALUE MEASUREMENT (Continued)

(c) Information about Level 3 fair value measurements (Continued)

The fair value of unlisted debt securities is determined using probability-weighted discounted cash flow method. The fair value is negatively correlated to the discount rate. As at 31 March 2025, it is estimated that with all variable held constant, a decrease/increase in discount rate by 1% would have increased/decreased the Group's profit after tax and retained earnings by approximately HK$221,000/HK$228,000 (2024: N/A).

The fair value of investments in key-management insurance is determined by reference to the cash surrender value of the insurance policies. The fair value measurement is positively correlated to the cash surrender value guaranteed by the issuer.

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

	2025 **HK$'000**	2024 HK$'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 year	**(65,051)**	(21,764)
Additions	**20,080**	–
Transfer from Level 2	**159,327**	–
Transfer to Level 2	**–**	(92,949)
Distribution in specie	**–**	(13,719)
At 31 March	**175,706**	61,350

	2025 **HK$'000**	2024 HK$'000
Financial assets at FVPL – unlisted debt securities and investments in key-management insurance:		
At 1 April	**–**	–
Additions	**20,957**	–
Changes in fair value recognised in profit or loss	**(1,406)**	–
At 31 March	**19,551**	–

28 Commitments

Capital commitments outstanding at the end of the Reporting Period not provided for in the financial statements were as follows:

	As at 31 March	
	2025	2024
	HK$'000	HK$'000
Authorised and contracted for		
– Purchase of non-current assets	**26,904**	41,324

29 Material Related Party Transactions

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

(A) KEY MANAGEMENT PERSONNEL EMOLUMENTS

All members of key management personnel are Directors and their compensation is disclosed in note 6.

Total remuneration is included in "staff costs" (see note 4(B)).

(B) TRANSACTIONS WITH RELATED PARTIES

	For the year ended 31 March	
	2025	2024
	HK$'000	HK$'000
Logistic services fee from fellow subsidiaries	**–**	1,715
Logistic services fee from related parties	**4,554**	2,362
Purchase from fellow subsidiaries (Manufacturing Services Agreement)	**–**	1,381
Purchase from related parties (Manufacturing Services Agreement)	**4,189**	2,009
Sales to fellow subsidiaries (Manufacturing Services Agreement)	**–**	50
Sales to related parties (Manufacturing Services Agreement)	**209**	62
Overseas sales administrative services fee from fellow subsidiaries	**–**	387
Overseas sales administrative services fee from related parties	**624**	271
License fee income from related parties	**3,428**	2,964

(C) APPLICABILITY OF THE HONG KONG LISTING RULES RELATING TO CONNECTED TRANSACTIONS

The related party transactions disclosed in note 29(B) above represent transactions with entities controlled by the controlling shareholder of the Company and constitute connected transactions as defined in Chapter 14A of the Listing Rules.

30 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)(ii).

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.

(A) RESULTS OF DISCONTINUED OPERATIONS

	Note	Discontinued operations For the period from 1 April 2023 to 24 August 2023 HK$'000
Revenue	2	242,521
Cost of sales		(116,603)
Gross profit		125,918
Other net income	3	5,713
Selling and distribution expenses		(48,009)
Administrative and other operating expenses		(15,315)
Profit from operations		68,307
Finance costs	4(A)	(3,260)
Share of losses of associates		(600)
Share of losses of joint ventures		(2)
Profit before taxation	4	64,445
Income tax	5(A)	(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

30 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 year ended 31 March 2024, 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.

30 Discontinued Operations (Continued)

(C) NET GAIN ON DISTRIBUTION IN SPECIE (Continued)

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	(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

31 Non-adjusting Events after the Reporting Period

No significant event has taken place subsequent to 31 March 2025 and up to the date of this annual report.

32 Immediate and Ultimate Controlling Party

At 31 March 2025, the Directors consider the immediate parent and ultimate controlling party of the Group to be Kingshill Development Limited, which is incorporated in the British Virgin Islands. This entity does not produce financial statements available for public use.

33 Accounting Judgements and Estimates

KEY SOURCES OF UNCERTAINTY

Notes 10, 26 and 27 contain information about the assumptions and their risk factors relating to valuation of investment properties, fair value of share options granted and financial instruments. Other key sources of estimation uncertainty are as follows:

IMPAIRMENT OF INTANGIBLE ASSETS

In considering the impairment losses that may be required for the Group's intangible assets (including goodwill), the recoverable amount of the asset needs to be determined. The recoverable amount is the greater of the fair value less costs of disposal and the value in use. It is difficult to precisely estimate the fair value less costs of disposal because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present values, which requires significant judgement relating to items such as the level of sales volume, selling price and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as sales volume, selling prices and amount of operating costs.

Any increase or decrease in the above impairment losses would affect the net profit in future years.

34 Possible Impact of Amendments and a New Standard Issued But Not Yet Effective for the Year Ended 31 March 2025

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 March 2025 and which have not been adopted in these consolidated statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability*	1 January 2025
Amendments to HKFRS 9, *Financial instruments* and HKFRS 7, *Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments*	1 January 2026
Annual improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18, *Presentation and disclosure in financial statements*	1 January 2027
HKFRS 19, *Subsidiaries without public accountability: disclosures*	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

GROUP PROPERTIES

Major properties held for investment

Location	Use	Lease term
Office Nos. 6 and 8-11 on 8th Floor, C-Bons International Centre, No. 108 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong	Commercial	Medium lease
7th Floor, Rainbow Factory Building, No. 149 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong	Commercial and industrial	Medium lease
The Lobby, Portion of Ground Floor, Portion of 1st Floor, Portion of 2nd Floor, Portion of 3rd Floor, 4th Floor, Portion of Rooftop, No. 5 Dan Fu Street, Tai Po Industrial Estate, Tai Po, New Territories.	Industrial	Medium lease
Unit B, 9th Floor, Ever Gain Centre, 28 On Muk Street, Shatin, N.T.	Commercial	Medium lease

FIVE-YEAR FINANCIAL SUMMARY

(Expressed in Hong Kong dollars)

A summary of the results and of the assets and liabilities of the Group for the last five financial years is as follows:

	Year ended 31 March				
	2025	2024	2023	2022	2021
	HK$'000	HK$'000	HK$'000 (Restated) (Note 1)	HK$'000	HK$'000 (Note 2)
Revenue	**1,576,897**	1,467,798	1,267,598	1,595,543	1,445,915
Cost of sales	**(883,958)**	(847,323)	(728,680)	(975,021)	(884,832)
Gross profit	**692,939**	620,475	538,918	620,522	561,083
Other net income	**45,898**	45,028	72,389	40,499	102,743
Selling and distribution expenses	**(123,965)**	(128,690)	(119,590)	(184,087)	(177,412)
Administrative and other operating expenses	**(200,272)**	(203,687)	(178,333)	(216,046)	(230,174)
Profit from operations	**414,600**	333,126	313,384	260,888	256,240
Finance costs	**(41,372)**	(78,708)	(61,412)	(25,687)	(30,144)
Share of profits/(losses) of associates	**398**	165	(1,627)	(3,555)	(3,676)
Share of losses of joint ventures	**–**	–	–	(213)	(1,851)
Profit before taxation	**373,626**	254,583	250,345	231,433	220,569
Income tax	**(72,793)**	(44,414)	(42,976)	(43,728)	(34,264)
Profit for the year from continuing operations	**300,833**	210,169	207,369	187,705	186,305
Profit for the year from discontinuing operations	**–**	52,392	75,840	–	3
Net gain on distribution in specie	**–**	28,217	–	–	–
Profit for the year	**300,833**	290,778	283,209	187,705	186,308
Profit attributable to:					
Equity shareholders of the Company	**300,833**	266,968	251,044	177,666	173,713
Non-controlling interests	**–**	23,810	32,165	10,039	12,595
Total profit for the year	**300,833**	290,778	283,209	187,705	186,308

	As at 31 March				
	2025	2024	2023	2022	2021
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total non-current assets	**2,607,208**	2,522,438	3,623,086	3,577,295	3,706,368
Total current assets	**1,037,954**	964,416	1,757,413	1,178,245	1,160,782
Total current liabilities	**553,140**	372,843	656,435	826,384	873,906
Total non-current liabilities	**614,583**	717,651	1,467,542	971,191	1,133,135
Net current assets	**484,814**	591,573	1,100,978	351,861	286,876
Total assets less current liabilities	**3,092,022**	3,114,011	4,724,064	3,929,156	3,993,244
Net assets	**2,477,439**	2,396,360	3,256,522	2,957,965	2,860,109

Note 1: The branded healthcare segment has been classified as discontinued operations of the Group for the year ended 31 March 2024. In accordance with Hong Kong Financial Reporting Standard 5 ("**HKFRS 5**"), *Non-current Assets Held for Sale and Discontinued Operations*, the Group has restated the comparative information for the year ended 31 March 2023 in this regard.

Note 2: The wholesale and retail segment has been classified as discontinued operations of the Group for the year ended 31 March 2021, in accordance with HKFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*.

GLOSSARY

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

"2025 AGM"	the forthcoming 2025 annual general meeting of the Company
"adjusted EBITDA"	adjusted earnings before interest, taxes, depreciation and amortisation
"AI"	artificial intelligence
"Articles of Association"	the articles of association of the Company currently in force
"associate(s), chief executive(s), connected person(s), substantial shareholder(s)"	each has the meaning as described in the Listing Rules
"Audit Committee"	the audit committee of the Company
"Award Committee"	the award committee of the Company
"Board"	the board of Directors
"China", "Mainland China", "PRC" or "the PRC"	the People's Republic of China excluding, for the purpose of this annual report, Hong Kong, Macau and Taiwan
"Company", "our Company" or "the Company"	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
"COVID-19"	Coronavirus disease 2019
"Director(s)"	the director(s) of the Company
"EMA"	European Medicines Agency
"ESG"	environmental, social and governance
"ESG Committee"	the environmental, social and governance committee of the Company
"Executive Committee"	the executive committee of the Company
"FosunKairos"	Fosun Kairos Biotechnology Inc.
"Fosun Pharma"	Shanghai Fosun Pharmaceutical (Group) Co., Ltd.* (上海復星醫藥(集團)股份有限公司), a joint stock limited company incorporated in the PRC with limited liability
"FY2024"	the year ended 31 March 2024
"FY2025" or "Reporting Period"	the year ended 31 March 2025
"GDP"	Gross Domestic Product
"GMP"	Good Manufacturing Practice, a set of detailed guidelines on practices governing the production of pharmaceutical products designed to protect consumers by minimising production errors and the possibility of contamination
"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

"IND"	Investigational New Drug application
"Jacobson", "Group", "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)
"Jacobson Connected Persons"	any of the Company and its associates other than JBM Healthcare Group
"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
"Memorandum"	the memorandum of association of the Company currently in force
"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
"Net Debts"	bank loans less cash and cash equivalents
"Nomination Committee"	the nomination committee of the Company
"PIC/S"	two international instruments, the Pharmaceutical Inspection Convention and the Pharmaceutical Inspection Co-operation Scheme, which seek to promote constructive co-operation in the field of GMP between the participating authorities in different geographic markets
"PIC/S GMP"	Good Manufacturing Practice in accordance with the PIC/S GMP Guide issued by PIC/S
"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
"Remuneration Committee"	the remuneration committee of the Company
"Reorganisation"	the reorganisation arrangements undergone by JBM Healthcare Group in preparation for the listing of JBM Healthcare Shares on the Main Board, details of which are set forth in the section headed "History, Reorganisation and Corporate Structure – Reorganisation" in the prospectus of JBM Healthcare dated 26 January 2021

"Risk Management Committee"	a working committee reporting to the Audit Committee on the Group's risk-related matters
"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
"U.S. FDA"	U.S. Food and Drug Administration
"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*

Jacobson

Pharma Corporation

http://www.jacobsonpharma.com/