



JBM (Healthcare) Limited



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

Resolve & Resilience

Interim Report 2022

Contents

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



Corporate Information

Board of Directors Executive Director

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

Non-executive Directors

Mr. Sum Kwong Yip, Derek
(Chairman)
Mr. Yim Chun Leung
Mr. Yeung Kwok Chun, Harry

Independent Non-executive Directors

Mr. Chan Kam Chiu, Simon
Mr. Luk Ting Lung, Alan
Mr. Lau Shut Lee, Tony

Audit Committee

Mr. Chan Kam Chiu, Simon
(Chairman)
Mr. Luk Ting Lung, Alan
Mr. Lau Shut Lee, Tony

Remuneration Committee

Mr. Luk Ting Lung, Alan
(Chairman)
Mr. Yim Chun Leung
Mr. Chan Kam Chiu, Simon
Mr. Lau Shut Lee, Tony

Nomination Committee

Mr. Sum Kwong Yip, Derek
(Chairman)
Mr. Chan Kam Chiu, Simon
Mr. Luk Ting Lung, Alan
Mr. Lau Shut Lee, Tony

Authorised Representatives

Mr. Wong Yat Wai, Patrick
Mr. Lam Kau Lap

Company Secretary

Mr. Lam Kau Lap

Registered Office

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

Hong Kong Headquarters and Principal Place of Business

Units 808-811, 8/F
C-Bons International Centre
108 Wai Yip Street
Kwun Tong, Kowloon
Hong Kong

Principal Share Registrar And Transfer Office

Conyers Trust Company (Cayman)
Limited
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

Hong Kong Branch Share Registrar

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Auditor

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

Principal Bankers

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

Public Relations Consultant

Strategic Public Relations Group

Investor Relations

Email: jbmhealthcare@sprg.com.hk

Stock Code

2161

Company Website

www.jbmhealthcare.com.hk

Financial Highlights

	Six months ended 30 September 2022 HK\$'000	Six months ended 30 September 2021 HK\$'000	Change
Revenue			
– Branded medicines	56,888	63,425	-10.3%
– Proprietary Chinese medicines	163,084	106,467	+53.2%
– Health and wellness products	16,876	19,480	-13.4%
Total	236,848	189,372	+25.1%
Gross profit	85,543	75,080	+13.9%
Gross profit margin (%)	36.1%	39.6%	
Profit attributable to equity shareholders of the Company	21,561	10,040	+114.8%
Profit margin attributable to equity shareholders of the Company (%)	9.1%	5.3%	
Adjusted EBITDA ⁽¹⁾	56,682	39,319	44.2%
Adjusted EBITDA margin (%) ⁽²⁾	23.9%	20.8%	
Return on equity (%) ⁽³⁾	4.6%	1.7%	

	As at 30 September 2022 HK\$'000	As at 31 March 2022 HK\$'000	Change
Total assets	1,337,192	1,332,489	+0.4%
Total liabilities	354,407	363,299	-2.4%
Total equity	982,785	969,190	+1.4%

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

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

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

Our Vision and Mission



Enabling Better Health Through Self-care

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

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

Corporate Profile

Dynamic and Forward-Thinking Branded Healthcare Partner in Asia

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

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

Our Competitive Strengths

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

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

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

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

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

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

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

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

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

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

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

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

Management Discussion and Analysis

Business Review

With the stabilisation of the epidemic, the retail market in Hong Kong has shown signs of recovery since the second quarter of 2022 following the gradual easing of restrictive measures. Based on the HKSAR Government statistics, the provisional estimate of the value of total retail sales increased by 7.3% for the three months ended 31 July 2022 as compared with the preceding three-month period.

Although the economic sentiments in Hong Kong remained volatile, the Group continued to deliver a resilient performance on its branded healthcare portfolio for the six months ended 30 September 2022, due to the robust execution of strategy and cost control disciplines.

Results

Despite the lingering COVID-19 impact, the Group's branded healthcare business, comprising branded medicines, proprietary Chinese medicines and health & wellness products, generated a total revenue of HK\$236.8 million, delivering a notable growth of 25.0% during the Reporting Period. The gross profit of the Group amounted to HK\$85.5 million, up 13.8%, whilst consolidated profit attributable to equity shareholders amounted to HK\$21.6 million, representing a promising growth of 116.0% against the same period of the preceding year.

The significant increase in consolidated profit was primarily attributable to the easing of social distancing policies in Hong Kong which buttressed retail spending sentiment and a gradual recovery of the Group's overall sales, resulting in a substantial increase in revenue for the Reporting Period alongside a financial subsidy from the HKSAR Government through the Employment Support Scheme.

Operating Performance

During the Reporting Period, the Group sustained a resilient performance boosted by its branded healthcare portfolio, which comprises broad product offerings of notable brands in segments of branded medicines, proprietary Chinese medicines, and health and wellness products including health supplements, personal care products, and diagnostic kits. It was also bolstered by the Group's brand management capability, strong commercial execution and established sales network.

The Group has been making sound progress on its PRC cross-border e-commerce platform development with strong momentum, expanding the access of our products to a growing consumer base in Mainland China.

Branded Medicines

The revenue generated from the Group's branded medicines segment saw a decline of 10.3% in sales during the Reporting Period, mainly attributed to the decrease in sales of Ho Chai Kung brand products due to the sluggish retail sentiments in Hong Kong and Macau, despite partly offset by their robust performance on PRC cross-border e-commerce platform.

Ho Chai Kung – one of our household brands well-recognised in the analgesics OTC category, has seen encouraging performance on our PRC cross-border e-commerce platform which is supported by our dedicated operation and customer service team. The brand has been well-received by Chinese consumers and maintained a top 5 ranking during the Reporting Period (top 1 ranking for the month of July 2022) in the pain killer category at the Tmall cross-border platform.

To further promote the recognition of the brand and build consumer demand for Ho Chai Kung, the Group has launched a series of advertising and promotion activities through print, outdoor and social media to reinforce its leadership position among target consumers.

As a leading brand for children's myopia control in Hong Kong, AIM Atropine Eye Drops sustained its performance and delivered growth of 11.3% during the Reporting Period, demonstrating the Group's continued effort to fulfill the vision health need in the public segment. The prevalence of myopia in early teens and school children has evolved as a key concern amongst healthcare professionals. Helping children and parents manage myopia progression with science-backed and safety-assured products has remained a focus for AIM Atropine Eye Drops to drive growth.

With the gradual resumption of social activities in Hong Kong, we have commenced different engagement campaigns to educate the public about the latest science-based solution on myopia progression control, which garnered strong support from eye and health care professionals as reflected by the growth in our active accounts during the Reporting Period.

We also augment our education programs with online communications to advocate the importance of regular eye health checks and the clinical benefits of AIM Atropine Eye Drops on myopia progression control. Our holistic campaign is a long-term effort dedicated to build public awareness on active myopia prevention among children at the onset of school age.

Proprietary Chinese Medicines

The stabilised pandemic situation during the Reporting Period led to the gradual recovery of public demand for Chinese medicine services. As a result, the proprietary Chinese medicines segment of the Group delivered a robust growth of 53.1% during the Reporting Period, mainly driven by the solid momentum of its CCMG business, along with significant growth in sales of Po Chai Pills and certain third party products.

The CCMG business of the Group delivered robust growth of 21.7% during the Reporting Period, which was driven by the increased public demand for traditional Chinese medicines (“TCM”) with the HKSAR Government’s promotion for its efficacy in the prevention and treatment of COVID-19 infection, as well as in the rehabilitation from “long-COVID-19” symptoms.

Our CCMG brand enjoys a leading market position that carries and distributes more than 700 single-formula and combo-formula CCMG products to an extensive network of Chinese medicine practitioners in Hong Kong. The Group is therefore well-positioned to capture the potential demand for CCMG products buttressed by the growing public acceptance of TCM, especially for its complementary healing benefits to western medicine.

Po Chai Pills, one of our leading household heritage brands in the gastro-intestinal category, has benefited from the improvement of the retail sentiments following the gradual easing of COVID-19 measures in Hong Kong and the lift up of COVID-19 restrictions in overseas markets, delivering significant growth of 60.1% during the Reporting Period against the corresponding period of last year, thanks also to our effective execution of brand marketing and sales drive strategy.

Health & Wellness Products

The health and wellness products segment of the Group registered a decrease of 13.3% in sales during the Reporting Period, mainly attributable to the reduction of sales of certain products in the retail sector in Hong Kong, despite being offset by the growth in sales of Oncotype DX Breast Cancer Recurrence Score Test and Pantogar shampoo and tonic series.

Revenue generated from Oncotype DX delivered a robust growth of 19.7% during the Reporting Period with our continuing education program for doctors and early-stage breast cancer patients on the clinically-proven reliability of Oncotype DX in the genomic score test for susceptibility to chemotherapy treatment.

The recognition of Oncotype DX among hospitals and healthcare professionals has been well received, which was reflected by our notable growth in service accounts. We have also deepened our collaboration with the Hong Kong Breast Cancer Foundation through enhancing the financial assistance program to help patients in need. At the patient engagement level, we have extended our product education program to above-the-line media while robustly maintaining our product detailing on the online platform.

Pantogar is a well-recognised brand from Germany for the effective treatment of hair loss with clinically substantiated studies. Boosted by the launch of its new shampoo and tonic series with specialised formulations for women and men, Pantogar has gained notable success in e-commerce platforms, as well as tapping into the professional hair salon channel with well-trusted, scientifically proven hair-health products for consumers.

Business Development

On the business development front, we continue to implement our growth strategies, keep pace with consumer demand and market opportunities, and further leverage our unique strengths to cement our competitive position as a forward-looking branded healthcare player in Asia.

Accelerating E-commerce Development

The development of our PRC cross-border e-commerce business continued to gather momentum as a result of our sustained efforts to drive expansion in product offerings, platform footholds, customer traffic and base.

Our two self-operated flagship stores on Tmall Global Marketplace (天貓國際賣場型旗艦店) and JD Worldwide (京東國際) have demonstrated accelerating growth with strong expansion in market share and customer base during the Reporting Period, bolstered by the robust operation and customer service support of our dedicated cross-border e-commerce team. During the Reporting Period, our flagship store has taken up a top 8 ranking at Tmall, whilst Ho Chai Kung Tji Thung San has claimed a top 5 ranking in the pain-killer category on the platform.

To further drive our e-commerce business development, we will continue collaborating with new and existing e-commerce platforms to leverage their customer pools for expanded market opportunities, which will be backed by an enhanced and dedicated e-commerce team in Mainland China and Hong Kong.

We have continued to deepen our business to business (B2B) partnership and operation with major PRC cross-border e-commerce platform customers. The strengthened collaboration witnessed a notable increase in pre-event purchase orders from our B2B partners for the “6.18” and “Double 11” promotions during the Reporting Period. Also, our orders from B2B customers were boosted by the bonded warehouse customs clearance method adopted in our collaboration, which has shortened customer delivery time to 1 to 3 days as opposed to 7 to 14 days by the individual customs clearance method used by other practitioners.

We will maintain our traffic generation strategy to continually introduce hot-selling third-party brand products in major cross-border e-commerce platforms to drive the expansion of platform sales and market share, in addition to own-brand development strategy to raise profit margin.

Apart from OTC products, we are also actively enhancing our portfolio with new potential categories. As a case in point, we currently sell our skincare and beauty products at VIP Shop (唯品會), a popular cross-border e-commerce platform for branded lifestyle products in Mainland China. These skincare and beauty products will be continually expanded to multiple cross-border e-commerce platforms, allowing us to reach a wider range of consumer groups.

Capturing Growth Potential in Chinese Medicines

Consumer demand for TCM has greatly developed over the years as a result of public acceptance of its complementary healing benefits and favorable government policies in promoting its heritage and development. Moreover, the cooperation between HKSAR Government and Mainland China authorities in promoting the use of TCM products in the Greater Bay Area is expected to pose great opportunities for manufacturers and market practitioners alike in Hong Kong.

The role of Chinese medicine has been further boosted by the advocacy of the HKSAR Government and Mainland China experts on the enhanced efficacy of the collaborative use of western and Chinese medicines in the treatment of COVID-19 patients during the hikes of local COVID-19 infected cases in the severe fifth outbreak of the epidemic. The push for Chinese medicine is also demonstrated by two ongoing flagship projects funded by the HKSAR Government for supporting TCM development in Hong Kong, namely the city’s first Chinese Medicine Hospital at Tseung Kwan O and the Government Chinese Medicines Testing Institute.

To capture the foreseeable growth of the Chinese medicines market, we have been adding newly developed products to our CCMG portfolio, along with introducing registered Chinese medicine-based healthcare products, which will be progressively launched to market, leveraging our extensive distribution network of Chinese medicine practitioners. In enhancing our customer support, we have also successfully launched an online service platform to facilitate order placement around the clock for our TCM physician customers.

Our proprietary Chinese medicine business also benefits from the collaborative support of the HKSAR and Mainland China authorities in facilitating the entry of Hong Kong traditional proprietary Chinese medicines into the Greater Bay Area. Streamlined procedures have been announced that allow holders of traditional proprietary Chinese medicines for external use, registered and marketed for more than five years in Hong Kong, to apply for registration with the Guangdong Provincial Medical Products Administration (GDMPA).

Leveraging the measure with our proprietary Chinese medicines portfolio, we have successfully secured the approval for registration of our medicated oil brands Shiling Oil and Konsodona Medicated Oil in the Greater Bay Area.

Outlook

There is no denying that the persistence of COVID-19 has posed an unprecedented impact on the retail business landscape. Though challenges will likely remain, we have seen positive signs of improvement. Consumer and business sentiments have been bolstered by the moderating COVID-19 situation and the gradual easing of related social and travel restrictive measures, along with the various economic boosting measures by the HKSAR Government.

Although we are optimistic about the gradual recovery from the pandemic in sight as most countries have opened up and cross-border economic activities are gaining momentum, the consumer market in Hong Kong will remain challenging with the delayed full opening of the cross-border travels between Hong Kong and Mainland China.

However, we remain positive about the promising outlook of the healthcare industry. In particular, the COVID-19 pandemic has boosted health concerns and accelerated the consumer shift towards greater proactivity in managing their health and wellness. This will further aid the growth momentum of the consumer healthcare market, which is set against the backdrop of the aging population, increased demand for better healthcare, the sedentary lifestyle, and growth in health consciousness.

COVID-19 has also helped hasten the shift in consumers' purchasing habits, driving them increasingly from shopping offline to online. We believe that the trend of the at-home economy will continue to spur rapid growth of online business across the markets, supporting the momentum of the Group's cross-border e-commerce business development.

Given the favorable policy support for the development of TCM in the region, we are excited about the emerging business opportunities opened up in the Greater Bay Area. The Group, as a key proprietary Chinese medicines and CCMG market player in Hong Kong, is well poised to tap into the potential of the burgeoning market with a sizable population of over 70 million in the Greater Bay Area.

That said, we will remain focused to build on our growth strategies with improved resilience and operational efficiency, and capitalise on market opportunities by helping consumers better manage their health with quality and well-trusted branded healthcare products – inspired by our mission of enabling better health through self-care.

Remuneration Policy

As at 30 September 2022, the Group had a total of 234 employees (compared to 231 employees as at 30 September 2021). For the Reporting Period, the total staff cost of the Group was approximately HK\$34.4 million, compared to approximately HK\$35.3 million for the six months ended 30 September 2021 due to streamlined organisation for the operation and development of the Group.

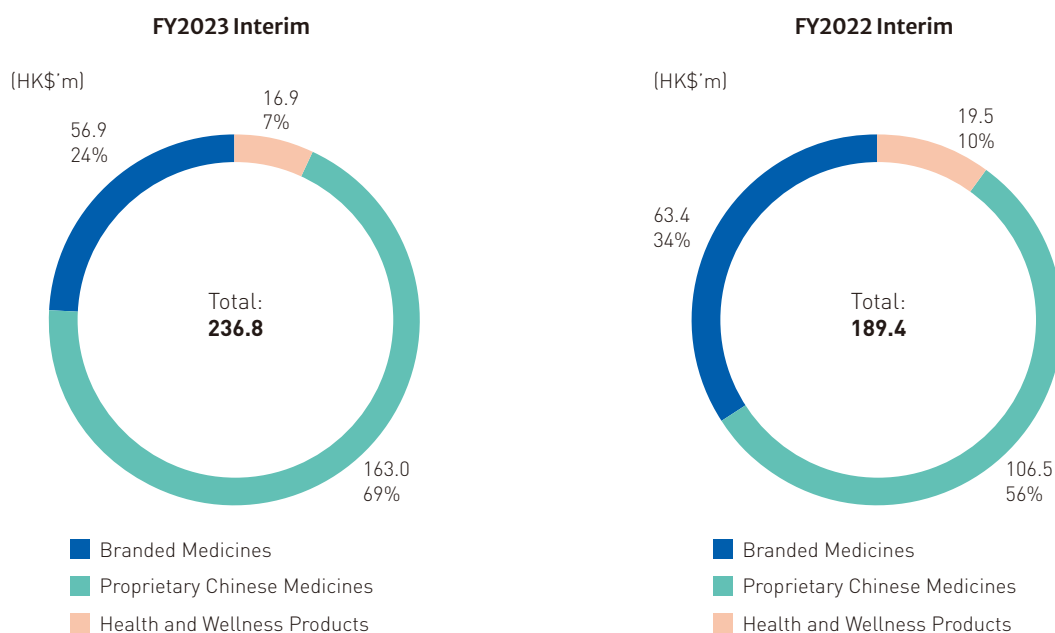
All the employees have signed the standard employment contracts with the Group. Employees' remuneration packages include one or more of the following items: basic salary, sales incentive, productivity-related incentives and discretionary performance bonus. The Group sets out performance attributes for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

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

Financial Review

Revenue

Revenue by Operating Segments



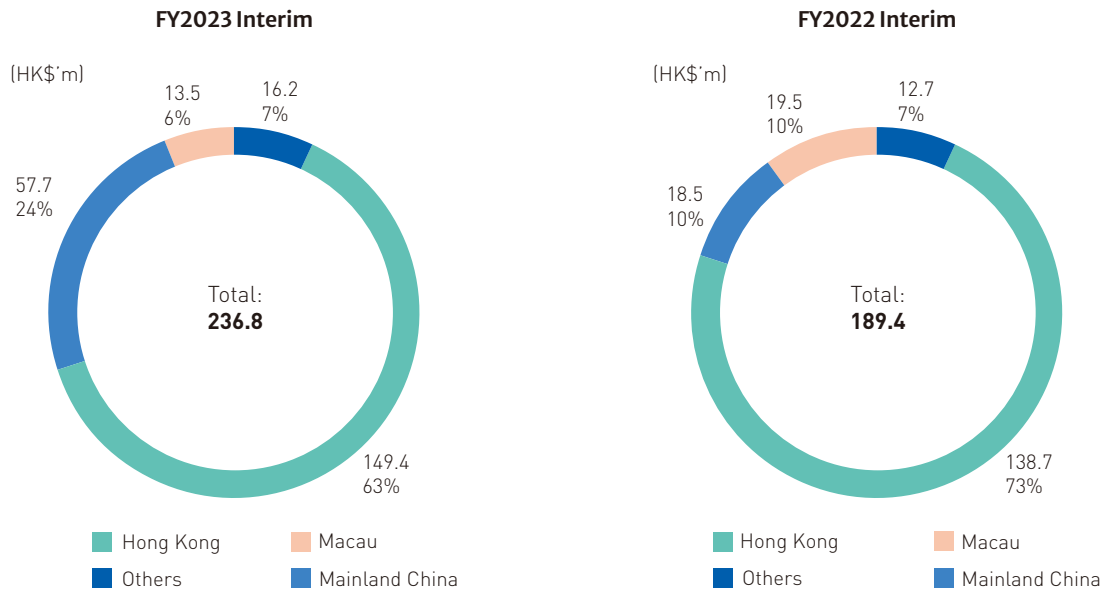
The substantial increase in the Group's total revenue of HK\$47.4 million, or 25.0% compared to FY2022 Interim, was mainly attributable to the significant increase in revenue of HK\$56.5 million in the proprietary Chinese medicines segment, which was partly offset by the decrease of HK\$6.5 million in the branded medicines segment and HK\$2.6 million in the health and wellness products segment. The revenue split of the three segments was at the ratio of 69%, 24% and 7%.

The revenue in the proprietary Chinese medicines segment delivered a robust growth of 53.1% from FY2022 Interim to FY2023 Interim, which benefitted from the strong growth of sales generated from our cross-border e-commerce platforms and the notable increase in the revenue of CCMG business due to the increased popularity of traditional Chinese medicines driven by the epidemic, on back of the growing acceptance by the public of their complementing healing benefits. It was also contributed by the rebound of revenue of Po Chai Pills locally and in some overseas countries with the resumption of social and economic activities.

The revenue in the branded medicines segment was reduced by 10.3% from FY2022 Interim to FY2023 Interim. Due to the adverse impact of the pandemic on retail consumption in Hong Kong and Macau, the revenue of Ho Chai Kung brand products was slowed down. However, category-leading brand AIM Atropine Eye Drops continued to deliver promising growth amid the potential demand among young children for control of myopia progression.

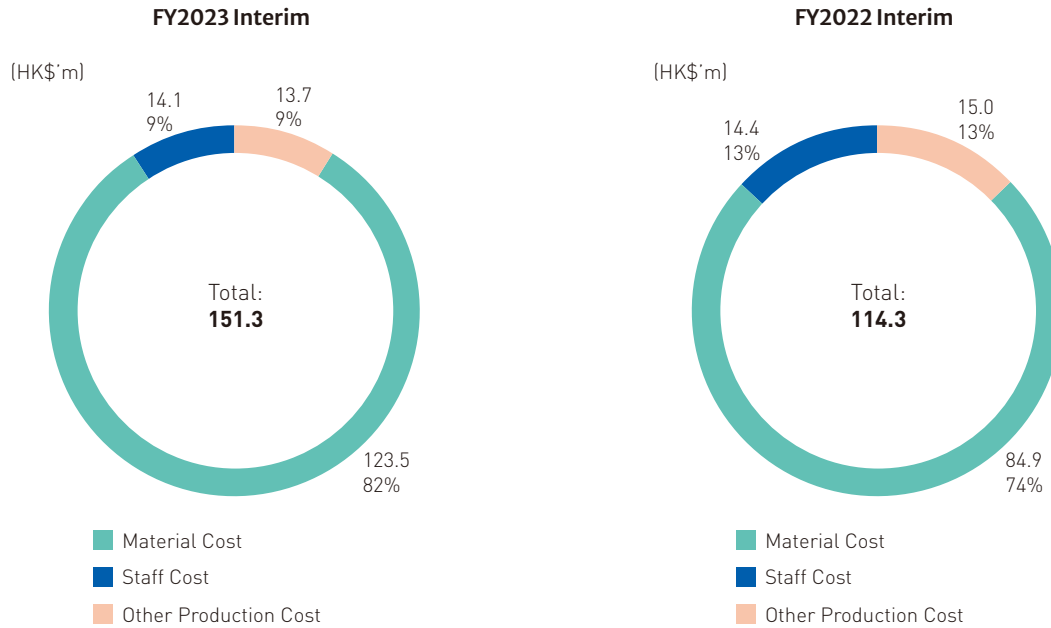
For the health and wellness products segment, a considerable decrease of 13.3% in revenue was registered in FY2023 Interim as compared to the previous period, attributed to the reduction of sales of various products in the retail sector in Hong Kong. The decrease, however, was partly compensated by the stable growth of Oncotype DX Breast Cancer Recurrence Score Test during the Reporting Period.

Revenue by Geographic Locations



Hong Kong continued to be the major revenue stream, representing 63% of the total revenue with an increase in revenue of HK\$10.7 million compared to the previous period, which was mainly due to the strong growth in sales of CCMG products and Po Chai Pills. The revenue in Mainland China increased significantly by HK\$39.2 million from FY2022 Interim to FY2023 Interim, mainly attributable to the robust sales performance via various cross-border e-commerce platforms during the Reporting Period. The reduction in revenue in Macau by HK\$6.0 million from FY2022 Interim to FY2023 Interim was mainly caused by travel restriction measures in Macau during the Reporting Period. The remarkable increase in revenue from other overseas markets by HK\$3.5 million from FY2022 Interim to FY2023 Interim was mainly due to the increase in sales in the United States and key Caribbean markets, being partly offset by the decline in sales in the United Kingdom.

Cost of Sales

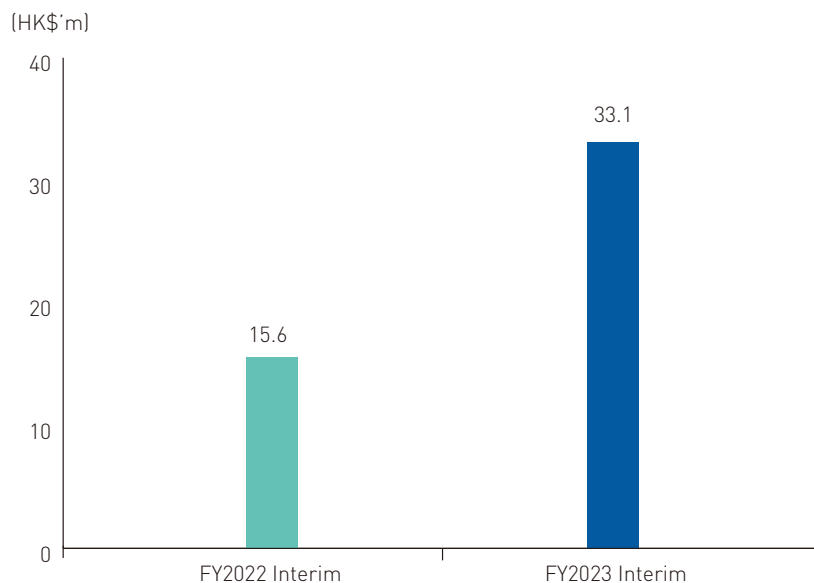


Material cost continued to be the major component which constituted approximately 82% of the total cost of sales for the FY2023 Interim. The increase in material cost of HK\$38.6 million or 45.5% from FY2022 Interim to FY2023 Interim was primarily due to procurement of third party brand products for sale to various cross-border e-commerce platforms with relatively low margin compared to the existing products of the Group.

The slight decrease in staff cost of HK\$0.3 million or 2.1% from FY2022 Interim to FY2023 Interim was mainly attributed to the implementation of optimisation program and cost control measures by the Group.

The decrease in other production cost of HK\$1.3 million or 8.7% from FY2022 Interim to FY2023 Interim was contributed by effective cost control measures.

Profit from Operations



The profit from operations increased significantly by HK\$17.5 million or 112.2% to HK\$33.1 million from FY2022 Interim to FY2023 Interim, which was mainly attributable to the increase in gross profit and recognition of the one-off Employment Support Scheme subsidy from the HKSAR Government during the Reporting Period.

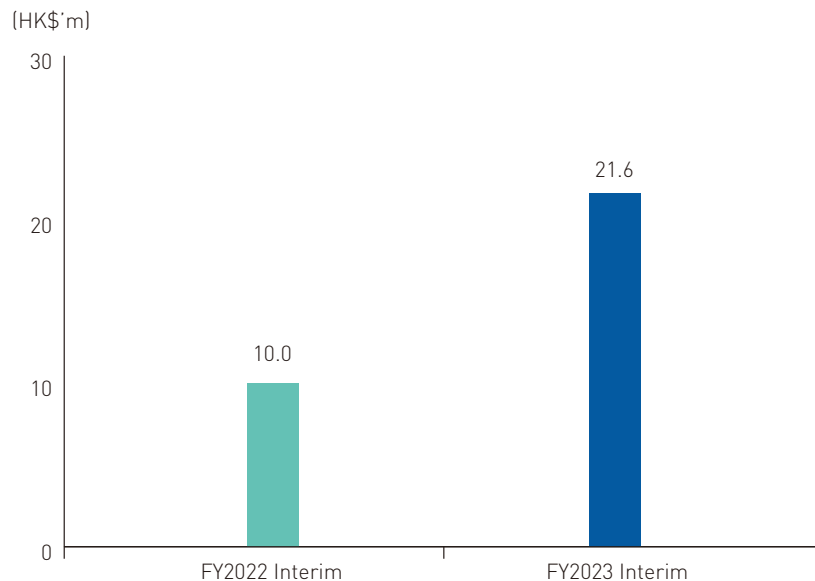
Finance Costs

During the Reporting Period, the finance costs maintained at a similar level as compared with FY2022 Interim as a result of the net effect of the increase in interest rate, repayment of bank loans and drawdown of loan from a fellow subsidiary.

Income Tax

The increase in income tax from FY2022 Interim to FY2023 Interim primarily reflected the higher profit before taxation generated during the Reporting Period. The decrease in effective income tax rate from FY2022 Interim to FY2023 Interim was mainly attributable to the increase in non-taxable income.

Profit Attributable to Equity Shareholders



The significant increase in profit attributable to equity shareholders of HK\$11.6 million or 116.0% from FY2022 Interim to FY2023 Interim was mainly contributed by rebound of profit from operations.

Assets

Property, Plant and Equipment

The decrease in the value of property, plant and equipment as at 30 September 2022, compared with 31 March 2022, principally reflected the depreciation of HK\$13.3 million, which was partly offset by the additions of HK\$3.8 million during the Reporting Period.

Intangible Assets

The decrease in intangible assets as at 30 September 2022, compared with 31 March 2022, was primarily attributable to amortisation of HK\$10.3 million.

Inventories

The inventory level as at 30 September 2022 increased by HK\$5.4 million for satisfying the demand in the various cross-border e-commerce platforms in the fourth quarter of 2022.

Cash and Cash Equivalents

Approximately 89.5% of cash and cash equivalents as at 30 September 2022 were denominated in Hong Kong dollars (as at 31 March 2022: 90.1%), while the remaining balances were mainly denominated in Euros, United States dollars, Renminbi and Singapore dollars.

Liabilities

Bank Loans and Other Borrowings

The decrease in bank loans and other borrowings, all of which were at variable interest rates, from HK\$175.0 million as at 31 March 2022 to HK\$160.0 million as at 30 September 2022 represented the net effect of repayment of bank loans of HK\$75.0 million and drawdown of loan of HK\$60.0 million from a fellow subsidiary. As at 30 September 2022, the bank loans and other borrowings of the Group were denominated in Hong Kong dollars.

Use of Proceeds

Use of IPO proceeds

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

The table below sets forth the status of utilisation of the IPO Proceeds as at 30 September 2022:

Use of IPO Proceeds as set out in the Prospectus	Proposed Application HK\$'000	As at 31 March 2022		As at 30 September 2022		Expected timeline for utilising the remaining IPO proceeds
		Actual utilised amount HK\$'000	Unutilised amount HK\$'000	Actual utilised amount HK\$'000	Unutilised amount HK\$'000	
Portfolio development and brand management of proprietary Chinese medicines	5,000	3,104	1,896	1,896	–	N/A
Payments for obtaining additional distribution rights from third-party brand owners	4,523	4,523	–	–	–	N/A
General working capital	1,000	1,000	–	–	–	N/A
Total	10,523	8,627	1,896	1,896	–	

The IPO Proceeds were used according to the plans disclosed in the Prospectus and supplemented by the announcement of the Company dated 9 March 2022 as shown above.

Liquidity, Capital Resources and Capital Structure

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

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

Charge on Group Assets

The carrying value of assets pledged against bank loans was HK\$75.2 million as at 30 September 2022 (as at 31 March 2022: HK\$76.5 million).

Net Gearing Ratio

The net gearing ratio of the Group (bank loans and loan from a fellow subsidiary less cash and cash equivalents, divided by total equity multiplied by 100%) decreased from 10.9% as at 31 March 2022 to 6.6% as at 30 September 2022. The decrease in net gearing ratio was mainly attributable to repayment of bank loans during the Reporting Period.

Financial Risk Analysis

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

Contingent Liabilities

As at 30 September 2022, the Group did not have any significant contingent liabilities.

Significant Events After the Reporting Period

No significant event has taken place subsequent to 30 September 2022 and up to the date of this interim report.

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

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

Future Plans for Material Investment or Capital Assets

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

Principal Risks and Uncertainties

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

- The outbreak of COVID-19 has weakened consumer sentiment and adversely impacted retail spending in Hong Kong as local economic activities and the number of visitors declined as a result of various social distancing measures and travel restrictions implemented from time to time. As we sell the majority of our products through retail channels, such as major modern trade chain stores, registered pharmacies and drug stores, the COVID-19 outbreak has negatively affected the sales of many of our branded healthcare products. Any further prolonged outbreak of COVID-19 may materially and adversely impact on our business and financial performance going forward.
- Our success is attributable to the well-established brands of our products and our ability to manage the brands effectively. We devoted significant resources in brand marketing, promotion and management to enhance their appeal and recognition. However, the marketing and promotional initiatives may not always be successful. Furthermore, our business could be negatively impacted if any of our products suffers substantial harm to its brand reputation due to product recall, defects, product misuse, negative or inaccurate reports, postings on social media etc.
- Our branded healthcare products typically compete in three market segments, namely the branded medicines, health and wellness and proprietary Chinese medicine markets, which are highly competitive and rapidly evolving with frequent introduction of new brands and products and high consumer expectations on quality and value. We face intense competition from existing competitors and new entrants, including multinational companies, as well as domestic manufacturers and distributors of products that have competing market positioning or similar efficacies that can be used as substitutes for our products.
- The nature of our business exposes us to the risk of product liability, personal injury or wrongful death claims that are inherent in the development, manufacture and sales of consumer products. Manufacturers or vendors of defective products could be subject to civil liability for loss or physical injury to any affected person. In Hong Kong, manufacturers of defective products could also be subject to criminal liability and have their business licenses revoked. In the event a lawsuit is brought against us, we may have to incur substantial costs to defend the lawsuit or be held liable for significant damages, and we may be unable to seek full indemnification from our suppliers, third-party manufacturers or third-party brand owners or be fully covered by our insurance for our liability and costs.

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

Environmental Policies and Performance

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

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

Compliance with Laws and Regulations

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

Other Information

Corporate Governance Highlights

The Board is committed to maintaining high corporate governance standards.

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

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

The Company has complied with all the code provisions of the CG Code, including Part 2 of Appendix 14 to the Listing Rules, and adopted most of the recommended best practices set out therein throughout the six months ended 30 September 2022.

Amendments to Memorandum and Articles of Association

At the annual general meeting of the Company held on 23 September 2022, the shareholders of the Company passed a special resolution approving the proposed amendments to the amended and restated memorandum and articles of association of the Company and the adoption of the second amended and restated memorandum and articles of association of the Company. For further details, please refer to the circular of the Company dated 28 July 2022.

Model Code for Securities Transactions

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

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities throughout the Reporting Period.

Audit Committee

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

Review of Interim Results

The interim results for the six months ended 30 September 2022 are unaudited, but have been reviewed by KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Hong Kong Institute of Certified Public Accountants, whose unmodified review report is included on page 22. The Audit Committee, together with management of the Company, has also reviewed the interim results for the six months ended 30 September 2022.

Interim Dividend

The Board declared the payment of an interim dividend per ordinary share for the six months ended 30 September 2022 of HK0.5 cent for the total amount of approximately HK\$4.5 million (six months ended 30 September 2021: Nil). The interim dividend will be paid on 29 December 2022 (Thursday) to shareholders whose names appear on the register of members of the Company on 13 December 2022 (Tuesday), the record date. The details of interim dividend of the Group are set out in note 9 of the unaudited interim financial report.

Closure of Register of Members

In order to determine the entitlement of shareholders of the Company to receive the interim dividend, the register of members of the Company will be closed from 12 December 2022 (Monday) to 13 December 2022 (Tuesday), both days inclusive, during which period no transfer of shares of the Company will be registered. All transfer documents, accompanied by the relevant share certificates, shall be lodged with the Company’s Hong Kong Branch Share Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on 9 December 2022 (Friday).

Change of Information on Directors

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

- (1) Mr. Yeung Kwok Chun, Harry was appointed to act as the adviser of School of Chinese Medicine of the Chinese University of Hong Kong for a term of three years from 1 September 2022 onwards. With effect from 19 October 2022, he also serves as the member of steering committee of Research Centre for Chinese Medicine Innovation (RCMI) under The Hong Kong Polytechnic University, for a term until 30 September 2024.
- (2) Since 12 August 2022, Mr. Luk Ting Lung, Alan served as the responsible officer and managing director of Winner Zone Family Office Limited (鴻鵠家族辦公室有限公司), a licensed insurance broker company.

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

As at 30 September 2022, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests or short positions which they were taken or deemed to have under such provisions of the SFO, or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to section 347 of the SFO and the Model Code were as follows:

(I) Interests in Shares of the Company

Name of Director	Capacity/Nature of Interest	Number of shares	Approximate percentage of issued share capital of the Company	Long position/ Short position/ Lending pool
Mr. Sum ⁽¹⁾	Beneficial owner Interests in controlled corporation Settlor of trusts	635,478,375	71.10%	Long position
Mr. Wong Yat Wai, Patrick	Beneficial owner	204,500	0.02%	Long position
Mr. Yim Chun Leung	Beneficial owner	3,727,500	0.42%	Long position
Mr. Yeung Kwok Chun, Harry	Beneficial owner	125,000	0.01%	Long position
Mr. Chan Kam Chiu, Simon	Beneficial owner	12,500	0.01%	Long position

Note:

- (1) Mr. Sum is the registered and beneficial owner of 250,000 shares in the Company. Queenshill, a company wholly-owned by Mr. Sum, also holds 35,786,500 shares of our Company. JBM Group BVI, a wholly-owned subsidiary of Jacobson Pharma, is the registered and beneficial owner of 493,106,375 shares in the Company. Lincoln's Hill (a fellow subsidiary of Kingshill under Trust Co) holds 106,335,500 shares of our Company, for the purpose of trust asset management of The Kingshill Trust.

Jacobson Pharma is owned as to approximately 43.98%, 15.94%, 0.42% and 0.24% by Kingshill, Queenshill, The Queenshill Trust and Mr. Sum (in his personal capacity), respectively. Each of Lincoln's Hill and Kingshill is wholly-owned by Trust Co under The Kingshill Trust, a discretionary trust established by Mr. Sum (as the settlor) with Mr. Sum and his family members as the discretionary beneficiaries. Trust Co is in turn wholly-owned by UBS Trustees (B.V.I.) Limited (the trustee of The Kingshill Trust) through its nominee, UBS Nominees Limited.

By virtue of the SFO, Mr. Sum is deemed to be interested in the shares of the Company in which Jacobson Pharma, JBM Group BVI, Lincoln's Hill and Queenshill are interested.

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

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

Name of Director	Capacity/Nature of Interest	Number of shares	Approximate percentage of issued share capital of Jacobson Pharma	Long position/ Short position/ Lending pool
Mr. Sum ⁽¹⁾	Beneficial owner Interests in controlled corporation Settlor of trusts	1,171,988,000	60.59%	Long position
Mr. Wong Yat Wai, Patrick	Beneficial owner	1,636,000	0.08%	Long position
Mr. Yim Chun Leung	Beneficial owner	31,420,000	1.62%	Long position
Mr. Yeung Kwok Chun, Harry	Beneficial owner	1,000,000	0.05%	Long position
Mr. Chan Kam Chiu, Simon	Beneficial owner	100,000	0.01%	Long position

Note:

- (1) Mr. Sum is the registered and beneficial owner of 4,700,000 shares in Jacobson Pharma. Queenshill, a company wholly-owned by Mr. Sum, also held 308,404,000 shares in Jacobson Pharma. 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 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 in Jacobson Pharma. The Kingshill Trust is a discretionary trust established by Mr. Sum (as the settlor) with Mr. Sum and his family members as the discretionary beneficiaries (directly and through The Queenshill Trust). By virtue of the SFO, Mr. Sum, as the settlor and a discretionary beneficiary of The Kingshill Trust and The Queenshill Trust, is deemed to be interested in the 850,684,000 shares held by Kingshill.

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 its wholly-owned company under the trust, holds 8,200,000 shares in the Company. By virtue of the SFO, Mr. Sum is deemed to be interested in the 8,200,000 shares held by the wholly-owned company under The Queenshill Trust.

Save as disclosed above, so far as known to any Directors as at 30 September 2022, none of the Directors or chief executive of the Company or any of their close associates had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which they were taken or deemed to have under such provisions of the SFO, or which were required to be recorded in the register to be kept by the Company pursuant to section 352 of the SFO, or which were required, pursuant to section 347 of the SFO and the Model Code, to be notified to the Company and the Stock Exchange.

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

As at 30 September 2022, within the knowledge of the Directors, the following persons or corporations had or deemed or taken to have an interest or a short position in the shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Interests in Shares of the Company

Name of shareholder	Capacity/Nature of Interest	Number of shares	Approximate percentage of issued share capital of the Company	Long position/ Short position/ Lending pool
JBM Group BVI ⁽¹⁾	Beneficial owner	493,106,375	55.17%	Long position
Jacobson Pharma ⁽¹⁾	Interests in controlled corporation	493,106,375	55.17%	Long position
Kingshill ⁽¹⁾	Interests in controlled corporation	493,106,375	55.17%	Long position
Lincoln's Hill ⁽¹⁾	Beneficial owner	106,335,500	11.90%	Long position
Trust Co ⁽¹⁾	Interests in controlled corporation	599,441,875	67.07%	Long position
UBS Trustees (B.V.I.) Limited ⁽¹⁾	Interests in controlled corporation Trustee	599,441,875	67.07%	Long position
Mr. Sum ⁽¹⁾⁽²⁾⁽³⁾	Beneficial owner Interests in controlled corporation Settlor of trusts	635,478,375	71.10%	Long position

Notes:

(1) JBM Group BVI, a wholly-owned subsidiary of Jacobson Pharma. By virtue of the SFO, Jacobson Pharma is deemed to be interested in the Shares held by JBM Group BVI. Lincoln's Hill (a fellow subsidiary of Kingshill under Trust Co) holds 106,335,500 shares in our Company. Jacobson Pharma is owned as to approximately 43.98%, 15.94%, 0.42% and 0.24% by Kingshill, Queenshill, The Queenshill Trust and Mr. Sum (in his personal capacity), respectively. Each of Lincoln's Hill and Kingshill is wholly-owned by Trust Co under The Kingshill Trust, a discretionary trust established by Mr. Sum (as the settlor) with Mr. Sum and his family members as the discretionary beneficiaries. Trust Co is in turn wholly-owned by UBS Trustees (B.V.I.) Limited (the trustee of The Kingshill Trust) through its nominee, UBS Nominees Limited.

By virtue of the SFO, (i) each of Kingshill, Trust Co, UBS Trustees (B.V.I.) Limited and Mr. Sum is deemed to be interested in the Shares in which Jacobson Pharma is interested; and (ii) each of Trust Co, UBS Trustees (B.V.I.) Limited and Mr. Sum is deemed to be interested in the Shares in which Lincoln's Hill is interested.

(2) Mr. Sum is the registered and beneficial owner of 250,000 shares in our Company.

(3) Queenshill, wholly-owned by Mr. Sum also holds 35,786,500 shares in our Company. By virtue of the SFO, Mr. Sum is deemed to be interested in shares of the Company in which Queenshill is interested.

Share Award Scheme

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

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

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

The Share Award Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules, and is a discretionary scheme of the Company.

Unless otherwise terminated or altered, the Share Award Scheme should be valid and effective for a period of ten years commencing from 18 January 2021. Pursuant to the Share Award Scheme, the Trustee will purchase existing shares of the Company from the market or subscribe for new ordinary shares from the Company out of the money contributed by the Group, and such shares will be held on trust for selected participants of the scheme until such awarded shares are vested with the relevant selected participants. At no point in time shall the Trustee be holding more than 5% of the total number of shares of the Company in issue under the Share Award Scheme. In addition, unless approved by the Board, the Award Committee shall not grant any awarded shares to any selected participant if the granting of such awarded shares would result in the total number of shares vested or to be vested in the relevant selected participant during any 12 month period exceeding 1% of the total issued shares of the Company (save and except that any grant of awarded shares to an independent non-executive Director should not result in the total number of shares vested or to be vested in that person (under the Share Award Scheme or otherwise) during any 12 month period exceeding 0.1% of the total issued shares of the Company). Details of the rules of the Share Award Scheme were set out in the Prospectus.

During the six months ended 30 September 2022, the Trustee has purchased 3,814,000 existing shares of the Company from the market. During the Reporting Period, no Share was issued nor granted to any selected participant under the Share Award Scheme.

Arrangement to Purchase Shares or Debentures

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

Review Report to the Board of Directors

JBM (Healthcare) Limited

(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 23 to 37 which comprises the consolidated statement of financial position of JBM (Healthcare) Limited (the “**Company**”) as of 30 September 2022 and the related consolidated statement of profit or loss and other comprehensive income and statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 September 2022 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants

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

25 November 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2022 – unaudited (Expressed in Hong Kong dollars)

	Note	Six months ended 30 September	
		2022 HK\$'000	2021 HK\$'000
Revenue	4	236,848	189,372
Cost of sales		(151,305)	(114,292)
Gross profit		85,543	75,080
Other net income	5	7,149	970
Selling and distribution expenses		(41,243)	(38,671)
Administrative and other operating expenses		(18,384)	(21,762)
Profit from operations		33,065	15,617
Finance costs	6(A)	(3,373)	(3,403)
Share of loss of an associate		(516)	(749)
Share of losses of joint ventures		(519)	(285)
Profit before taxation	6	28,657	11,180
Income tax	7	(5,556)	(2,905)
Profit for the period		23,101	8,275
Other comprehensive income for the period			
<i>Item that will not be reclassified subsequently to profit or loss, net of nil tax:</i>			
Revaluation of financial assets at fair value through other comprehensive income		(5,701)	–
<i>Item that may be reclassified subsequently to profit or loss, net of nil tax:</i>			
Exchange differences on translation of financial statements of operations outside Hong Kong		(769)	(249)
Other comprehensive income for the period		(6,470)	(249)
Total comprehensive income for the period		16,631	8,026
Profit attributable to:			
Equity shareholders of the Company		21,561	10,040
Non-controlling interests		1,540	(1,765)
Total profit for the period		23,101	8,275
Total comprehensive income attributable to:			
Equity shareholders of the Company		15,091	9,791
Non-controlling interests		1,540	(1,765)
Total comprehensive income for the period		16,631	8,026
		HK cents	HK cents
Earnings per share			
Basic and diluted	8	2.41	1.12

The notes on pages 27 to 37 form part of this interim financial report.

Consolidated Statement of Financial Position

At 30 September 2022 – unaudited (Expressed in Hong Kong dollars)

	Note	As at 30 September 2022 HK\$'000	As at 31 March 2022 HK\$'000
Non-current assets			
Property, plant and equipment	10	170,458	179,960
Intangible assets		818,536	828,834
Interest in an associate		14,811	15,327
Interests in joint ventures		3,815	4,334
Other non-current assets		13,792	11,192
Other financial assets	12	19,620	25,321
Deferred tax assets		3,280	2,783
		1,044,312	1,067,751
Current assets			
Inventories		53,275	47,874
Trade and other receivables	11	142,408	144,465
Current tax recoverable		2,499	2,556
Cash and cash equivalents	13	94,698	69,843
		292,880	264,738
Current liabilities			
Trade and other payables and contract liabilities	14	58,739	47,762
Bank loans		60,000	60,000
Lease liabilities		11,499	15,890
Current tax payable		10,571	4,961
		140,809	128,613
		152,071	136,125
Net current assets		152,071	136,125
Total assets less current liabilities		1,196,383	1,203,876
Non-current liabilities			
Bank loans		40,000	115,000
Loan from a fellow subsidiary		60,000	–
Lease liabilities		17,990	22,204
Deferred tax liabilities		95,608	97,482
		213,598	234,686
NET ASSETS		982,785	969,190
CAPITAL AND RESERVES			
Share capital	15	8,899	8,937
Reserves		932,358	920,265
Total equity attributable to equity shareholders of the Company		941,257	929,202
Non-controlling interests		41,528	39,988
TOTAL EQUITY		982,785	969,190

The notes on pages 27 to 37 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 September 2022 – unaudited (Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Shares held for Share Award Scheme HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Fair value reserve (non- recycling) HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2021	8,937	703,540	-	(1,238)	277	(10,720)	203,912	904,708	42,235	946,943
Profit for the period	-	-	-	-	-	-	10,040	10,040	(1,765)	8,275
Other comprehensive income	-	-	-	-	(249)	-	-	(249)	-	(249)
Total comprehensive income for the period	-	-	-	-	(249)	-	10,040	9,791	(1,765)	8,026
Dividends declared by subsidiaries attributable to non-controlling interests	-	-	-	-	-	-	-	-	(398)	(398)
Partial disposal of a subsidiary without loss of control	-	-	-	-	-	-	-	-	3	3
At 30 September 2021	8,937	703,540	-	(1,238)	28	(10,720)	213,952	914,499	40,075	954,574
At 1 April 2022	8,937	703,540	-	(1,238)	151	(10,720)	228,532	929,202	39,988	969,190
Profit for the period	-	-	-	-	-	-	21,561	21,561	1,540	23,101
Other comprehensive income	-	-	-	-	(769)	(5,701)	-	(6,470)	-	(6,470)
Total comprehensive income for the period	-	-	-	-	(769)	(5,701)	21,561	15,091	1,540	16,631
Shares held for Share Award Scheme (Note 15(B))	(38)	-	(2,998)	-	-	-	-	(3,036)	-	(3,036)
At 30 September 2022	8,899	703,540	(2,998)	(1,238)	(618)	(16,421)	250,093	941,257	41,528	982,785

The notes on pages 27 to 37 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 September 2022 – unaudited (Expressed in Hong Kong dollars)

	Note	Six months ended 30 September	
		2022 HK\$'000	2021 HK\$'000
Operating activities			
Cash generated from operations		64,006	10,941
Income tax paid		(2,247)	(2,557)
Net cash generated from operating activities		61,759	8,384
Investing activities			
Payment for purchase of property, plant and equipment and intangible assets		(3,983)	(3,512)
Proceeds from disposals of property, plant and equipment		31	–
Payment for investments in joint ventures		–	(511)
Interest received		7	12
Net cash used in investing activities		(3,945)	(4,011)
Financing activities			
Capital element of lease rentals paid		(11,143)	(4,701)
Interest element of lease rentals paid		(428)	(528)
Repayment of bank loans		(75,000)	(30,000)
Other borrowing costs paid		(2,575)	(2,875)
Proceeds from loan from a fellow subsidiary		60,000	–
Dividends paid to non-controlling interests		–	(398)
Payments for shares held for Share Award Scheme	15(B)	(3,036)	–
Net cash used in financing activities		(32,182)	(38,502)
Net increase/(decrease) in cash and cash equivalents		25,632	(34,129)
Cash and cash equivalents at 1 April		69,843	94,376
Effect of foreign exchange rate changes		(777)	(243)
Cash and cash equivalents at 30 September	13	94,698	60,004

The notes on pages 27 to 37 form part of this interim financial report.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Corporate information

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

2 Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issue on 25 November 2022.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the consolidated financial statements for the year ended 31 March 2022, except for the accounting policy changes that are expected to be reflected in the consolidated financial statements for the year ending 31 March 2023. Details of any changes in accounting policies are set out in note 3.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the financial statements for the year ended 31 March 2022. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

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

The financial information relating to the financial year ended 31 March 2022 that is included in the interim financial report as comparative information does not constitute the company's annual consolidated financial statements for that financial year but is derived from those financial statements.

3 Changes in accounting policies

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

- Amendments to HKAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract*

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 16, *Property, plant and equipment: Proceeds before intended use*

The amendments prohibit an entity from deducting the proceeds from selling items produced before that asset is available for use from the cost of an item of property, plant and equipment. Instead, the sales proceeds and the related costs should be included in profit and loss. The amendments do not have a material impact on the financial statements as the Group does not sell items produced before an item of property, plant and equipment is available for use.

Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract*

The amendments clarify that for the purpose of assessing whether a contract is onerous, 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 contracts.

Previously, the Group included only incremental costs when determining whether a contract was onerous. In accordance with the transitional provisions, the Group has applied the new accounting policy to contracts for which it has not yet fulfilled all its obligations at 1 April 2022, and has concluded that none of them is onerous.

4 Revenue and segment reporting

(A) REVENUE

The principal activities of the Group are manufacturing and trading of proprietary medicines and distributing health and wellness products. All the revenue for the six months ended 30 September 2022 and 2021 was recognised in accordance with HKFRS 15, *Revenue from Contracts with Customers*.

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

(B) SEGMENT REPORTING

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

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

4 Revenue and segment reporting (Continued)

(B) SEGMENT REPORTING (Continued)

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

The measure used for reporting segment profit is gross profit.

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

No inter-segment sales have occurred during the six months ended 30 September 2022 and 2021.

(i) Segment revenue and results

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

	Branded medicines		Proprietary Chinese medicines		Health and wellness products		Total	
	Six months ended 30 September		Six months ended 30 September		Six months ended 30 September		Six months ended 30 September	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue from external customers and reportable segment revenue recognised at a point in time	56,888	63,425	163,084	106,467	16,876	19,480	236,848	189,372
Reportable segment gross profit	32,740	38,889	47,542	28,838	5,261	7,353	85,543	75,080

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

	Six months ended 30 September	
	2022 HK\$'000	2021 HK\$'000
Revenue		
Reportable segment revenue and consolidated revenue	236,848	189,372
Profit		
Reportable segment gross profit	85,543	75,080
Other net income	7,149	970
Selling and distribution expenses	(41,243)	(38,671)
Administrative and other operating expenses	(18,384)	(21,762)
Finance costs	(3,373)	(3,403)
Share of loss of an associate	(516)	(749)
Share of losses of joint ventures	(519)	(285)
Consolidated profit before taxation	28,657	11,180
Interest income from bank deposits	(7)	(12)
Finance costs	3,373	3,403
Depreciation and amortisation	23,624	23,714
Share of loss of an associate	516	749
Share of losses of joint ventures	519	285
Adjusted EBITDA*	56,682	39,319

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

4 Revenue and segment reporting (Continued)

(B) SEGMENT REPORTING (Continued)

(iii) Geographic information

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

	Six months ended 30 September	
	2022 HK\$'000	2021 HK\$'000
Revenue from external customers		
Hong Kong (place of domicile)	149,437	138,747
Mainland China	57,684	18,473
Macau	13,497	19,494
Singapore	5,368	5,233
Others	10,862	7,425
	236,848	189,372

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

	As at 30 September 2022 HK\$'000	As at 31 March 2022 HK\$'000
	Specified non-current assets	
Hong Kong (place of domicile)	1,005,022	1,022,693
Mainland China	16,390	16,954
	1,021,412	1,039,647

(iv) Information about major customer

For the six months ended 30 September 2022, the Group's customer base includes one (six months ended 30 September 2021: one) customer of proprietary Chinese medicines and branded medicines segments with whom transactions have exceeded 10% of the Group's revenue. Revenue from sales of proprietary Chinese medicines and branded medicines to this customer amounted to HK\$26,410,000 (six months ended 30 September 2021: HK\$39,506,000).

5 Other net income

	Six months ended 30 September	
	2022 HK\$'000	2021 HK\$'000
Commission income	1,072	786
Interest income from bank deposits	7	12
Government grants (Note)	4,589	–
Net foreign exchange gain/(loss)	1,320	(120)
Net (loss)/gain on disposals of property, plant and equipment	(61)	9
Others	222	283
	7,149	970

Note: In 2022, the Group successfully applied for funding support from Employment Support Scheme. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

6 Profit before taxation

Profit before taxation is arrived at after charging:

(A) FINANCE COSTS

	Six months ended 30 September	
	2022 HK\$'000	2021 HK\$'000
Interest on bank loans	2,575	2,875
Interest expense on loan from a fellow subsidiary	370	–
Interest on lease liabilities to		
– third parties	92	91
– fellow subsidiaries	336	437
	3,373	3,403

(B) OTHER ITEMS

	Six months ended 30 September	
	2022 HK\$'000	2021 HK\$'000
Depreciation		
– owned property, plant and equipment	6,400	6,614
– right-of-use assets	6,926	7,259
	13,326	13,873
Amortisation of intangible assets	10,298	9,841
Write-down of inventories	1,020	141

7 Income tax

	Six months ended 30 September	
	2022 HK\$'000	2021 HK\$'000
Current tax	7,927	6,184
Deferred taxation	(2,371)	(3,279)
	5,556	2,905

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (six months ended 30 September 2021: 16.5%) to the six months ended 30 September 2022. Taxation for overseas subsidiaries is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable in the relevant countries.

8 Earnings per share

(A) BASIC EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$21,561,000 (six months ended 30 September 2021: HK\$10,040,000) during the interim period, and the weighted average ordinary shares in issue calculated as follows:

	Six months ended 30 September	
	2022 '000	2021 '000
Shares of the Company issued at the beginning of the period	893,686	893,686
Effect of shares held for Share Award Scheme (Note 15(B))	(654)	–
Weighted average number of ordinary shares in issue during the period	893,032	893,686

(B) DILUTED EARNINGS PER SHARE

Diluted earnings per share for the six months ended 30 September 2022 and 2021 were the same as the basic earnings per share as there were no potentially dilutive ordinary shares in existence during both periods.

9 Dividends

Dividends payable to shareholders attributable to the Reporting Period

	Six months ended 30 September	
	2022 HK\$'000	2021 HK\$'000
Interim dividend declared and paid after the Reporting Period of HK0.5 cent per share (six months ended 30 September 2021: Nil)	4,468	–

The interim dividend has not been recognised as a liability at the end of the Reporting Period.

10 Property, plant and equipment

Right-of-use assets

During the six months ended 30 September 2022, the Group entered into a number of lease agreements for use of warehouses, office buildings and production building housing, and therefore recognised the additions to right-of-use assets of HK\$2,538,000 (six months ended 30 September 2021: HK\$14,360,000).

11 Trade and other receivables

	As at 30 September 2022 HK\$'000	As at 31 March 2022 HK\$'000
Trade receivables		
– third parties	119,114	126,639
– fellow subsidiaries	2,578	1,505
	121,692	128,144
Other receivables	293	417
Amounts due from joint ventures	9,005	6,505
Deposits and prepayments	11,418	9,399
	142,408	144,465

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

	As at 30 September 2022 HK\$'000	As at 31 March 2022 HK\$'000
Less than 1 month	83,339	50,995
1 to 6 months	22,877	30,448
Over 6 months	15,476	46,701
	121,692	128,144

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

	As at 30 September 2022 HK\$'000	As at 31 March 2022 HK\$'000
Current	97,322	67,265
Less than 1 month past due	13,624	12,635
1 to 3 months past due	839	3,845
Over 3 months past due	9,907	44,399
	121,692	128,144

12 Other financial assets

	As at 30 September 2022 HK\$'000	As at 31 March 2022 HK\$'000
Equity securities designated at fair value through other comprehensive ("FVOCI") (non-recycling)		
– Unlisted	19,620	25,321

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

13 Cash and cash equivalents

	As at 30 September 2022 HK\$'000	As at 31 March 2022 HK\$'000
Cash at bank and on hand	94,698	69,843

14 Trade and other payables and contract liabilities

	As at 30 September 2022 HK\$'000	As at 31 March 2022 HK\$'000
Trade payables		
– third parties	33,951	22,295
Salary and bonus payables	5,420	4,810
Other payables and accruals	13,245	15,114
Amount due to a joint venture	2,000	2,000
Amounts due to fellow subsidiaries	1,213	883
Contract liabilities	2,910	2,660
	58,739	47,762

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

	As at 30 September 2022 HK\$'000	As at 31 March 2022 HK\$'000
Less than 1 month	25,590	13,682
1 to 6 months	8,217	8,536
Over 6 months	144	77
	33,951	22,295

15 Capital and reserves

(A) SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each at 31 March 2022, 1 April 2022 and 30 September 2022	5,000,000	50,000
Issued:		
At 31 March 2022 and 1 April 2022	893,686	8,937
Shares held for Share Award Scheme (note 15(B))	(3,814)	(38)
At 30 September 2022	889,872	8,899

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.

15 Capital and reserves (Continued)

(B) EQUITY SETTLED SHARE-BASED TRANSACTIONS

Share Award Scheme

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

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

In addition, unless approved by the Company's board of directors, no awarded shares will be granted to any individual if 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% of the total issued shares of the Company (0.1% of the total issued shares of the Company in case for an independent non-executive director of the Company).

During the six months ended 30 September 2022, the Share Award Scheme acquired 3,814,000 shares at a total cost of HK\$3,036,000. During the six months ended 30 September 2021, the Share Award Scheme did not acquire any shares through purchases on the open market.

There was no share award granted under the Share Award Scheme during the six months ended 30 September 2022 and 2021.

16 Fair value measurement of financial instruments

FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

(i) Fair value hierarchy

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

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

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

16 Fair value measurement of financial instruments (Continued)

FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (Continued)

(i) Fair value hierarchy (Continued)

The following table presents the Group's financial assets that were measured at fair value at 30 September 2022 and 31 March 2022.

	Fair value at 30 September 2022 HK\$'000	Fair value measurements at 30 September 2022 categorised into		
		Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Financial assets:				
Financial assets at FVOCI				
– Unlisted	19,620	–	–	19,620

	Fair value at 31 March 2022 HK\$'000	Fair value measurements at 31 March 2022 categorised into		
		Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Financial assets:				
Financial assets at FVOCI				
– Unlisted	25,321	–	–	25,321

There were no transfers between Level 1 and Level 2 or transfers into or out of Level 3 during the six months ended 30 September 2022 and year ended 31 March 2022.

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

(ii) Information about Level 3 fair value measurement

	Valuation technique	Significant unobservable input	Discount rate
Unlisted financial assets at FVOCI	Discounted cash flow method	Discount rate	14.0% (31 March 2022: 13.5%)

The fair value of unlisted equity instruments is determined using discounted cash flow method. The fair value measurement is negatively correlated to discount rate. As at 30 September 2022, 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\$3,142,000/HK\$2,608,000 (31 March 2022: increased/decreased by HK\$4,221,000/HK\$3,432,000).

17 Capital commitments

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

	As at 30 September 2022 HK\$'000	As at 31 March 2022 HK\$'000
Authorised and contracted for – Purchase of intangible assets	22,461	22,461

18 Material related party transactions

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

(A) KEY MANAGEMENT PERSONNEL EMOLUMENTS

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

	Six months ended 30 September	
	2022 HK\$'000	2021 HK\$'000
Short-term employee benefits	1,429	1,744
Post-employment benefits	9	18
	1,438	1,762

(B) TRANSACTIONS WITH RELATED PARTIES

	Six months ended 30 September 2022 HK\$'000	Six months ended 30 September 2021 HK\$'000
Logistic services fee to fellow subsidiaries	1,566	1,814
Sales to fellow subsidiaries (Manufacturing Services Agreement)	1,386	1,136
Purchase from a fellow subsidiary (Manufacturing Services Agreement)	40	160
Overseas sales administrative services fee to fellow subsidiaries	383	411

Glossary

“AIM Atropine Eye Drops”	refers to AIM Atropine 0.01% Eye Drops and AIM Atropine 0.125% Eye Drops procured from Aseptic Innovative Medicine Co. Ltd., an anticholinergic agent as a sterile topical preservative-free ophthalmic solution that is commonly used in the treatment of myopia, mydriasis and cycloplegia
“associate(s), chief executive(s), connected person(s), substantial shareholder(s)”	each has the meaning as described in the Listing Rules
“Audit Committee”	the audit committee of the Company
“Award Committee”	the award committee of the Company
“Board”	the board of directors of the Company
“BVI”	the British Virgin Islands
“CCMG”	concentrated Chinese medicine granule, traditional Chinese herbal medicines processed through modern extraction and concentration technologies to arrive at a granular form for easy dispensary and administration
“Chairman”	the chairman of the Board
“China”, “Mainland China”, “PRC” or “the PRC”	the People’s Republic of China excluding, for the purpose of this interim report, Hong Kong, Macau and Taiwan
“Company”, “our Company” or “the Company”	JBM (Healthcare) Limited, an exempted company incorporated in the Cayman Islands with limited liability on 7 January 2020
“Controlling Shareholder(s)”	refers to Mr. Sum, Jacobson Pharma, JBM Group BVI, Kingshill, Queenshill and Lincoln’s Hill, each being a controlling shareholder within the meaning of the Listing Rules
“COVID-19”	Coronavirus disease 2019
“Director(s)”	the director(s) of the Company
“Employment Support Scheme”	the scheme launched by the HKSAR Government in 2022 to provide wage subsidies
“FY2022”	the year ended 31 March 2022
“FY2022 Interim”	the six months ended 30 September 2021
“FY2023 Interim” or “Reporting Period”	the six months ended 30 September 2022
“GMP”	Good Manufacturing Practice, a set of detailed guidelines on practices governing the production of pharmaceutical products designed to protect consumers by minimising production errors and the possibility of contamination
“Greater Bay Area”	the “Guangdong–Hong Kong–Macau Greater Bay Area”, referring to the region linking two special administrative regions, namely Hong Kong and Macau, and the nine cities in Guangdong Province, namely Guangzhou, Shenzhen, Zhuhai, Foshan, Zhongshan, Dongguan, Huizhou, Jiangmen and Zhaoqing and forming an integrated economic and business hub under PRC government’s scheme
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong” or “HKSAR”	the Hong Kong Special Administrative Region of the PRC
“HKSAR Government”	Government of Hong Kong
“Independent Third Party”	any entity or person who, to the best knowledge of our Directors, is not a connected person of our Company within the meaning ascribed thereto under the Listing Rules
“Jacobson Pharma”	Jacobson Pharma Corporation Limited (雅各臣科研製藥有限公司), a company with limited liability incorporated under the laws of the Cayman Islands, the shares of which are listed on the Main Board (stock code: 2633)
“Jacobson Pharma Group”	Jacobson Pharma and its subsidiaries, including the Group
“JBM”, “Group”, “our Group”, “the Group”, “we”, “us” or “our”	the Company and its subsidiaries and, in respect of the period before we became the holding company of our present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be)
“JBM Group BVI”	JBM Group (BVI) Limited, a company with limited liability incorporated under the laws of the BVI on 24 December 2019, being one of our Controlling Shareholders
“Kingshill”	Kingshill Development Limited, a limited liability company incorporated under the laws of BVI on 8 July 1998, being one of our Controlling Shareholders
“Lincoln’s Hill”	Lincoln’s Hill Development Limited, a company with limited liability incorporated under the laws of the BVI on 12 November 2020, being one of our Controlling Shareholders
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“Macau”	the Macau Special Administrative Region of the PRC
“Main Board”	Main Board of the Stock Exchange
“Mr. Sum”	Mr. Sum Kwong Yip, Derek, our Chairman, non-executive Director, being one of our Controlling Shareholders
“over-the-counter” or “OTC”	a term used to describe medicines that can be sold directly to a consumer without a prescription from a healthcare professional, as compared to prescription drugs, which are sold only to consumers possessing a valid prescription
“Prospectus”	the prospectus issued by the Company dated 26 January 2021
“Queenshill”	Queenshill Development Limited, a company with limited liability incorporated under the laws of the BVI on 12 December 2012, being one of our Controlling Shareholders
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Share(s)”	ordinary share(s) in the capital of the Company with nominal value of HK\$0.01 each
“Share Award Scheme”	the share award scheme adopted by our Company on 18 January 2021, a summary of the principal terms of which is set forth in the Prospectus

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“The Kingshill Trust”	a discretionary trust established by our non-executive Director and Chairman, Mr. Sum (as the settlor), on 16 May 2016 with Mr. Sum and his family members as the discretionary beneficiaries
“Trust Co”	Kingshill Development Group Inc., a company incorporated in the BVI which is wholly-owned by UBS Nominees Limited as nominee for UBS Trustees (B.V.I.) Limited, the trustee of The Kingshill Trust, which holds the entire issued share capital of Kingshill and Lincoln’s Hill