

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-1 to I-[•], received from the Company’s reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.



ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF JPJ (TCM) LIMITED AND QUAM CAPITAL LIMITED

Introduction

We report on the historical financial information of JPJ (TCM) Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-[3] to I-[•], which comprises the consolidated statements of financial position of the Group as of March 31, 2024, 2025 and 2026 and the statement of financial position of the Company as of March 31, 2026 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements for each of the years ended March 31, 2024, 2025 and 2026 (the “**Track Record Period**”), and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages I-[3] to I-[•] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [date] (the “**document**”) in connection with the [REDACTED] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants

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consider internal control relevant to the entity’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants’ report, a true and fair view of the Company’s financial position as of March 31, 2026 and the Group’s financial position as of March 31, 2024, 2025 and 2026, and of the Group’s financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[3] have been made.

Dividends

We refer to note 9 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its incorporation.

KPMG

Certified Public Accountants

8th Floor, Prince’s Building

10 Chater Road

Central, Hong Kong

[Date]

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HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by KPMG under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the “**Underlying Financial Statements**”)

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Consolidated Statements of Profit or Loss and Other Comprehensive Income

(Expressed in Hong Kong Dollars)

		Year ended March 31,		
		2024	2025	2026
		HK\$'000	HK\$'000	HK\$'000
Revenue	Note 2	339,256	360,570	463,814
Cost of sales and services		(170,980)	(191,608)	(240,096)
Gross profit		168,276	168,962	223,718
Other net income/(loss)	3	7,074	11,879	(309)
Selling and distribution expenses		(61,814)	(80,280)	(76,106)
Administrative and other operating expenses		(34,365)	(39,147)	(46,378)
Profit from operations		79,171	61,414	100,925
Finance costs	4(A)	(1,105)	(1,202)	(4,228)
Share of losses of joint ventures		(148)	(189)	—
Profit before taxation	4	77,918	60,023	96,697
Income tax	5(A)	(12,384)	(9,907)	(15,804)
Profit for the year		65,534	50,116	80,893
Other comprehensive income for the year				
<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		(209)	(27)	173
Other comprehensive income for the year		(209)	(27)	173
Total comprehensive income for the year		65,325	50,089	81,066
Profit attributable to:				
Equity shareholders of the Company		58,853	43,429	71,228
Non-controlling interests		6,681	6,687	9,665
Total profit for the year		65,534	50,116	80,893
Total comprehensive income attributable to:				
Equity shareholders of the Company		58,644	43,402	71,401
Non-controlling interests		6,681	6,687	9,665
Total comprehensive income for the year		65,325	50,089	81,066
		HK cents	HK cents	HK cents
Earnings per share:	8			
Basic and diluted		N/A	N/A	N/A

The accompanying notes form part of the Historical Financial Information.

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Consolidated Statements of Financial Position

(Expressed in Hong Kong dollars)

		As of March 31,		
		2024	2025	2026
		HK\$'000	HK\$'000	HK\$'000
Non-current assets				
Property, plant and equipment	10	62,020	60,107	95,493
Intangible assets	11	322,397	313,111	545,949
Interests in joint ventures	13	840	—	—
Other non-current assets	14	5,937	118,545	37,274
Deferred tax assets	22	1,523	1,928	4,543
		392,717	493,691	683,259
Current assets				
Inventories	15	49,942	52,575	50,116
Trade and other receivables	16	154,526	156,917	243,854
Current tax recoverable		—	294	—
Cash and cash equivalents	17	49,358	64,963	70,544
		253,826	274,749	364,514
Current liabilities				
Trade and other payables and contract liabilities	18	521,113	600,931	840,129
Bank loans	19	—	—	437
Lease liabilities	20	7,420	9,093	15,858
Current tax payable		6,276	1,338	14,886
		534,809	611,362	871,310
Net current liabilities		(280,983)	(336,613)	(506,796)
Total assets less current liabilities		111,734	157,078	176,463
Non-current liabilities				
Lease liabilities	20	5,746	6,612	8,545
Deferred tax liabilities	21	35,466	33,985	59,046
		41,212	40,597	67,591
NET ASSETS		70,522	116,481	108,872
CAPITAL AND RESERVES				
Share capital	22	8	8	8
Reserves	23	18,678	32,706	57,263
Total equity attributable to equity shareholders of the Company		18,686	32,714	57,271
Non-controlling interests		51,836	83,767	51,601
TOTAL EQUITY		70,522	116,481	108,872

The accompanying notes form part of the Historical Financial Information.

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Consolidated Statements of Changes in Equity

(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company					Non-	Total equity
	Share capital	Capital reserve	Exchange reserve	Retained earnings	Total	controlling interests	
	HK\$'000 (note 22)	HK\$'000 (note 23(A))	HK\$'000 (note 23(B))	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At April 1, 2023	8	(71,238)	(281)	60,553	(10,958)	46,115	35,157
Profit for the year	—	—	—	58,853	58,853	6,681	65,534
Other comprehensive income	—	—	(209)	—	(209)	—	(209)
Total comprehensive income for the year . .	—	—	(209)	58,853	58,644	6,681	65,325
Dividends declared (note 9)	—	—	—	(29,000)	(29,000)	—	(29,000)
Dividends declared by subsidiaries attributable to non-controlling interests (note 9)	—	—	—	—	—	(960)	(960)
	—	—	—	(29,000)	(29,000)	(960)	(29,960)
At March 31, 2024 and April 1, 2024 . . .	8	(71,238)	(490)	90,406	18,686	51,836	70,522
Profit for the year	—	—	—	43,429	43,429	6,687	50,116
Other comprehensive income	—	—	(27)	—	(27)	—	(27)
Total comprehensive income for the year . .	—	—	(27)	43,429	43,402	6,687	50,089
Disposal of partial ownership interest in a subsidiary without a loss of control . . .	—	19,626	—	—	19,626	26,604	46,230
Dividends declared (note 9)	—	—	—	(49,000)	(49,000)	—	(49,000)
Dividends declared by subsidiaries attributable to non-controlling interests (note 9)	—	—	—	—	—	(1,360)	(1,360)
	—	19,626	—	(49,000)	(29,374)	25,244	(4,130)
At March 31, 2025 and April 1, 2025 . . .	8	(51,612)	(517)	84,835	32,714	83,767	116,481
Profit for the year	—	—	—	71,228	71,228	9,665	80,893
Other comprehensive income	—	—	173	—	173	—	173
Total comprehensive income for the year . .	—	—	173	71,228	71,401	9,665	81,066
Acquisition of subsidiaries (note 24)	—	—	—	—	—	14,341	14,341
Acquisition of non-controlling interests (note 25)	—	(46,844)	—	—	(46,844)	(56,172)	(103,016)
Issuance of new shares	8	—	—	—	8	—	8
Reorganization (Note)	(8)	—	—	—	(8)	—	(8)
	—	(46,844)	—	—	(46,844)	(41,831)	(88,675)
At March 31, 2026	8	(98,456)	(344)	156,063	57,271	51,601	108,872

The accompanying notes form part of the Historical Financial Information.

Note: The amounts represent the transfer of relevant business to the Company under the Reorganization (see note 1) and issuance and allotment of shares to JBM (BVI) Limited settled by setting-off the Company’s amounts due to the immediate holding company.

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Statement of Financial Position of the Company

(Expressed in Hong Kong dollars)

	<i>Note</i>	As of March 31, 2026
		<i>HK\$’000</i>
Non-current assets		
Investment in a subsidiary	12	8
NET ASSETS		<u>8</u>
CAPITAL AND RESERVES		
Share capital	22	8
TOTAL EQUITY		<u><u>8</u></u>

The accompanying notes form part of the Historical Financial Information.

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Consolidated Cash Flow Statements

(Expressed in Hong Kong dollars)

	Note	Year ended March 31,		
		2024	2025	2026
		HK\$'000	HK\$'000	HK\$'000
Operating activities				
Cash generated from operations	17(B)	31,151	90,373	56,395
Hong Kong Profits Tax paid		(15,849)	(17,025)	(6,497)
Net cash generated from operating activities		15,302	73,348	49,898
Investing activities				
Payment for purchase of property, plant and equipment and intangible assets		(5,960)	(13,298)	(23,335)
Prepayment of acquisition of a subsidiary . .		—	(102,600)	—
Net cash outflow from acquisition of subsidiaries	24	—	—	(126,821)
Payment for investments in a joint venture. .		—	(20)	—
Proceeds from disposal of equity interests in a joint venture.		—	1,667	—
Interest received		85	545	609
Net cash used in investing activities		(5,875)	(113,706)	(149,547)
Financing activities				
Capital element of lease rentals paid	17(C)	(9,392)	(9,840)	(16,084)
Interest element of lease rentals paid	17(C)	(477)	(606)	(866)
Repayment of bank loans	17(C)	—	—	(21)
Other borrowing costs paid	17(C)	—	—	(2)
Dividends paid		(29,000)	(49,000)	—
Dividends paid to non-controlling interests. .		(960)	(1,360)	—
Repayment of amounts due to the intermediate holding company	17(C)	(500)	(46,230)	—
Advance from fellow subsidiaries	17(C)	4,852	116,776	225,046
Payment for acquisitions of non-controlling interests		—	—	(103,016)
Proceeds from disposal of partial ownership interest in a subsidiary without a loss of control		—	46,230	—
Net cash (used in)/generated from financing activities		(35,477)	55,970	105,057
Net (decrease)/increase in cash and cash equivalents		(26,050)	15,612	5,408
Cash and cash equivalents at the beginning of the year		75,616	49,358	64,963
Effect of foreign exchange rate changes . .		(208)	(7)	173
Cash and cash equivalents at the end of the year	17(A)	49,358	64,963	70,544

The accompanying notes form part of the Historical Financial Information.

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NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in Hong Kong dollars unless otherwise indicated)

1 BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

JPJ (TCM) Limited (the “**Company**”) was incorporated in the Cayman Islands on March 26, 2026 as an exempted company with limited liability under the Companies Act (As Revised) of the Cayman Islands.

The intermediate holding company is JBM (Healthcare) Limited (“**JBM**”) which is a company incorporated in the Cayman Islands with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The Company is an investment holding company. The Company and its subsidiaries (together, the “**Group**”) are principally engaged in manufacturing and trading of branded Proprietary Chinese medicine (“**PCM**”) products and provision of Chinese medicine clinic services.

To rationalize the corporate structure in preparation of the [REDACTED] of the Company’s shares on The Stock Exchange of Hong Kong Limited, the Group underwent a group reorganization (“**Reorganization**”), as more fully explained in the section headed “History, Reorganization and Corporate Structure” in the document. Upon completion of the Reorganization, the Company became the holding company of the Group.

As the Reorganization only involved inserting a newly formed entity with no substantive operations as the new holding company of JBM (PCM) Limited, the former holding company of the Group, and there were no changes in the economic substance of the ownership and the business of the Group. Accordingly, the Reorganization has been accounted for using a principle similar to that for a reverse acquisition, with JBM (PCM) Limited treated as the acquirer for accounting purposes. The Historical Financial Information has been prepared and presented as a continuation of the financial statements of JBM (PCM) Limited with the assets and liabilities recognized and measured at their historical carrying amounts prior to the Reorganization. Intra-group balances, transactions and unrealized gains/losses on intra-group transactions are eliminated in full in preparing the Historical Financial Information.

As of the date of this report, no audited financial statements have been prepared for the Company, as it has not carried on any business since the date of incorporation and is not subject to statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation.

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Upon completion of the Reorganization and as of the date of this report, the Company has direct or indirect interests in the following principal subsidiaries, all of which are private companies:

Name of company	Place and date of incorporation/establishment	Particulars of issued and paid-up capital/shares	Principal business activities	Proportion of ownership interest		Notes
				held by the Company	held by a subsidiary	
Li Chung Shing Tong (Holdings) Limited . .	Hong Kong January 8, 1988	500,000 ordinary shares	Manufacturing and sale of Po Chai Pills	—	96.8%	(a), (c)
Tin Hee Tong Medicine Factory Limited. . .	Hong Kong December 20, 1966	2,440 ordinary shares	Manufacturing and sale of Tin Hee Tong Tin Hee Pills	—	100.0%	(b), (c)
Europharm Laboratoires (Hong Kong) Company Limited.	Hong Kong September 12, 2019	10,000 ordinary shares	Manufacturing and sale of medicated oil products	—	100.0%	(a), (c)
Hong Kong Premier Concentrated Chinese Herbs Limited	Hong Kong March 26, 2003	100 ordinary shares	Sale of CCMG products	—	100.0%	(a), (c)
Kenford Medical Group Company Limited. .	Hong Kong June 21, 2016	12,400,000 ordinary shares	Provision of Chinese Medicine consultancy services, including Chinese Medicine and Acupuncture	—	100.0%	(b), (c)
King Pui Chinese Medical Group Limited . .	Hong Kong April 22, 2016	10,000 ordinary shares	Provision of Chinese medicine consultancy services, including orthopaedic and traumatology, acupuncture and other Chinese medicine consultancy services	—	100.0%	(b), (c)

Notes:

- (a) The statutory financial statements of these entities for the years ended March 31, 2024 and 2025 were prepared in accordance with HKFRS Accounting Standards and audited by KPMG.
- (b) The acquisitions of these entities were completed during the year ended March 31, 2026. Their financial results prior to the completion of the acquisitions are not consolidated in the Historical Financial Information of the Group.
- (c) The audited financial statements of these entities for the year ended March 31, 2026 are not yet available as of the date of this report.

All companies comprising the Group have adopted March 31 as their financial year end date.

The Historical Financial Information has been prepared assuming the Group will continue as a going concern notwithstanding that the Group had net current liabilities of HK\$506,796,000 as of March 31, 2026. In this regard, the directors of the Company further assessed the Group’s cash flow forecast for the next 12 months from date of this report and satisfied that the Group has sufficient

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working capital to meet its financial obligations as and when they fall due, taking into account (i) the capitalization of the amounts due to group companies of HK\$350,000,000 in July 2026; and (ii) the financial resources available to the Group for the next 12 months from date of this report.

The Historical Financial Information has been prepared in accordance with all applicable HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards (“**HKFRSs**”), Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). Further details of the material accounting policy information are set out in Note 2.

The HKICPA has issued a number of new and revised HKFRS Accounting Standards. For the purpose of preparing the Historical Financial Information, the Group has adopted all applicable new and revised HKFRS Accounting Standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for the Track Record Period. The revised and new accounting standards and interpretations issued but not yet effective for the Track Record Period are set out in Note 31.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Historical Financial Information is presented in Hong Kong dollars (“**HKD**”) and all values are rounded to the nearest thousand (HKD’000) except when otherwise indicated.

2 MATERIAL ACCOUNTING POLICY INFORMATION

(A) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost.

(B) Use of estimates and judgments

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

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

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Judgments made by management in the application of HKFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 30.

(C) Subsidiaries and Non-Controlling Interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has the rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered. The financial statements of subsidiaries are included in the Historical Financial Information from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions and cash flows and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the Historical Financial Information. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

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

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 2(M) or 2(N) depending on the nature of the liability.

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

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in a joint venture (see note 2(D)).

In the Company’s statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(J)(ii)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

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(D) Joint Ventures

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

An investment in a joint venture is accounted for under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group’s share of the acquisition-date fair values of the investee’s identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group’s share of the investee’s net assets and any impairment loss relating to the investment (see note 2(J)(ii)). Any acquisition-date excess over cost, the Group’s share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognized in profit or loss, whereas the Group’s share of the post-acquisition post-tax items of the investees’ other comprehensive income is recognized in other comprehensive income.

When the Group’s share of losses exceeds its interest in the joint venture, the Group’s interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group’s interest is the carrying amount of the investment under the equity method together with the Group’s long-term interests that in substance form part of the Group’s net investment in the joint venture, after applying the expected credit loss (“ECL”) model to such other long-term interests where applicable (see note 2(J)(i)).

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

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

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

(E) Business Combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group (see note 2(C)). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see note 2(J)(ii)). Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

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

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

(F) Goodwill

Goodwill represents the excess of

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the Group’s previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree’s identifiable assets and liabilities measured as of the acquisition date.

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

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to cash generating units, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(J)(ii)).

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

(G) Property, Plant and Equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(J)(ii)).

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognized in profit or loss.

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

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

- Leasehold land is depreciated over the unexpired term of lease.
- Buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years after the date of completion.
- Machinery and equipment 5–20 years
- Furniture, fixtures and office equipment 4–20 years
- Motor vehicles 5 years
- Leasehold improvements Shorter of the lease term or 10–20 years

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

(H) Intangible Assets (Other than Goodwill)

Intangible assets that are acquired by the Group are stated at cost less accumulated amortization (where the estimated useful life is finite) and impairment losses (see note 2(J)(ii)). Amortization of intangible assets with finite lives is charged to profit or loss on a straight-line basis over the assets’ estimated useful lives. The following intangible assets with finite useful lives are amortized from the date they are available for use and their estimated useful lives are as follows:

- Trademarks 20–35 years
- Unpatented drugs 30 years
- Customer relationship 15–20 years

Both the period and method of amortization are reviewed annually.

Trademarks which useful lives are assessed to be indefinite, are not amortized and are stated at cost less impairment losses (see note 2(J)(ii)). Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortization of intangible assets with finite lives as set out above.

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

(I) Leased Assets

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

As a Lessee

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

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

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

The right-of-use asset recognized when a lease is capitalized is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(G) and 2(J)(ii)).

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

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

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

(J) Credit Losses and Impairment of Assets

(i) Credit losses from financial instruments

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

Measurement of ECLs

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

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

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

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

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

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

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

Significant increases in credit risk

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

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

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument’s external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor’s ability to meet its obligation to the Group.

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

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

Basis of calculation of interest income

Interest income recognized in accordance with note 2(S)(iv) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortized cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

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

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

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganization;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

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

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

(ii) Impairment of other non-current assets

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

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

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

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and

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the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

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

— Reversals of impairment losses

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

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

(K) Inventories

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

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

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

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

(L) Trade and Other Receivables

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

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Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortized cost, using the effective interest method and including allowance for credit losses (see note 2(J)(i)).

(M) Interest-Bearing Borrowings

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost using the effective interest method. Interest expense is recognized in accordance with the Group’s accounting policy for borrowing costs (see note 2(U)).

(N) Trade and Other Payables and Contract Liabilities

(i) Trade and other payables

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

(ii) Contract liabilities

A contract liability is recognized when the customer pays non-refundable consideration before the Group recognizes the related revenue (see note 2(S)). A contract liability would also be recognized if the Group has an unconditional right to receive non-refundable consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognized (see note 2(L)).

(O) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in note 2(J)(i).

(P) Employee Benefits

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

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(Q) Income Tax

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

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

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

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

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

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

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

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

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

(R) Provisions and Contingent Liabilities

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

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognized for any expected reimbursement that would be virtually certain. The amount recognized for the reimbursement is limited to the carrying amount of the provision.

(S) Revenue and Other Income

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

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

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

(i) *Sales of goods*

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

(ii) *Revenue from rendering of services*

Revenue from rendering of services is recognized when the service is completed and control of the service is transferred to the customer.

(iii) *Commission income*

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

(iv) *Interest income*

Interest income is recognized as it accrues under the effective interest method. For financial assets measured at amortized cost, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortized cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 2(J)(i)).

(v) *Dividends*

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

(vi) *Government grants*

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

(T) *Translation of Foreign Currencies*

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

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

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

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

(U) Borrowing Costs

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

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

(V) Related Parties

- (1) A person, or a close member of that person’s family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group’s parent.
- (2) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or a joint venture of the other entity (or an associate or a joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

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- (vi) The entity is controlled or jointly controlled by a person identified in (1).
- (vii) A person identified in (1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group’s parent.

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

(W) Segment Reporting

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

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

2 REVENUE AND SEGMENT REPORTING

(A) Revenue

The principal activities of the Group are manufacturing and trading of proprietary medicines and rendering of Chinese medicine clinic services. All the revenue for the years ended March 31, 2024, 2025 and 2026 was recognized in accordance with HKFRS 15, *Revenue from contracts with customers* (“**HKFRS 15**”). The Group has applied practical expedient in paragraph 121 of HKFRS 15 to its sales contracts and does not disclose information about remaining performance obligations that have original expected duration of one year or less.

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

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(B) Segment Reporting

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

- Branded PCM products: This segment develops, manufactures and distributes proprietary Chinese medicines as defined in section 2 of in the Chinese Medicine Ordinance, or any Chinese herbal medicines as defined and regulated under the Chinese Medicine Ordinance. Currently the activities in this regard are primarily carried out in Hong Kong.
- Chinese medicine clinic services: This segment operates Chinese medicine clinic services. Currently the activities in this regard are primarily carried out in Hong Kong.

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

The measure used for reporting segment profit is gross profit.

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

No inter-segment sales have occurred during the years ended March 31, 2024, 2025 and 2026.

(i) Segment revenue and results

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

	Branded PCM products			Chinese medicine clinic services			Total		
	Year ended March 31,			Year ended March 31,			Year ended March 31,		
	2024	2025	2026	2024	2025	2026	2024	2025	2026
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers and reportable segment revenue recognized at a point in time									
— Sales of goods	339,256	360,570	423,859	—	—	—	339,256	360,570	423,859
— Rendering of services	—	—	—	—	—	39,955	—	—	39,955
	<u>339,256</u>	<u>360,570</u>	<u>423,859</u>	<u>—</u>	<u>—</u>	<u>39,955</u>	<u>339,256</u>	<u>360,570</u>	<u>463,814</u>
Reportable segment gross profit . .	<u>168,276</u>	<u>168,962</u>	<u>216,936</u>	<u>—</u>	<u>—</u>	<u>6,782</u>	<u>168,276</u>	<u>168,962</u>	<u>223,718</u>

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

	Year ended March 31,		
	2024	2025	2026
	HK\$'000	HK\$'000	HK\$'000
Revenue			
Reportable segment revenue and consolidated revenue.	339,256	360,570	463,814
Profit			
Reportable segment gross profit.	168,276	168,962	223,718
Other net income/(loss).	7,074	11,879	(309)
Selling and distribution expenses.	(61,814)	(80,280)	(76,106)
Administrative and other operating expenses	(34,365)	(39,147)	(46,378)
Finance costs	(1,105)	(1,202)	(4,228)
Share of losses of joint ventures	(148)	(189)	—
Consolidated profit before taxation	77,918	60,023	96,697
Interest income from bank deposits	(85)	(545)	(609)
Finance costs	1,105	1,202	4,228
Depreciation and amortization.	27,353	27,501	31,611
(Gain)/loss on disposal of equity interest in a joint venture	—	(1,016)	16
Share of losses of joint ventures	148	189	—
Adjusted EBITDA*.	106,439	87,354	131,943

* Represents “adjusted earnings before interest, taxes, depreciation and amortization,” 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 gain/loss on disposal of equity interest in joint ventures and share of losses of joint ventures.

(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 or the consignees.

	Year ended March 31,		
	2024	2025	2026
	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers			
Hong Kong (place of domicile).	294,593	294,380	398,828
Chinese Mainland.	10,245	10,825	13,698
Macau	14,477	29,091	11,668
Singapore.	10,870	13,385	23,695
Others	9,071	12,889	15,925
	339,256	360,570	463,814

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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 joint ventures (“**specified non-current assets**”). The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment and non-current prepayments for property, plant and equipment and the location of the operations to which they are allocated, in the case of intangible assets, non-current prepayments for acquisition of a subsidiary and the location of operations, in the case of interests in joint ventures.

	As of March 31,		
	2024	2025	2026
	HK\$’000	HK\$’000	HK\$’000
Specified non-current assets			
Hong Kong (place of domicile)	389,405	489,341	672,555

(iv) Information about major customers

For the years ended March 31, 2024, 2025 and 2026, the Group’s customer base includes one, one and one customer of branded PCM products with whom transactions have exceeded 10% of the Group’s revenue. Revenue from sales of branded PCM products to this customer, including sales to entities which are known to the Group to be under common control, amounted to approximately HK\$53,595,000, HK\$56,449,000 and HK\$124,257,000 for the years ended March 31, 2024, 2025 and 2026 respectively.

3 OTHER NET INCOME/(LOSS)

	Year ended March 31,		
	2024	2025	2026
	HK\$’000	HK\$’000	HK\$’000
Net foreign exchange gain/(loss)	6,544	9,081	(2,046)
Gain/(loss) on disposal of equity interests in joint ventures	—	1,016	(16)
Interest income from bank deposits	85	545	609
Government grants (<i>Note</i>)	—	750	419
Net loss on disposals of property, plant and equipment	(5)	—	—
Others	450	487	725
	<u>7,074</u>	<u>11,879</u>	<u>(309)</u>

Note: The amount included the support for product development in Hong Kong from local government.

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4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(A) Finance Costs

	Year ended March 31,		
	2024	2025	2026
	HK\$'000	HK\$'000	HK\$'000
Interest on bank loans (<i>note 17(C)</i>)	—	—	2
Interest expense on amounts due to a fellow subsidiary (<i>note 17(C)</i>)	628	596	3,360
Interest on lease liabilities to (<i>note 17(C)</i>)			
— third parties	152	363	477
— related parties	325	243	389
	477	606	866
	1,105	1,202	4,228

(B) Staff Costs

	Year ended March 31,		
	2024	2025	2026
	HK\$'000	HK\$'000	HK\$'000
Salaries, wages and other benefits	43,439	48,681	72,718
Contributions to defined contribution retirement schemes	1,643	1,759	2,716
	45,082	50,440	75,434

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

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

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(C) Other Items

	Year ended March 31,		
	2024	2025	2026
	HK\$'000	HK\$'000	HK\$'000
Depreciation (<i>note 10</i>)			
— owned property, plant and equipment	8,582	8,511	6,932
— right-of-use assets	9,484	9,704	16,099
	18,066	18,215	23,031
Amortization of intangible assets			
(<i>note 11</i>).	9,287	9,286	8,580
Auditors’ remuneration			
— audit services.	622	710	764
— other services	86	105	136
Cost of inventories [#]	170,980	191,608	206,923

Cost of inventories includes HK\$35,934,000, HK\$38,926,000 and HK\$64,185,000 for the years ended March 31, 2024, 2025 and 2026, relating to staff costs and depreciation and amortization expenses, which amount is also included in the respective total amounts disclosed separately above or in note 4(B) for each of these types of expenses.

5 INCOME TAX

(A) Income Tax in the Consolidated Statements of Profit or Loss and Other Comprehensive Income Represents:

	Year ended March 31,		
	2024	2025	2026
	HK\$'000	HK\$'000	HK\$'000
Current tax			
Provision for the year	14,649	11,946	20,205
Over-provision in respect of prior years	(789)	(153)	(24)
	13,860	11,793	20,181
Deferred tax			
Origination and reversal of temporary differences (<i>note 21(A)</i>).	(1,476)	(1,886)	(4,377)
	12,384	9,907	15,804

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(B) Reconciliation between Tax Expense and Accounting Profit at Applicable Tax Rates:

	Year ended March 31,		
	2024	2025	2026
	HK\$'000	HK\$'000	HK\$'000
Profit before taxation	77,918	60,023	96,697
Notional tax on profit before taxation calculated at the rate applicable to profits in the tax jurisdiction concerned	12,873	9,921	16,003
Effect of non-deductible expenses	35	40	298
Effect of non-taxable income.	(15)	(296)	(43)
Effect of temporary differences not recognized	256	364	(430)
Profits and losses attributable to joint ventures	24	31	—
Over-provision in respect of prior years	(789)	(153)	(24)
Actual tax expense	12,384	9,907	15,804

Notes:

- (i) The provision for Hong Kong Profits Tax for the year is calculated at 16.5% of the estimated assessable profits for the year.
- (ii) Income tax for entities incorporated in other jurisdictions is charged at the appropriate rates of taxation ruling in the relevant jurisdictions.

6 DIRECTORS’ EMOLUMENTS

Directors’ emoluments for the Track Record Period are as follows:

	Year ended March 31, 2024				
	Directors’ fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Executive directors					
Mr. Yu Chun Kau	—	—	—	—	—
Mr. Ng Kwan Ho	—	—	—	—	—
Non-executive directors					
Mr. Sum Kwong Yip Derek	—	745	900	18	1,663
Mr. Yim Chun Leung	—	—	—	—	—
Professor Xu Hongxi	—	—	—	—	—
Ms. Leng Wei	—	—	—	—	—
	—	745	900	18	1,663

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Year ended March 31, 2025					
	Directors’ fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Executive directors					
Mr. Yu Chun Kau	—	—	—	—	—
Mr. Ng Kwan Ho	—	288	51	4	343
Non-executive directors					
Mr. Sum Kwong Yip Derek	—	1,095	1,000	18	2,113
Mr. Yim Chun Leung	—	—	—	—	—
Professor Xu Hongxi	—	—	—	—	—
Ms. Leng Wei	—	—	—	—	—
	—	1,383	1,051	22	2,456
Year ended March 31, 2026					
	Directors’ fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Executive directors					
Mr. Yu Chun Kau	—	54	—	3	57
Mr. Ng Kwan Ho	—	381	31	5	417
Non-executive directors					
Mr. Sum Kwong Yip Derek	—	1,218	—	18	1,236
Mr. Yim Chun Leung	—	—	—	—	—
Professor Xu Hongxi	—	—	—	—	—
Ms. Leng Wei	—	—	—	—	—
	—	1,653	31	26	1,710

The directors of the Company were appointed on the following dates:

Executive directors	Date of appointment
Mr. Yu Chun Kau	March 26, 2026
Mr. Ng Kwan Ho	March 26, 2026
Non-executive directors	Date of appointment
Mr. Sum Kwong Yip Derek	July 13, 2026
Mr. Yim Chun Leung	July 13, 2026
Professor Xu Hongxi	July 13, 2026
Ms. Leng Wei	July 13, 2026

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The directors’ remuneration disclosed above included the remuneration from a fellow subsidiary during the Track Record Period in respect of their services to JBM and its subsidiaries other than the Group (the “**JBM Group**”) and the Group. Such remuneration was allocated based on the relative gross profit contribution among the relevant subsidiaries of the Group and the JBM Group and was included in management fees to a fellow subsidiary as disclosed in note 28(B).

During the Track Record Period, there was no amount paid or payable by the Group to the directors or any of the five highest paid individuals as set out in note 7 below as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director has waived or agreed to waive remuneration during the Track Record Period.

7 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, 1, 1 and 1 are directors for the years ended March 31, 2024, 2025 and 2026 respectively whose emoluments are disclosed in note 6. The aggregate of the emoluments in respect of the remaining individuals are as follows:

	Year ended March 31,		
	2024	2025	2026
	HK\$'000	HK\$'000	HK\$'000
Salaries and other emoluments	3,737	3,476	3,984
Discretionary bonuses	1,100	478	830
Retirement scheme contributions	54	61	72
	<u>4,891</u>	<u>4,015</u>	<u>4,886</u>

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

	Year ended March 31,		
	2024	2025	2026
	HK\$'000	HK\$'000	HK\$'000
Nil–HK\$1,000,000	2	3	—
HK\$1,000,001–HK\$1,500,000	2	1	3
HK\$1,500,001–HK\$2,000,000	—	—	1

8 EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion for the purpose of this report is not considered meaningful due to the Reorganization and preparation of the results of the Group for the Track Record Period on the basis as disclosed in note 1.

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9 DIVIDENDS

On November 16, 2023 and December 31, 2024, JBM (PCM) Limited declared dividends of HK\$29,000,000 and HK\$49,000,000 to its intermediate holding company, respectively.

On November 6, 2024, Li Chung Shing Tong (Holdings) Limited (“**LCSTH**”), an indirect non-wholly owned subsidiary of the Company, declared dividends of HK\$360,000 to its non-controlling interests. On December 19, 2024, Orizen Capital Limited (“**Orizen**”), an indirect non-wholly owned subsidiary of the Company, declared dividends of HK\$1,000,000 to its non-controlling interests.

On November 9, 2023, LCSTH declared dividends of HK\$360,000 to its non-controlling interests. On November 16, 2023, Orizen declared dividends of HK\$600,000 to its non-controlling interests.

No dividends were paid or declared by the Company during the Track Record Period.

10 PROPERTY, PLANT AND EQUIPMENT

(A) Reconciliation of Carrying Amount

	Leasehold land	Buildings	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Leasehold improvements	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost:							
At April 1, 2023	3,399	43,820	57,211	51,746	492	4,388	161,056
Additions	—	5,090	1,484	127	—	201	6,902
Disposals	—	(2,338)	(1,128)	(1,689)	—	—	(5,155)
At March 31, 2024	3,399	46,572	57,567	50,184	492	4,589	162,803
Accumulated depreciation:							
At April 1, 2023	1,365	25,179	35,164	23,452	492	2,215	87,867
Charge for the year	90	9,500	5,043	3,102	—	331	18,066
Written back on disposals	—	(2,338)	(1,126)	(1,686)	—	—	(5,150)
At March 31, 2024	1,455	32,341	39,081	24,868	492	2,546	100,783
Net book value:							
At March 31, 2024	1,944	14,231	18,486	25,316	—	2,043	62,020

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	Leasehold land	Buildings	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Leasehold improvements	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost:							
At April 1, 2024	3,399	46,572	57,567	50,184	492	4,589	162,803
Additions	—	12,379	2,567	768	—	588	16,302
Disposals	—	(4,254)	(21)	(1,153)	—	—	(5,428)
At March 31, 2025	3,399	54,697	60,113	49,799	492	5,177	173,677
Accumulated depreciation:							
At April 1, 2024	1,455	32,341	39,081	24,868	492	2,546	100,783
Charge for the year	90	9,720	5,191	2,755	—	459	18,215
Written back on disposals	—	(4,254)	(21)	(1,153)	—	—	(5,428)
At March 31, 2025	1,545	37,807	44,251	26,470	492	3,005	113,570
Net book value:							
At March 31, 2025	1,854	16,890	15,862	23,329	—	2,172	60,107

	Leasehold land	Buildings	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Leasehold improvements	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost:							
At April 1, 2025	3,399	54,697	60,113	49,799	492	5,177	173,677
Additions	—	10,177	2,575	1,161	—	2,010	15,923
Acquisition of a subsidiary (note 24)	—	41,311	174	388	—	704	42,577
Disposals	—	(14,044)	(377)	(110)	—	—	(14,531)
At March 31, 2026	3,399	92,141	62,485	51,238	492	7,891	217,646
Accumulated depreciation:							
At April 1, 2025	1,545	37,807	44,251	26,470	492	3,005	113,570
Charge for the year	91	16,992	2,592	2,857	—	499	23,031
Written back on disposals	—	(14,044)	(324)	(80)	—	—	(14,448)
At March 31, 2026	1,636	40,755	46,519	29,247	492	3,504	122,153
Net book value:							
At March 31, 2026	1,763	51,386	15,966	21,991	—	4,387	95,493

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(B) Right-Of-Use Assets

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

	Note	As of March 31,		
		2024	2025	2026
		HK\$'000	HK\$'000	HK\$'000
Ownership interests in leasehold land with remaining lease term between 10 and 50 years	(i)	1,944	1,854	1,763
Buildings leased for own use, carried at depreciated cost	(ii)	12,525	15,290	23,756
		<u>14,469</u>	<u>17,144</u>	<u>25,519</u>

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

	Year ended March 31,		
	2024	2025	2026
	HK\$'000	HK\$'000	HK\$'000
Depreciation charge of right-of-use assets by class of underlying asset:			
Ownership interests in leasehold land	90	90	91
Buildings leased for own use.	9,394	9,614	16,008
	<u>9,484</u>	<u>9,704</u>	<u>16,099</u>
Interest on lease liabilities (note 4(A))	477	606	866
Expense relating to short-term lease.	<u>1,320</u>	<u>—</u>	<u>—</u>

Additions to right-of-use assets were HK\$5,090,000, HK\$12,379,000 and HK\$10,177,000 during the years ended March 31, 2024, 2025 and 2026 respectively, which primarily related to the capitalized lease payments payable under new tenancy agreements. Additions to right-of-use assets arising from the acquisition of subsidiaries were HK\$14,297,000 during the year ended March 31, 2026.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 17(D) and 20 respectively.

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

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

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(ii) Buildings leased for own use

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

11 INTANGIBLE ASSETS

	Goodwill	Trademarks	Unpatented drugs	Customer relationship	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost:					
At April 1, 2023 and March 31, 2024 .	67,918	159,044	24,429	125,724	377,115
Accumulated amortization and impairment:					
At April 1, 2023	—	370	7,750	37,311	45,431
Amortization charged for the year . . .	—	—	855	8,432	9,287
At March 31, 2024	—	370	8,605	45,743	54,718
Net book value:					
At March 31, 2024	67,918	158,674	15,824	79,981	322,397
	Goodwill	Trademarks	Unpatented drugs	Customer relationship	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost:					
At April 1, 2024 and March 31, 2025 .	67,918	159,044	24,429	125,724	377,115
Accumulated amortization and impairment:					
At April 1, 2024	—	370	8,605	45,743	54,718
Amortization charged for the year . . .	—	—	855	8,431	9,286
At March 31, 2025	—	370	9,460	54,174	64,004
Net book value:					
At March 31, 2025	67,918	158,674	14,969	71,550	313,111

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	Goodwill	Trademarks	Unpatented drugs	Customer relationship	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost:					
At April 1, 2025	67,918	159,044	24,429	125,724	377,115
Acquisitions of subsidiaries (<i>note 24</i>)	91,167	146,803	—	3,448	241,418
At March 31, 2026	<u>159,085</u>	<u>305,847</u>	<u>24,429</u>	<u>129,172</u>	<u>618,533</u>
Accumulated amortization and impairment:					
At April 1, 2025	—	370	9,460	54,174	64,004
Amortization charged for the year	—	—	855	7,725	8,580
At March 31, 2026	<u>—</u>	<u>370</u>	<u>10,315</u>	<u>61,899</u>	<u>72,584</u>
Net book value:					
At March 31, 2026	<u>159,085</u>	<u>305,477</u>	<u>14,114</u>	<u>67,273</u>	<u>545,949</u>

The amortization charge is included in “Cost of sales and services,” “Selling and distribution expenses” and “Administrative and other operating expenses” in the consolidated statements of profit or loss and other comprehensive income for the years ended March 31, 2024, 2025 and 2026.

Included in trademarks as of March 31, 2024, 2025 and 2026 were trademarks with indefinite useful life of HK\$158,674,000, HK\$158,674,000 and HK\$158,674,000 respectively. In assessing the useful life of such trademarks, management considered trademarks are renewable upon their expiry and the Group will not incur significant costs to renew the registration of trademarks which is a routine administrative procedure. In addition, due consideration is given to the existing longevity of trademarks, the indefinite life cycle of the industry in which the Group operates and the expected usage of the trademarks in the future the trademarks have been assessed as having an indefinite useful life.

Impairment Tests for Cash Generating Units Containing Goodwill and Trademarks with Indefinite Useful Life

Goodwill and trademarks with indefinite useful life are allocated to the Group’s cash-generating units (“CGU”) in the following business segments:

	As of March 31,		
	2024	2025	2026
	HK\$'000	HK\$'000	HK\$'000
Goodwill			
Branded PCM products	67,918	67,918	110,595
Chinese medicine clinic services	—	—	48,490
	<u>67,918</u>	<u>67,918</u>	<u>159,085</u>
Trademarks			
Branded PCM products	<u>158,674</u>	<u>158,674</u>	<u>158,674</u>

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The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts prepared by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated rates of 3%, 3% and 2.5% as of March 31, 2024, 2025 and 2026 respectively, which does not exceed the long-term average growth rate for the business in which the CGU operates.

Key assumptions used for value-in-use calculations:

	As of March 31,		
	2024	2025	2026
Revenue growth rate	4.0%–8.0%	4.0%–8.0%	2.5%–64.9%
Gross margin	30.0%–60.0%	30.0%–57.0%	14.0%–70.4%
Discount rate	13.2%–15.2%	13.0%–15.2%	13.6%–17.8%

Management determined forecasted revenue growth rate and gross margin based on past performance and its expectations for market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant CGUs. As of March 31, 2024, 2025 and 2026, the management believes that any reasonably foreseeable change in any of the above key assumptions could not cause the carrying amounts of the CGUs including goodwill to exceed the recoverable amounts of CGUs.

12 INVESTMENT IN SUBSIDIARIES AND NON-CONTROLLING INTERESTS

Particular of subsidiaries

Details of the Company’s subsidiary at March 31, 2026 and the date of this report are as follow:

Name of subsidiaries	Place of incorporation	Registered capital	Proportion of ownership interest	Principal activities
JBM (PCM) Limited	British Virgin Islands February 12, 2020	1,000 ordinary shares	100%	Investment holding

Note:

No audited financial statements have been prepared for this subsidiary as it was not subject to statutory audit requirements under the rules and regulations in the jurisdiction of incorporation.

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Non-controlling interests (“NCI”)

The following table lists out the information relating to LCSTH, the only subsidiary of the Group which has a material NCI. The summarized financial information presented below represents the amounts before any inter-company elimination.

	2024	2025	2026
	HK\$'000	HK\$'000	HK\$'000
NCI percentage	36.0%	56.1%	28.1%
Current assets	131,913	134,278	145,998
Non-current assets	42,695	47,348	57,722
Current liabilities	(45,547)	(43,119)	(45,959)
Non-current liabilities	(2,966)	(2,551)	(2,287)
Net assets	126,095	135,956	155,474
Carrying amount of NCI	45,394	76,271	43,688
Revenue	108,320	135,414	156,428
Profit for the year	15,064	10,862	21,661
Total comprehensive income	15,064	10,862	21,661
Profit allocated to NCI	5,423	4,843	7,798
Dividend paid to NCI	360	360	—
Cash flows (used in)/generated from			
operating activities	(2,245)	9,033	32,207
Cash flows used in investing activities	(2,681)	(11,493)	(14,739)
Cash flows used in financing activities	(3,616)	(4,011)	(3,040)

Note: During the year ended March 13, 2025, the Group disposed of 20.1% equity interests in LCSTH at a consideration of HK\$46,230,000 to Europharm Laboratoires Company Limited (“Europharm”, a related company under common control). HK\$26,604,000 and HK\$19,626,000 have been recognized under non-controlling interests and capital reserve upon completion, respectively. The effective proportion of ownership interested in LCSTH had decreased from 64% to 43.9%. The Group retains control over LCSTH as it has the majority vote over the board.

13 INTERESTS IN JOINT VENTURES

	As of March 31,		
	2024	2025	2026
	HK\$'000	HK\$'000	HK\$'000
Share of net assets	840	—	—

The joint ventures are accounted for using the equity method in the Historical Financial Information.

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Aggregate Information of the joint ventures that is not individually material:

	Year ended March 31,		
	2024	2025	2026
	HK\$'000	HK\$'000	HK\$'000
Aggregate carrying amount of the immaterial joint ventures in the Historical Financial Information.	840	—	—
Aggregate amounts of the Group’s share of these joint ventures: Loss and total comprehensive income.	(148)	(189)	—

14 OTHER NON-CURRENT ASSETS

	As of March 31,		
	2024	2025	2026
	HK\$'000	HK\$'000	HK\$'000
Prepayment for acquisition of a subsidiary . . .	—	102,600	—
Prepayments for purchase of property, plant and equipment.	4,148	13,523	31,113
Deposits	1,789	2,422	6,161
	5,937	118,545	37,274

15 INVENTORIES

(A) Inventories in the Consolidated Statements of Financial Position Comprise:

	As of March 31,		
	2024	2025	2026
	HK\$'000	HK\$'000	HK\$'000
Raw materials	5,272	5,587	6,572
Work in progress	1,302	972	800
Finished goods	43,368	46,016	42,744
	49,942	52,575	50,116

(B) The Analysis of the Amount of Inventories Recognized as an Expense and Included in Profit or Loss is as Follows:

	Year ended March 31,		
	2024	2025	2026
	HK\$'000	HK\$'000	HK\$'000
Carrying amount of inventories sold	170,932	192,248	206,979
Provision/(reversal) of write-down of inventories	48	(640)	(56)
	170,980	191,608	206,923

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16 TRADE AND OTHER RECEIVABLES

	<i>Note</i>	As of March 31,		
		2024	2025	2026
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables				
— Third parties		53,428	61,517	97,146
— Fellow subsidiaries		1,150	1,788	1,289
		54,578	63,305	98,435
Other receivables		152	205	—
Deposits and prepayments		4,832	5,449	18,990
Amount due from the intermediate holding company	16(B)	24,114	12,788	12,788
Amounts due from fellow subsidiaries	16(B)	70,850	75,170	113,641
		154,526	156,917	243,854

(A) Trade Receivables

As of the end of each reporting period, the aging analysis of trade receivables, based on the invoice date and net of loss allowances, is as follows:

	As of March 31,		
	2024	2025	2026
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Less than 1 month	14,782	20,303	35,708
1 to 6 months	37,459	28,303	39,258
Over 6 months	2,337	14,699	23,469
	54,578	63,305	98,435

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

	As of March 31,		
	2024	2025	2026
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current	47,408	50,123	74,543
Less than 1 month past due	4,872	3,061	10,417
1 to 3 months past due	1,285	4,217	7,304
Over 3 months past due	1,013	5,904	6,171
	54,578	63,305	98,435

Further details on the Group’s credit policy and credit risk arising from trade receivables are set out in note 26(A).

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(B) Amounts Due from the Intermediate Holding Company and Fellow Subsidiaries

The amounts due from fellow subsidiaries of HK\$50,405,000 as of March 31, 2026 are unsecured, recoverable on demand and interest-bearing at 1.5% per annum. The remaining portion of the amounts due from the intermediate holding company and fellow subsidiaries are unsecured, interest-free and recoverable on demand. All the amounts due from the intermediate holding company and fellow subsidiaries will be settled prior to the [REDACTED].

17 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(A) Cash and Cash Equivalents Comprise:

	As of March 31,		
	2024	2025	2026
	HK\$'000	HK\$'000	HK\$'000
Cash at bank and on hand	49,358	64,963	70,544

(B) Reconciliation of Profit before Taxation to Cash Generated from Operations:

	Note	Year ended March 31,		
		2024	2025	2026
		HK\$'000	HK\$'000	HK\$'000
Operating activities				
Profit before taxation		77,918	60,023	96,697
Adjustments for:				
Depreciation and amortization	4(C)	27,353	27,501	31,611
Net loss on disposals of property, plant and equipment	3	5	—	—
Finance costs	4(A)	1,105	1,202	4,228
Interest income from bank deposits	3	(85)	(545)	(609)
(Gain)/loss on disposal of equity interest in a joint venture	3	—	(1,016)	16
Share of losses of joint ventures		148	189	—
Changes in working capital:				
(Increase)/decrease in inventories		(21,692)	(2,633)	9,378
Increase in trade and other receivables		(61,098)	(3,024)	(81,650)
Increase/(decrease) in trade and other payables and contract liabilities		7,497	8,676	(3,276)
Cash generated from operations		31,151	90,373	56,395

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(C) Reconciliation of Liabilities Arising from Financing Activities

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

	Lease liabilities	Amounts due to the intermediate holding company	Amounts due to fellow subsidiaries	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At April 1, 2023.	17,468	449,403	25,317	492,188
Changes from financing cash flows:				
Capital element of lease rentals paid	(9,392)	—	—	(9,392)
Interest element of lease rentals paid.	(477)	—	—	(477)
Repayment of amounts due to the intermediate holding company.	—	(500)	—	(500)
Advance from fellow subsidiaries.	—	—	4,852	4,852
Total changes from financing cash flows . . .	(9,869)	(500)	4,852	(5,517)
Other changes:				
Interest expenses.	477	—	628	1,105
Increase in lease liabilities from entering into new leases during the year.	5,090	—	—	5,090
Total other changes	5,567	—	628	6,195
At March 31, 2024.	13,166	448,903	30,797	492,866

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	Lease liabilities	Amounts due to the intermediate holding company	Amounts due to fellow subsidiaries	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At April 1, 2024.	13,166	448,903	30,797	492,866
Changes from financing cash flows:				
Capital element of lease rentals paid	(9,840)	—	—	(9,840)
Interest element of lease rentals paid	(606)	—	—	(606)
Repayment of amounts due to the intermediate holding company.	—	(46,230)	—	(46,230)
Advance from fellow subsidiaries	—	—	116,776	116,776
Total changes from financing cash flows . . .	(10,446)	(46,230)	116,776	60,100
Other changes:				
Interest expenses	606	—	596	1,202
Increase in lease liabilities from entering into new leases during the year	12,379	—	—	12,379
Total other changes	12,985	—	596	13,581
At March 31, 2025	15,705	402,673	148,169	566,547

	Lease liabilities	Amounts due to the intermediate holding company	Amounts due to fellow subsidiaries	Bank loans	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At April 1, 2025	15,705	402,673	148,169	—	566,547
Changes from financing cash flows:					
Capital element of lease rentals paid	(16,084)	—	—	—	(16,084)
Interest element of lease rentals paid	(866)	—	—	—	(866)
Repayment of bank loans	—	—	—	(21)	(21)
Other borrowing costs paid	—	—	—	(2)	(2)
Advance from fellow subsidiaries	—	—	225,046	—	225,046
Total changes from financing cash flows. . .	(16,950)	—	225,046	(23)	208,073
Other changes:					
Acquisitions of subsidiaries (<i>note 24</i>).	14,605	—	—	458	15,063
Interest expenses	866	—	3,360	2	4,228
Increase in lease liabilities from entering into new leases during the year	10,177	—	—	—	10,177
Total other changes.	25,648	—	3,360	460	29,468
At March 31, 2026	24,403	402,673	376,575	437	804,088

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(D) Total Cash Outflow for Leases

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

	Year ended March 31,		
	2024	2025	2026
	HK\$'000	HK\$'000	HK\$'000
Within operating cash flows	1,320	—	—
Within financing cash flows			
— third parties	2,969	4,654	10,946
— related parties	6,900	5,792	6,004
	<u>11,189</u>	<u>10,446</u>	<u>16,950</u>

These amounts are related to lease rental payments.

18 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	Note	As of March 31,		
		2024	2025	2026
		HK\$'000	HK\$'000	HK\$'000
Trade payables	18(A)	15,298	13,191	12,057
Salary and bonus payables		1,268	4,765	8,938
Other payables and accruals		22,975	32,133	37,136
Amounts due to the intermediate holding company	18(C)	448,903	402,673	402,673
Amounts due to fellow subsidiaries	18(C)	30,797	148,169	376,575
Contract liabilities	18(B)	1,872	—	2,750
		<u>521,113</u>	<u>600,931</u>	<u>840,129</u>

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

(A) Trade Payables

As of the end of each reporting period, the aging analysis of trade payables, based on the invoice date, is as follows:

	As of March 31,		
	2024	2025	2026
	HK\$'000	HK\$'000	HK\$'000
Within 1 month	12,532	8,860	9,812
1 to 6 months	2,689	4,230	1,914
Over 6 months	77	101	331
	<u>15,298</u>	<u>13,191</u>	<u>12,057</u>

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(B) Contract Liabilities

Movements of contract liabilities are as follows:

	Year ended March 31,		
	2024	2025	2026
	HK\$'000	HK\$'000	HK\$'000
At the beginning of the year	1,595	1,872	—
Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the year	(1,595)	(1,872)	—
Increase in contract liabilities as a result of receiving forward sales deposits at the end of the year	1,872	—	2,750
At the end of the year	<u>1,872</u>	<u>—</u>	<u>2,750</u>

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

(C) Amounts due to the Intermediate Holding Company and Fellow Subsidiaries

The amounts due to fellow subsidiaries of HK\$8,939,000, HK\$14,535,000 and HK\$166,154,000 as of March 31, 2024, 2025 and 2026 respectively are unsecured, repayable on demand and interest-bearing at 6.30%, 5.28% and 3.96% per annum. The remaining portion of the amounts due to the intermediate holding company and fellow subsidiaries are unsecured, interest-free and repayable on demand. All of the amounts due to the intermediate holding company and fellow subsidiaries will be settled prior to the [REDACTED].

19 BANK LOANS

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

	As of March 31,		
	2024	2025	2026
	HK\$'000	HK\$'000	HK\$'000
Current portion of bank loans	<u>—</u>	<u>—</u>	<u>437</u>

Bank loans were analyzed as follows:

	As of March 31,		
	2024	2025	2026
	HK\$'000	HK\$'000	HK\$'000
Bank loans			
— Unsecured	<u>—</u>	<u>—</u>	<u>437</u>

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

	As of March 31,		
	2024	2025	2026
	HK\$'000	HK\$'000	HK\$'000
Bank loans due for repayment:			
Within one year or repayable on demand . . .	—	—	437

20 LEASE LIABILITIES

At the end of each reporting period, the lease liabilities were repayable as follows:

	As of March 31,		
	2024	2025	2026
	HK\$'000	HK\$'000	HK\$'000
Within 1 year	7,420	9,093	15,858
After 1 year but within 2 years	4,977	4,482	8,125
After 2 years but within 5 years	769	2,130	420
	13,166	15,705	24,403

As of March 31, 2024, 2025 and 2026, lease liabilities due to related parties were HK\$9,110,000, HK\$9,260,000 and HK\$9,834,000 respectively.

21 DEFERRED TAX

(A) Deferred Tax Liabilities/(Assets) Recognized

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

	Property, plant and equipment	Intangible assets	Expected credit losses allowance on trade receivables	Unused tax losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At April 1, 2023	4,514	33,899	(429)	(2,565)	35,419
(Credited)/charged to profit or loss	(807)	(1,476)	—	807	(1,476)
At March 31, 2024	3,707	32,423	(429)	(1,758)	33,943
At April 1, 2024	3,707	32,423	(429)	(1,758)	33,943
(Credited)/charged to profit or loss	(445)	(1,474)	429	(396)	(1,886)
At March 31, 2025	3,262	30,949	—	(2,154)	32,057
At April 1, 2025	3,262	30,949	—	(2,154)	32,057
Acquisitions of subsidiaries (note 24)	—	26,823	—	—	26,823
Credited to profit or loss	(294)	(1,405)	—	(2,678)	(4,377)
At March 31, 2026	2,968	56,367	—	(4,832)	54,503

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Reconciliation to the consolidated statements of financial position

	As of March 31,		
	2024	2025	2026
	HK\$'000	HK\$'000	HK\$'000
Deferred tax assets recognized in the consolidated statements of financial position	(1,523)	(1,928)	(4,543)
Deferred tax liabilities recognized in the consolidated statements of financial position	35,466	33,985	59,046
	<u>33,943</u>	<u>32,057</u>	<u>54,503</u>

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

(B) Deferred Tax Assets Not Recognized

As of March 31, 2024, 2025 and 2026, in accordance with the accounting policy set out in note 2(Q), the Group has not recognized deferred tax assets in respect of cumulative tax losses of HK\$117,000, HK\$117,000 and HK\$117,000 respectively as it is not probable that future taxable profits against which the losses can be utilized will be available in the relevant tax jurisdiction and entity. The tax losses have no expiry dates under current tax legislation.

22 SHARE CAPITAL

	Number of shares	Amount
	'000	HK\$'000
Authorized:		
Ordinary shares of HK\$0.01 each at March 26, 2026 (date of incorporation) and March 31, 2026	<u>39,000</u>	<u>390</u>
Issued:		
At March 26, 2026 (date of incorporation)	—*	—*
Issuance of ordinary shares	<u>780</u>	<u>8</u>
At March 31, 2026	<u>780</u>	<u>8</u>

* The balances represent amounts less than 1,000.

The Company was incorporated in the Cayman Islands on March 26, 2026. At the time of incorporation, the Company had an authorized share capital of HK\$390,000 divided into 39,000,000 shares of HK\$0.01 each. The Company issued and allotted 1 share to JBM (BVI) Limited upon incorporation.

On March 27, 2026, the Company further issued and allotted 779,999 shares to JBM (BVI) Limited to acquire the entire equity interest in JBM (PCM) Limited as part of the Reorganization. The Company has become the holding company of the Group since the completion of such share issuance.

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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 meeting of the Company. All ordinary shares rank equally with regard to the Company’s residual assets.

The share capital of the Group as of March 31, 2024 and 2025 represented the share capital of JBM (PCM) Limited, which was the former holding company of the Group prior to the Reorganization.

23 RESERVES

The nature and purpose of reserves are set out below:

(A) Capital Reserve

The capital reserve represents (i) the difference between the considerations paid and the share of net assets value of the subsidiaries acquired from non-controlling interests and (ii) amounts due to the immediate holding company capitalized.

(B) Exchange Reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong. The reserve is dealt with in accordance with the accounting policies set out in note 2(T).

(C) Capital Management

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

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

The Group is not subject to externally imposed capital requirements.

24 ACQUISITIONS OF SUBSIDIARIES

(A) Acquisition of Tin Hee Tong Medicine Factory, Limited

On February 21, 2025, Arrow King Inc., an indirect wholly-owned subsidiary of JBM (PCM) Limited, entered into a sales and purchase agreement with an independent third party, pursuant to which Arrow King Inc. agreed to purchase and the independent third party agreed to sell, a 90% equity interest in the Tin Hee Tong Medicine Factory, Limited (“**Tin Hee Tong**”) at a consideration of HK\$171,000,000 and the transaction was completed on April 3, 2025. The principal activity of Tin Hee Tong is manufacture and sales of branded proprietary Chinese medicines.

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The fair values of the identifiable assets and liabilities of Tin Hee Tong at the acquisition date were as follows:

	<i>HK\$’000</i>
Property, plant and equipment	27,205
Intangible assets	129,194
Cash and cash equivalents	5,476
Inventories	6,425
Trade and other receivables	903
Trade and other payables	(3,190)
Deferred tax liabilities	(23,349)
	<hr/> 142,664
Non-controlling interests	(14,341)
	<hr/> 128,323
Goodwill	42,677
	<hr/> 171,000
Total consideration, satisfied in cash paid	171,000
Less: cash and cash equivalents acquired	(5,476)
Less: installment payment paid in prior year	(102,600)
	<hr/> 62,924
Net cash outflow	<hr/> <hr/> 62,924

The non-controlling interests recognized at the date of acquisition was measured by reference to the proportionate shares of the fair value of the net identifiable assets at the date of acquisition.

Goodwill arising from the acquisition of the Tin Hee Tong represents the benefits of expected synergies to be achieved from integrating the subsidiaries into the Group’s existing businesses and future market development. None of the goodwill recognized is expected to be deductible for tax purposes.

Tin Hee Tong contributed revenue of HK\$19,563,000 and profit of HK\$6,719,000 to the Group for the period from April 3, 2025 to March 31, 2026. There would not be a material impact on the Group’s revenue and profit for the year ended March 31, 2026 if the acquisition had occurred on April 1, 2025.

Acquisition-related costs

The Group incurred acquisition-related costs of HK\$356,000 relating to the external legal fee and due diligence costs. These costs have been included in “administrative and other operating expenses” in the consolidated statement of profit of loss and other comprehensive income for the year ended March 31, 2026.

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Measurement of fair value

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Property, plant and equipment	Market comparison technique and cost technique: The valuation model considers quoted market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Intangible assets	Excess earnings method: The method determines the value of an intangible asset as the present value of the cash flows attributable to the subject intangible asset after excluding the proportion of cash flows that are attributable to contributory assets.

(B) Acquisition of Kenford Medical Group Company Limited and Its Subsidiaries

On June 16, 2025, Winner Win Limited, an indirect wholly-owned subsidiary of JBM (PCM) Limited, entered into a sales and purchase agreement with an independent third party, pursuant to which Winner Win Limited agreed to purchase and the independent third party agreed to sell, a 100% equity interest in the Kenford Medical Group Company Limited (“**Kenford Group**”) at a consideration of HK\$38,000,000 and the transaction was completed on June 30, 2025. The principal activities of Kenford Group are provision of Chinese medical consultancy service.

The fair values of the identifiable assets and liabilities of Kenford Group at the acquisition date were as follows:

	HK\$'000
Property, plant and equipment	9,760
Intangible assets	11,865
Cash and cash equivalents	4,105
Inventories	494
Trade and other receivables	4,154
Trade and other payables	(3,279)
Lease liabilities	(9,631)
Deferred tax liabilities	(1,960)
	15,508
Goodwill	22,492
Total consideration, satisfied in cash paid	38,000
Less: cash and cash equivalents acquired	(4,105)
Net cash outflow	33,895

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Goodwill arising from the acquisition of the Kenford Group represents the benefits of expected synergies to be achieved from integrating the subsidiaries into the Group’s existing businesses and future market development. None of the goodwill recognized is expected to be deductible for tax purposes.

Kenford Group contributed revenue of HK\$35,048,000 and profit of HK\$1,495,000 to the Group for the period from June 30, 2025 to March 31, 2026. If the acquisition had occurred on April 1, 2025, the Group’s revenue and profit for the year ended March 31, 2026 would have increased by HK\$10,740,000 and decreased by HK\$378,000 respectively.

Acquisition-related costs

The Group incurred acquisition-related costs of HK\$39,000 relating to the external legal fee and due diligence costs. These costs have been included in “administrative and other operating expenses” in the consolidated statement of profit or loss and other comprehensive income for the year ended March 31, 2026.

Measurement of fair value

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Validation technique
Intangible assets	Relief from royalty method: The relief from royalty method considers the discounted estimated royalty payments that are expected to be avoided as a result of the technical knowhow or trademarks being owned.

(C) Acquisition of King Pui Chinese Medical Group Limited and Siulun Medheart Company Limited

On December 30, 2025, Joy Wish Limited, an indirect wholly-owned subsidiary of JBM (PCM) Limited, entered into a sales and purchase agreement with an independent third party, pursuant to which Joy Wish Limited agreed to purchase and the independent third party agreed to sell, 100% equity interests in the King Pui Chinese Medical Group Limited (“**King Pui**”) and Siulun Medheart Company Limited (“**Siulun**”) at a consideration of HK\$36,000,000 and the transaction was completed on January 30, 2026. The principal activities of King Pui and Siulun are provisions of Chinese medical consultancy services and orthopedic and traumatology specialist medical services.

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The fair values of the identifiable assets and liabilities of King Pui and Siulun at the acquisition date were as follows:

	<i>HK\$'000</i>
Property, plant and equipment	5,612
Intangible assets	9,192
Cash and cash equivalents	5,998
Trade and other receivables	3,902
Trade and other payables	(7,756)
Bank loan	(458)
Lease liabilities	(4,974)
Deferred tax liabilities	(1,514)
	<u>10,002</u>
Goodwill	<u>25,998</u>
Total consideration, satisfied in cash paid	36,000
Less: cash and cash equivalents acquired	(5,998)
Net cash outflow	<u><u>30,002</u></u>

Goodwill arising from the acquisition of the King Pui and Siulun represents the benefits of expected synergies to be achieved from integrating the subsidiaries into the Group’s existing businesses and future market development. None of the goodwill recognized is expected to be deductible for tax purposes.

King Pui and Siulun contributed revenue of HK\$4,906,000 and profit of HK\$1,202,000 to the Group for the period from January 30, 2026 to March 31, 2026. If the acquisition had occurred on April 1, 2025, the Group’s revenue and profit for the year ended March 31, 2026 would have increased by HK\$22,636,000 and HK\$3,461,000 respectively.

Acquisition-related costs

The Group incurred acquisition-related costs of HK\$72,000 relating to the external legal fee and due diligence costs. These costs have been included in “administrative and other operating expenses” in the consolidated statement of profit of loss and other comprehensive income for the year ended March 31, 2026.

Measurement of fair value

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

<u>Assets acquired</u>	<u>Validation technique</u>
Intangible assets	Relief from royalty method: The relief from royalty method considers the discounted estimated royalty payments that are expected to be avoided as a result of the technical knowhow or trademarks being owned.

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25 ACQUISITIONS OF ADDITIONAL INTERESTS IN SUBSIDIARIES

During the year ended March 31, 2026, the Group acquired additional 28% and 21% equity interests in LCSTH and Quinwood Limited (“**Quinwood**”) respectively, at an aggregate consideration of HK\$84,016,000. Following the completion of the transaction, the Group’s interests in LCSTH and Quinwood have increased from 43.9% to 71.9% and from 71.0% to 92.0% respectively. Accordingly, the Group recognized a decrease in non-controlling interests of HK\$41,206,000 and a decrease in capital reserve of HK\$42,810,000.

During the year ended March 31, 2026, the Group acquired additional 10% equity interest in Tin Hee Tong at a consideration of HK\$19,000,000. Following the completion of the transaction, the Group’s interest in Tin Hee Tong has increased from 90% to 100%. Accordingly, the Group recognized a decrease in non-controlling interests of HK\$14,966,000 and a decrease in capital reserve of HK\$4,034,000.

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

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

(A) Credit Risk

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

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer’s past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates.

The Group’s exposure to credit risk is influenced mainly by the individual characteristics of each customer and therefore concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As of March 31, 2024, 2025 and 2026, 21.4%, 25.2% and 25.8% of the total trade and other receivables was due from the Group’s largest debtor and 23.7%, 29.1% and 30.2% was due from the five largest debtors respectively.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which, except for amounts due from customers with known financial difficulties or significant doubt on collection that are assessed individually, is calculated using a provision matrix. Accordingly, the Group recognized credit loss allowance of HK\$2,600,000, HK\$2,600,000 and HK\$2,600,000 for a single customer with significant doubt on collection that is individually impaired at March 31, 2024, 2025 and 2026. As the Group’s historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group’s different customer bases.

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

The Group assessed that there is no significant loss allowance recognized in accordance with HKFRS 9 as of March 31, 2024, 2025 and 2026 other than for the abovementioned customer, and no provision matrix has therefore been disclosed.

(B) Liquidity Risk

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

The contractual undiscounted cash outflows of trade and other payables excluding contract liabilities as of March 31, 2024, 2025 and 2026 are due within 1 year or on demand and equal their carrying value at the end of each reporting period.

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

As of March 31, 2024					
Contractual undiscounted cash outflow					
	Within 1 year	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Lease liabilities	7,680	5,050	776	13,506	13,166

As of March 31, 2025				
Contractual undiscounted cash outflow				
	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount
	Within 1 year			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Lease liabilities	9,623	4,686	2,180	16,489
				15,705

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As of March 31, 2026					
Contractual undiscounted cash outflow					
	Within 1 year	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Lease liabilities	16,471	8,287	427	25,185	24,403
Bank loans	461	—	—	461	437
	<u>16,932</u>	<u>8,287</u>	<u>427</u>	<u>25,646</u>	<u>24,840</u>

(C) Interest Rate Risk

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

(i) Interest rate profile

The following table details the interest rate profile of the Group’s borrowings at the end of each reporting period:

As of March 31,						
	2024		2025		2026	
	Effective interest rate	Amount	Effective interest rate	Amount	Effective interest rate	Amount
		HK\$'000		HK\$'000		HK\$'000
Fixed rate borrowings:						
Lease liabilities	2.44%–6.93%	13,166	2.44%–6.93%	15,705	2.77%–6.93%	24,403
Variable rate borrowings:						
Bank loans	—	—	—	—	3.11%	437
Total interest-bearing borrowings . .		<u>13,166</u>		<u>15,705</u>		<u>24,840</u>
Fixed rate borrowings as a percentage of total borrowings . .		<u>100%</u>		<u>100%</u>		<u>98.2%</u>

(ii) Sensitivity analysis

No sensitivity analysis is presented as the Group does not have any material floating rate instruments nor does it hold any fixed rate instruments that are measured at fair value as of March 31, 2024, 2025 and 2026, which would expose the Group to significant cash flow interest rate risk or fair value interest rate risk.

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(D) Currency Risk

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

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

(i) Exposure to currency risk

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

	As of March 31,					
	2024		2025		2026	
	United States dollars	Renminbi	United States dollars	Renminbi	United States dollars	Renminbi
	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Cash and cash equivalents	—	213	878	92	834	66
Trade and other receivables	—	—	—	549	—	2,385
Trade and other payables and contract liabilities	(1,743)	—	—	(24)	(2)	—
Net exposure arising from recognized assets and liabilities . .	(1,743)	213	878	617	832	2,451

(ii) Sensitivity analysis

No sensitivity analysis is presented as the Group does not have any significant exposure to currency risk as of March 31, 2024, 2025 and 2026.

(E) Fair Value Measurement

The carrying amount of the Group’s financial instruments carried at cost or amortized cost are not materially different from their fair values as of March 31, 2024, 2025 and 2026.

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27 COMMITMENTS

Capital commitments outstanding at the end of each reporting period not provided for in the Historical Financial Information are as follows:

	2024	2025	2026
	HK\$'000	HK\$'000	HK\$'000
Authorized and contracted for			
— Acquisition of a subsidiary	—	68,400	—
— Purchase of property, plant and equipment.	12,284	2,963	1,535
	<u>12,284</u>	<u>71,363</u>	<u>1,535</u>

28 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in the Historical Financial Information, the Group entered into the following material related party transactions:

(A) Key Management Personnel Emoluments

All members of key management personnel are directors of the Company and their compensation is disclosed in note 6.

Total remuneration is included in “staff costs” (see note 4(B)).

(B) Transactions with Related Parties

	Year ended March 31,		
	2024	2025	2026
	HK\$'000	HK\$'000	HK\$'000
Sales to fellow subsidiaries	12,032	6,531	10,469
Rental expense to a fellow subsidiary	1,320	—	—
Logistics and distribution fees to a fellow subsidiary	11,273	20,304	6,564
Management fees to a fellow subsidiary	13,096	14,696	14,885
Interest expenses to a fellow subsidiary	628	596	3,360
Interest on lease liabilities to related parties	<u>325</u>	<u>243</u>	<u>389</u>

29 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At March 31, 2024, 2025 and 2026, the directors consider the immediate parent and ultimate controlling party of the Group to be JBM (BVI) Limited and Lincoln’s Hill Development Limited respectively, both of which are incorporated in the British Virgin Islands. The intermediate holding company, JBM, produces financial statements available for public use.

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30 ACCOUNTING JUDGMENTS AND ESTIMATES

Key Sources of Estimation Uncertainty

Impairment of intangible assets

In considering the impairment losses that may be required for the Group’s intangible assets (including goodwill), the recoverable amount of the asset needs to be determined. The recoverable amount is the greater of the fair value less costs of disposal and value in use. It is difficult to precisely estimate the fair value less costs of disposal because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present values, which requires significant judgment relating to items such as revenue growth rates, gross margins and the discount rates applied. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items.

Any increase or decrease in the above impairment losses would affect the net profit in future years.

31 POSSIBLE IMPACT OF AMENDMENTS AND A NEW STANDARD ISSUED BUT NOT YET EFFECTIVE FOR THE TRACK RECORD PERIOD

Up to the date of issue of this report, the HKICPA has issued a number of new or amended standards, which are not yet effective for the Track Record Period and which have not been adopted in preparing the Historical Financial Information. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures</i> — <i>Contracts referencing nature-dependent electricity</i> . . .	January 1, 2026
Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures</i> — <i>Amendments to the classification and measurement of financial instruments</i>	January 1, 2026
Annual improvements to HKFRS Accounting Standards — Volume 11.	January 1, 2026
HKFRS 18, <i>Presentation and disclosure in financial statements</i>	January 1, 2027
HKFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	January 1, 2027

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The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Historical Financial Information of the Group except for the following:

HKFRS 18, *Presentation and disclosure in financial statements*

HKFRS 18 will replace HKAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity’s financial statements. HKFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027 and is to be applied retrospectively.

Among other changes, under HKFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt HKFRS 18. HKFRS 18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and positions of the Group.

32 SUBSEQUENT EVENTS

On May 22, 2026, Sampan Development Limited (“**Sampan**”), an indirectly wholly-owned subsidiary of the Company, entered into a sales and purchase agreement with independent third parties, pursuant to which, Sampan agreed to purchase and the independent third parties agreed to sell, 2% equity interest in Orizen at a consideration of HK\$8,380,000. The transaction was completed on May 29, 2026 and Orizen has become an indirect wholly-owned subsidiary since then.

On June 29, 2026, Po Chai Herbal Technology Limited (“**PCHT**”), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Europharm, pursuant to which, PCHT agreed to purchase and Europharm to sell 24.9% equity interest in LCSTH at a consideration of HK\$74,700,000. The transaction was completed on July 3, 2026 and the Group’s equity interest in LCSTH has increased from 71.9% to 96.8% since then.

On July 15, 2026, the Company allotted and issued 434,220,000 shares to the immediate holding company, JBM (BVI) Limited, to capitalize amounts due to JBM Group of HK\$350,000,000.

Subsequent Financial Statements

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to March 31, 2026.