JBM (HEALTHCARE) LIMITED
健倍苗苗(保健)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2161)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

FINANCIAL HIGHLIGHTS

- The revenue for the six months ended 30 September 2021 amounted to approximately HK$189.4 million, representing a decrease of about 3.4% as compared to that of approximately HK$196.1 million for the corresponding period of 2020.
- Profit from operations for the same period amounted to approximately HK$15.6 million, representing a decrease of about 61.2% as compared to that of approximately HK$40.2 million for the corresponding period of 2020.
- Profit attributable to equity shareholders of the Company for the same period amounted to approximately HK$10.0 million, representing a decrease of about 53.6% as compared to that of approximately HK$21.7 million for the corresponding period of 2020.
- The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 September 2021.

The Board is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 30 September 2021, together with the comparative figures for the corresponding period in 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2021 – unaudited
(Expressed in Hong Kong dollars)

		Six months ended 30 September	
		2021	2020
	Note	***HK$'000***	*HK$'000*
Revenue	*4*	**189,372**	196,105
Cost of sales		**(114,292)**	(93,699)
Gross profit		**75,080**	102,406
Other net income	*5*	**970**	7,010
Selling and distribution expenses		**(38,671)**	(43,452)
Administrative and other operating expenses		**(21,762)**	(18,703)
Listing expenses		**–**	(7,042)
Profit from operations		**15,617**	40,219
Finance costs	*6(a)*	**(3,403)**	(3,937)
Share of (loss)/profit of an associate		**(749)**	51
Share of losses of joint ventures		**(285)**	(45)
Profit before taxation	*6*	**11,180**	36,288
Income tax	*7*	**(2,905)**	(7,301)
Profit for the period		**8,275**	28,987
Other comprehensive income for the period			
Item that may be reclassified subsequently to profit or loss, net of nil tax:			
Exchange differences on translation of financial statements of operations outside Hong Kong		**(249)**	526
Other comprehensive income for the period		**(249)**	526
Total comprehensive income for the period		**8,026**	29,513

	Note	Six months ended 30 September 2021 HK$'000	2020 HK$'000
Profit attributable to:			
Equity shareholders of the Company		**10,040**	21,650
Non-controlling interests		**(1,765)**	7,337
Total profit for the period		**8,275**	28,987
Total comprehensive income attributable to:			
Equity shareholders of the Company		**9,791**	22,176
Non-controlling interests		**(1,765)**	7,337
Total comprehensive income for the period		**8,026**	29,513
		HK cents	*HK cents*
Earnings per share			
Basic and diluted	*8*	**1.12**	2.83

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2021 – unaudited
(Expressed in Hong Kong dollars)

	Note	**As at 30 September 2021** ***HK$'000***	As at 31 March 2021 *HK$'000*
Non-current assets			
Property, plant and equipment		**192,169**	190,070
Intangible assets		**841,909**	851,750
Interest in an associate		**16,156**	16,905
Interests in joint ventures		**4,262**	4,036
Other non-current assets		**8,046**	6,741
Other financial assets		**25,321**	25,321
Deferred tax assets		**2,646**	2,062
		1,090,509	1,096,885
Current assets			
Inventories		**40,357**	48,016
Trade and other receivables	*10*	**157,272**	141,248
Current tax recoverable		**1,675**	668
Cash and cash equivalents		**60,004**	94,376
		259,308	284,308
Current liabilities			
Trade and other payables and contract liabilities	*11*	**36,967**	56,970
Bank loans		**60,000**	60,000
Leases liabilities		**14,730**	12,882
Current tax payable		**11,924**	7,290
		123,621	137,142
Net current assets		**135,687**	147,166
Total assets less current liabilities		**1,226,196**	1,244,051

	Note	As at 30 September 2021 HK$'000	As at 31 March 2021 HK$'000
Non-current liabilities			
Banks loans		**145,000**	175,000
Leases liabilities		**27,245**	20,036
Deferred tax liabilities		**99,377**	102,072
		271,622	297,108
NET ASSETS		**954,574**	946,943
CAPITAL AND RESERVES			
Share capital	*12*	**8,937**	8,937
Reserves		**905,562**	895,771
Total equity attributable to equity shareholders of the Company		**914,499**	904,708
Non-controlling interests		**40,075**	42,235
TOTAL EQUITY		**954,574**	946,943

NOTES

1 CORPORATE INFORMATION

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

2 BASIS OF PREPARATION

The interim financial results set out in this announcement do not constitute the Group's interim financial report for the six months ended 30 September 2021 but are extracted from that interim financial report.

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with Hong Kong Accounting Standard ("**HKAS**") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

The interim financial report has been prepared in accordance with the same accounting policies adopted in the consolidated financial statements for the year ended 31 March 2021, except for the accounting policy changes that are expected to be reflected in the consolidated financial statements for the year ending 31 March 2022. Details of any changes in accounting policies are set out in note 3.

3 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA for the current accounting period:

- Amendment to HKFRS 16, *COVID-19-Related Rent Concessions Beyond 30 June 2021*
- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest Rate Benchmark Reform – Phase 2*

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

Amendment to HKFRS 16, *COVID-19-Related Rent Concessions Beyond 30 June 2021 (2021 Amendment)*

The Group previously applied the practical expedient in HKFRS 16 such that as lessee it was not required to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic were lease modifications, if the eligibility conditions are met. One of these conditions requires the reduction in lease payments affect only payments originally due on or before a specified time limit. The 2021 amendment extends this time limit from 30 June 2021 to 30 June 2022. There is no significant impact to the Group's financial position and financial performance for the application of the amendment.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest Rate Benchmark Reform – Phase 2*

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates ("**IBOR reform**"). The amendments do not have an impact to the Group's financial position and financial performance as the Group does not have contracts that are indexed to benchmark interest rates which are subject to the IBOR reform.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are manufacturing and trading of proprietary medicines and distributing health and wellness products. All the revenue for the six months ended 30 September 2021 and 2020 was recognised in accordance with HKFRS 15, *Revenue from contracts with customers*.

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

(b) Segment reporting

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

- Branded medicines: this segment develops, manufactures and distributes branded medicines with chemical compounds as active ingredients. Currently the activities in this regard are primarily carried out in Hong Kong.

- Proprietary Chinese medicines: this segment develops, manufactures and distributes registered Chinese medicines composed solely of any Chinese herbal medicines specified in the Chinese Medicine Ordinance, or any materials of herbal, animal or mineral origin customarily or widely used by the Chinese. Currently the activities in this regard are primarily carried out in Hong Kong.

- Health and wellness products: this segment distributes and sells supplements, medical consumables and other non-pharmaceutical products for the general health and wellness of consumers. Currently the activities in this regard are primarily carried out in Hong Kong.

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

The measure used for reporting segment profit is gross profit.

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

No inter-segment sales have occurred during the six months ended 30 September 2021 and 2020.

(i) Segment revenue and results

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

	Branded medicines		Proprietary Chinese medicines		Health and wellness products		Total	
	Six months ended 30 September		Six months ended 30 September		Six months ended 30 September		Six months ended 30 September	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers and reportable segment revenue recognised at a point in time	**63,425**	61,307	**106,467**	104,170	**19,480**	30,628	**189,372**	196,105
Reportable segment gross profit	**38,889**	40,662	**28,838**	49,620	**7,353**	12,124	**75,080**	102,406

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

	Six months ended 30 September	
	2021	2020
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue and consolidated revenue	**189,372**	196,105
Profit		
Reportable segment gross profit	**75,080**	102,406
Other net income	**970**	7,010
Selling and distribution expenses	**(38,671)**	(43,452)
Administrative and other operating expenses	**(21,762)**	(18,703)
Listing expenses	**–**	(7,042)
Finance costs	**(3,403)**	(3,937)
Share of (loss)/profit of an associate	**(749)**	51
Share of losses of joint ventures	**(285)**	(45)
Consolidated profit before taxation	**11,180**	36,288

(iii) Geographic information

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

	Six months ended 30 September	
	2021	2020
	HK$'000	*HK$'000*
Revenue from external customers		
Hong Kong (place of domicile)	**138,747**	171,412
Mainland China	**18,473**	–
Macau	**19,494**	12,798
Singapore	**5,233**	1,700
Others	**7,425**	10,195
	189,372	196,105

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

	As at 30 September 2021	As at 31 March 2021
	HK$'000	*HK$'000*
Specified non-current assets		
Hong Kong (place of domicile)	**1,044,772**	1,050,959
Mainland China	**17,770**	18,543
	1,062,542	1,069,502

(iv) Information about major customer

For the six months ended 30 September 2021, the Group's customer base includes one (six months ended 30 September 2020: one) customer of branded medicines and proprietary Chinese medicines segments with whom transactions have exceeded 10% of the Group's revenue. Revenue from sales of branded medicines and proprietary Chinese medicines to this customer amounted to HK$39,506,000 (six months ended 30 September 2020: HK$59,764,000).

5 OTHER NET INCOME

	Six months ended 30 September	
	2021	2020
	HK$'000	*HK$'000*
Commission income	**786**	562
Interest income from bank deposits	**12**	130
Government grants	**–**	6,113
Net foreign exchange loss	**(120)**	(104)
Net gain/(loss) on disposal of property, plant and equipment	**9**	(171)
Others	**283**	480
	970	7,010

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 September	
	2021	2020
	HK$'000	*HK$'000*
(a) Finance costs		
Interest on bank loans	**2,875**	–
Interest expense on amount due to the immediate holding company	**–**	3,717
Interest on lease liabilities to		
– third parties	**91**	149
– fellow subsidiaries	**437**	71
	3,403	3,937

	Six months ended 30 September	
	2021	2020
	HK$'000	*HK$'000*
(b) Other items		
Depreciation		
– owned property, plant and equipment	**6,614**	6,506
– right-of-use assets	**7,259**	5,468
	13,873	11,974
Amortisation of intangible assets	**9,841**	8,919
Write-down of inventories	**141**	134

7 INCOME TAX

	Six months ended 30 September	
	2021	2020
	HK$'000	*HK$'000*
Current tax	**6,184**	9,727
Deferred taxation	**(3,279)**	(2,426)
	2,905	7,301

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (six months ended 30 September 2020: 16.5%) to the six months ended 30 September 2021. Taxation for overseas subsidiaries is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable in the relevant countries.

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK$10,040,000 (six months ended 30 September 2020: HK$21,650,000) during the period, and the weighted average ordinary shares in issue calculated as follows:

	Six months ended 30 September	
	2021	2020
	'000	*'000*
Shares of the Company issued at the beginning of the period	**893,686**	722,000
Effect of shares issued	**–**	43,721
Weighted average number of ordinary shares in issue during the period	**893,686**	765,721

The weighted average number of ordinary shares in issue for the six months ended 30 September 2020 was calculated based on the assumption that 722,000,000 shares were in issue at the beginning of the period, taking into consideration the effect of the capitalisation issue.

(b) Diluted earnings per share

Diluted earnings per share for the six months ended 30 September 2021 and 2020 were the same as the basic earnings per share as there were no potentially dilutive ordinary shares in existence during both periods.

9 DIVIDENDS

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 September 2021 (six months ended 30 September 2020: Nil).

10 TRADE AND OTHER RECEIVABLES

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

	As at 30 September 2021 *HK$'000*	As at 31 March 2021 *HK$'000*
Less than 1 month	**53,301**	64,578
1 to 6 months	**27,088**	43,404
Over 6 months	**65,294**	25,830
Trade receivables	**145,683**	133,812
Other receivables	**740**	747
Deposits and prepayments	**6,844**	6,689
Amounts due from joint ventures	**4,005**	–
	157,272	141,248

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

	As at 30 September 2021 *HK$'000*	As at 31 March 2021 *HK$'000*
Current	**76,002**	100,504
Less than 1 month past due	**14,059**	5,541
1 to 3 months past due	**35,292**	1,856
Over 3 months past due	**20,330**	25,911
	145,683	133,812

11 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

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

	As at 30 September 2021 *HK$'000*	As at 31 March 2021 *HK$'000*
Less than 1 month	**10,153**	9,231
1 to 6 months	**5,942**	3,671
Over 6 months	**182**	111
Trade payables	**16,277**	13,013
Salary and bonus payables	**5,896**	5,690
Other payables and accruals	**10,638**	33,460
Amounts due to joint ventures	**2,008**	2,000
Amounts due to fellow subsidiaries	**593**	1,104
Contract liabilities	**1,555**	1,703
	36,967	56,970

12 SHARE CAPITAL

	Number of shares *'000*	**Amount** *HK$'000*
Authorised:		
Ordinary shares of HK$0.01 each at 31 March 2021, 1 April 2021 and 30 September 2021	**5,000,000**	**50,000**
Issued:		
At 31 March 2021, 1 April 2021 and 30 September 2021	**893,686**	**8,937**

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Reporting Period, the economies of Hong Kong and most of its neighboring regions continued to be impacted by the pandemic. Although we saw emerging signs of recovery, market sentiment was still swayed with new threats of virus variants. The ongoing pandemic-related travel restrictions have kept more than 99% of inbound tourists away in Hong Kong compared with the pre-pandemic level. Domestic consumption of medicines and cosmetics in the first half of 2021 registered a 2.1% drop over the previous period under the backdrop of an uneven recovery of retail consumption provisionally estimated at 8.4% by the Hong Kong Government.

RESULTS

The adverse impact of COVID-19 continued to contribute to the sluggish consumer demand in both domestic and certain overseas markets during the Reporting Period. The lingering pandemic-related travel restrictions and social distancing measures across the regions have exerted pressure on the sales and selling price of certain products of the Group.

The branded healthcare portfolio of the Group was affected by a plunge of visitors from China and overseas under travel restrictions to control the COVID-19 pandemic. The revenue of the Group amounted to approximately HK$189.4 million during the Reporting Period, representing a modest decrease of 3.4% against the previous period. Gross profit decreased by 26.7% to approximately HK$75.1 million, mainly due to considerable slow down of Po Chai Pills sales and pandemic impact on selling price of certain products during the Reporting Period. The profit attributable to equity shareholders amounted to approximately HK$10.0 million, a decrease of 53.6% as a result of the drop in gross profit, alongside the base effect of the one-off pandemic impact relief subsidy from the Hong Kong Government in the amount of about HK$6.1 million during the previous period.

Responding to such a challenging market sentiment, the Group spared no effort in realising business opportunities in the market. During the Reporting Period, the Group launched a number of new products in both the proprietary Chinese medicine and health and wellness products segments and made sound progress on the building up of cross-border e-commerce platform. Furthermore, the Group continued to optimise its resources in realising the growth strategies whilst pragmatically strive for cost savings through cost control initiatives.

OPERATING PERFORMANCE

The resilience of the Group's branded healthcare business rests upon its broad and yet targeted product offerings from notable brands in the segments of branded medicines, proprietary Chinese medicines, and health and wellness products including health supplements, personal care products, and diagnostic kits. It is also bolstered by our brand management capability and established sales network in Hong Kong. The Group has been making headways with its cross-border e-commerce platform bridging an access of our products with the target consumers in Mainland China.

Branded Medicines

The branded medicines segment delivered a 3.5% increase in revenue during the Reporting Period, mainly driven by the growth momentum of AIM Atropine Eye Drops, along with increments in sales of some notable branded products such as Contractubex Ointment (德國秀碧除疤膏), Pantogar Capsules (瑞士倍髮加) and Rowatanal Cream (諾華痔瘡膏).

As a leading brand for children's myopia control in Hong Kong, AIM Atropine Eye Drops continued to foster its market penetration with a notable increase of 63.2% in sales during the Reporting Period. Owing to the increased time spent indoors and on the computer screen for online learning by school children during the pandemic, the exacerbation of myopia problem and its control has become an important eye health issue that require parents' awareness and action. As a continuing eye health education effort, AIM Atropine 0.01% Eye Drops promoted the importance of early control on children's myopia progression through digital platforms and educational booklets distribution in children eye-care in clinics. By collaborating with social organisations, we will also extend our education program in primary schools to reach out to 10,000 students to advocate important eye-care messages. This Group-sponsored education program was rolled out by various phases starting from November 2021.

In regard to Ho Chai Kung, one of our household brands well-recognised in the analgesics OTC category, however, recorded a modest decline in sales by 7.4% during the Reporting Period due to the dampened retail market.

Proprietary Chinese Medicines

The sales revenue of the proprietary Chinese medicines segment of the Group delivered an increase of 2.2%, amounting to approximately HK$106.5 million during the Reporting Period.

Amidst the slow recovery of the retail and distribution markets in Hong Kong, the segment's overall sales benefitted from the robust double-digit growth of its CCMG business. There was gradual recovery of public demand for Chinese medicine services during the Reporting Period. Carrying and distributing more than 700 single-flavor and compound CCMG products, the Group has direct access to an extensive network of Chinese medicine practitioners in Hong Kong. Our own CCMG brand has been a leading brand among Chinese medicine practitioners in Hong Kong, selling our CCMG products to a substantial portion of active Chinese medicine practitioners in Hong Kong. The Group is therefore well-positioned to capture the potential growth of demand for the CCMG market.

As we sell most of our proprietary Chinese medicine products through retail channels, the pandemic has continued to impact local sales due to the deep plunge of tourists from China with the ongoing travel restrictions. Sales of Po Chai Pills, one of our heritage brands, witnessed a considerable slow down during the Reporting Period because local trade and retailers were cautious about the dampened market demand and responded with a reduced inventory level. However, with the resumption of social and economic activities in most Asian countries, sales of Po Chai Pills in Indonesia, Malaysia, and Singapore rebounded notably by 78.0% during the Reporting Period. This also applied to sales of Shiling Oil in key Carribean Island markets with a substantial rebound to approximately HK$6.0 million during the Reporting Period, compared to approximately HK$1.6 million in the previous period.

Health and Wellness Products

The health and wellness products segment of the Group registered a decrease of 36.4% in sales during the Reporting Period, which was mainly attributed to the receded consumer demand for infection prevention products with the stabilised control on the pandemic, as opposed to the surge in the previous period.

Nevertheless, the business of Oncotype DX® Breast Cancer Recurrence Score Test maintained its robust growth, posting a 27.9% increase during the Reporting Period.

Amongst early-stage breast cancer patients, the popularity and share of patients of Oncotype DX® Breast Cancer Recurrence Score Test continued to grow as driven by our collaborated education and financial assistance programs.

Our ongoing collaboration with Hong Kong Breast Cancer Foundation (HKBCF) leverages its financial assistance program in supporting patients of government hospitals to obtain the diagnostic score test and has continued to drive notable business growth. We also actively promote the product education and financial assistance program through targeted online, social platform and outdoor advertisements to enhance patient awareness and understanding.

The BITE-X (寶寶手指水), a German manufactured baby product for preventing nail-biting and thumb-sucking, also registered a notable sales growth of 110.7% during the Reporting Period, thanks to its solid sales performance via the cross-border e-commerce channel.

BUSINESS DEVELOPMENTS

On the business development front, we continue to implement our growth strategies to cement our competitive position as a forward-looking branded healthcare player in Asia.

Our ability to continuously identify products that satisfy changing consumer preferences, expand the variety of quality products in our portfolio, and manage the brands effectively is key to our future growth and success.

New Product Offerings

We have made good progress in new product launches during the Reporting Period. These include Weisen-U Digestive Enzyme, a new line extension of Weisen-U, which has been pilot-launched through our cross-border e-commerce channels and will soon be extended to retail and online shops in Hong Kong.

We have also launched an enhanced version of Smartfish, a Norway-origin and clinically-substantiated omega-3-enriched nutritional drink, with upgraded formulation and pack volume to offer greater customer appeal and satisfaction. To strengthen its market penetration, we have strategically extended its channel coverage into major supermarket chains and selected retail outlets at high-end residential locations, apart from the traditional health and beauty chain stores. Integrated online and offline marketing programs have also been rolled out to create consumer awareness, educate product benefits and build brand differentiation to support the launch.

Building on our aim in enhancing our portfolio on medical consumables and home diagnostic devices with a market niche, we have launched Dr. Freeman® H. Pylori Home Test Kit with an exclusive listing in Watson's. Dr. Freeman® H. Pylori Home Test Kit is the third member of the series after Dr. Freeman® Flu/RSV Combo Test Kit and Dr. Freeman® COVID-19 Test Kit. More home diagnostic products will enter the market according to the development plan, with their availability further expanding into China market through cross-border e-commerce channels.

We have signed an exclusive agreement with DebX from Netherlands to launch a novel desiccant agent for chemical debridement, DEBRICHEM® in Asia. It is an innovative product transforming the treatment option for chronic infection wounds. DEBRICHEM® is a patented acidic gel certified as a single-use topical medical device for effectively and efficiently eliminating the biofilm and infection through debridement chemically instead of surgically. We have drawn up its launch plan and have scheduled to introduce this novel product to public hospitals in the first quarter of 2022.

Acceleration on E-commerce Development

On the strategic front of tapping into the potential of the fast-growing PRC cross-border e-commerce, we continue to drive our flagship stores and business developments on the major online sales platforms.

Contrary to the sluggish performance of the physical retail market impacted by the pandemic, the growth and development in our e-commerce business have accelerated during the Reporting Period. We have further established a new retail flagship store at JD Worldwide (京東國際), in addition to the other two self-operated flagship stores on Tmall Global Marketplace (天貓賣場型旗艦店) and JD-HK Open Platform (京東國際開放平台店舖).

We have also established our B2B commercial operation and successfully enlisted as designated platform supplier of OTC products to Tmall and AliHealth. Tmall International and AliHealth e-shops represent the largest online OTC marketplace in China. Through the access of and daily business interactions with the platform buyers and operators, we can build strong rapport for future collaboration and keep abreast of the fast-evolving market trends and developments to support our strategic planning and drive our e-commerce business growth in China.

Moreover, we have formed strategic collaborations with reputable branded healthcare operators in Hong Kong by leveraging our e-commerce capabilities and their portfolios of renowned cosmeceutical brands to tap the fast-growing medical beauty market in China through the cross-border e-commerce channels.

Capturing Growth Potential in Chinese Medicines

Driven by improved health consciousness and favorable government policies in promoting the development of traditional Chinese medicines, the popularity and consumer acceptance of proprietary Chinese medicines have greatly developed over the years. In particular, the cooperation between governments in facilitating the entry of traditional Chinese medicine products into the Greater Bay Area is expected to pose great opportunities for manufacturers and market practitioners in Hong Kong.

The scheduled opening of the first Chinese medicine hospital in Hong Kong in 2025, which provides 400 beds and clinical practices for the Chinese medicine faculties of three leading universities in Hong Kong, will further drive the growth of local Chinese medicines market in the future.

To capture the foreseeable growth of the Chinese medicines market, we have been adding newly developed products to our CCMG portfolio, along with introducing Chinese medicine-based supplements and healthcare products, which will be progressively launched to market through our extensive distribution network of Chinese medicine practitioners.

OUTLOOK

Having endured the prolonged impact of COVID-19, the economy of Hong Kong is poised for a mild recovery with an 8.1% increase in total retail sales during the first eight months of 2021, despite an uneven revival among the categories. This has been helped by the stabilised COVID-19 situation, increasing vaccination rate, improved labour market and government's boost through the Consumption Voucher Scheme.

Although the Group remains optimistic about the business recovery in the near future and the future outlook for the healthcare industry, the consumer market in Hong Kong this year will remain challenging with the delayed reopening of the border between Hong Kong and Mainland China.

COVID-19 has changed consumers' purchasing habits, driving them increasingly from shopping offline to online. We believe that the trend of the at-home economy will continue to spur rapid growth of the online business across the markets, as reflected in the positive development of the Group's e-commerce business amidst the pandemic. As most of the e-commerce revenue was derived from Mainland China, the Group will capitalise on its competitive strengths to realise the growth potential in our cross-border e-commerce business developments.

Given the favorable government policy support on the development of traditional Chinese medicines, the Group, as a key proprietary Chinese medicine and CCMG market player in Hong Kong, is well poised to tap on the potential of the burgeoning market with a sizable population of over 70 million in the Greater Bay Area.

Set against the backdrop of an aging population, the sedentary lifestyle, and the heightened health consciousness, especially in the post-COVID-19 era, we believe the consumer healthcare market will continue with its growth momentum. The Group will remain resolutely focused on delivering quality branded healthcare products to consumers with the mission of enabling better health through self-care.

Remuneration Policy

As at 30 September 2021, the Group had a total of 231 employees. For the Reporting Period, the total staff cost of the Group was approximately HK$35.3 million, compared to approximately HK$36.3 million for the six months ended 30 September 2020.

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

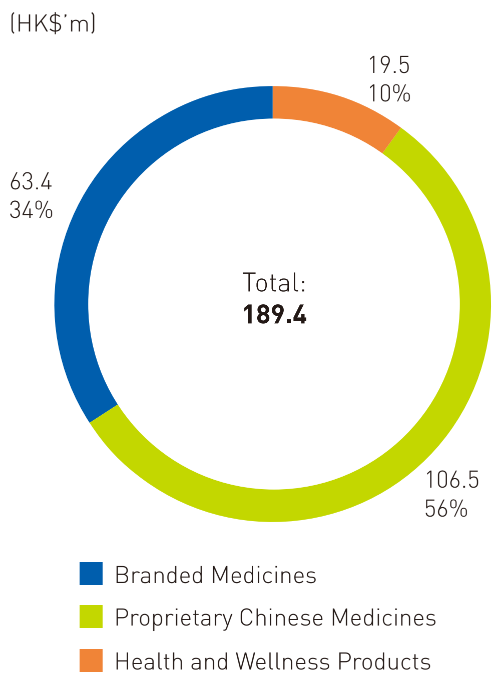
Employees are the most valuable assets to the Group. Therefore, the Group has implemented a comprehensive recruitment procedure for selecting the right candidates, provides competitive compensation and benefit packages to attract and retain talents. The Group also emphasises on training and developing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

FINANCIAL REVIEW

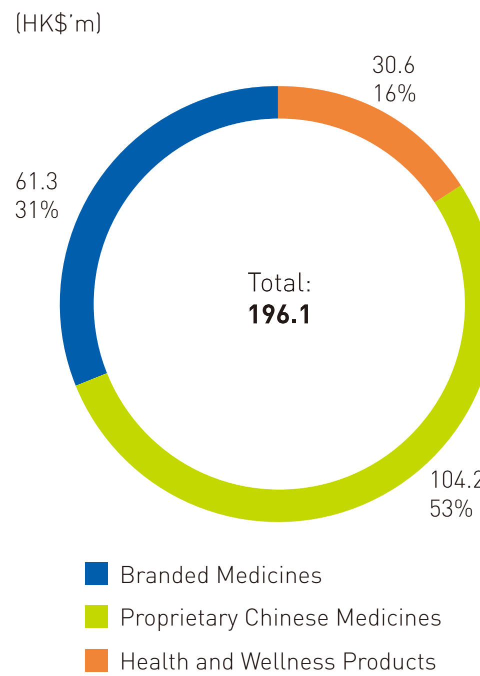
Revenue

Revenue by Operating Segments

FY2022 Interim



FY2021 Interim



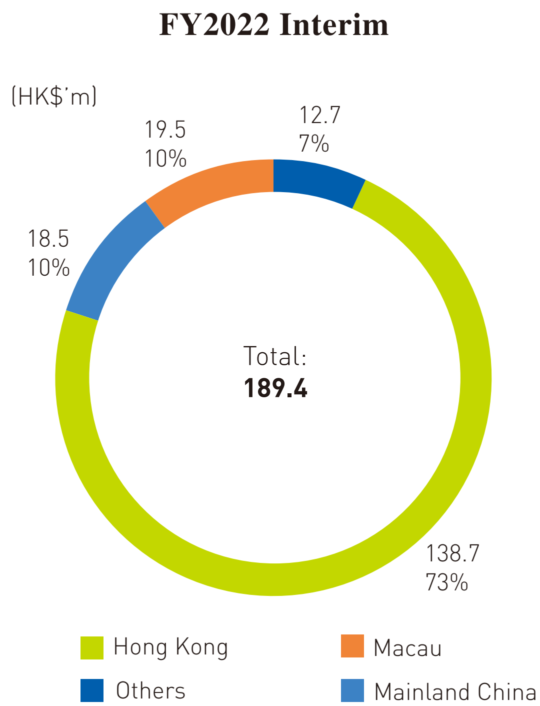
The slight decrease in revenue of HK$6.7 million or 3.4% compared to FY2021 Interim was due to the decrease in revenue of HK$11.1 million in the health and wellness products segment, partly compensated by the increase of HK$2.1 million and HK$2.3 million in the branded medicines and proprietary Chinese medicines segments respectively. The revenue split of the three segments was at the ratio of 56%, 34% and 10%.

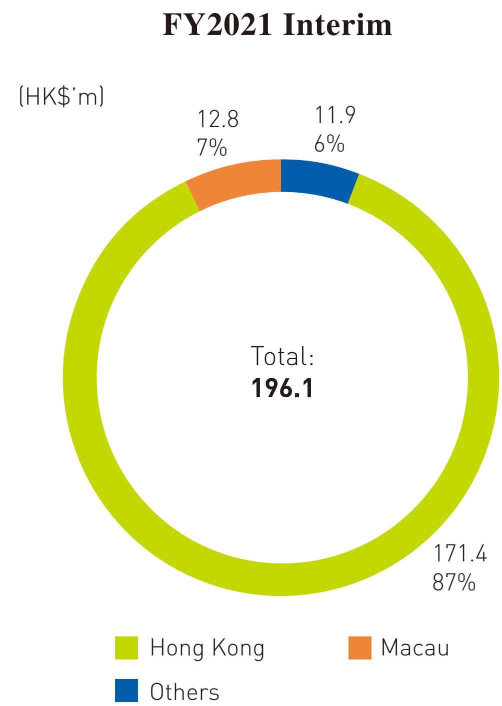
In the branded medicines segment, AIM Atropine Eye Drops delivered a promising growth despite the disruption by the pandemic on the consultation visits of children to hospitals and ophthalmologists. Ho Chai Kung brand products also demonstrated considerable resilience with decline in sales revenue by 7.4% during the Reporting Period.

In the proprietary Chinese medicines segment, the increase in revenue is primarily contributed by the strong growth in sales revenue of CCMG business as a result of rising health awareness, as well as the significant increase in sales through cross-border e-commerce platforms. This is offset by the sluggish consumer demand of Po Chai Pills due to lingering travel restrictions across the region caused by the pandemic.

In the health and wellness products segment, the revenue from personal hygiene and infection control products decreased significantly as a result of stabilisation of COVID-19 pandemic in Hong Kong, partly compensated by the increase in sales of Oncotype DX® Breast Cancer Recurrence Score Test during the Reporting Period.

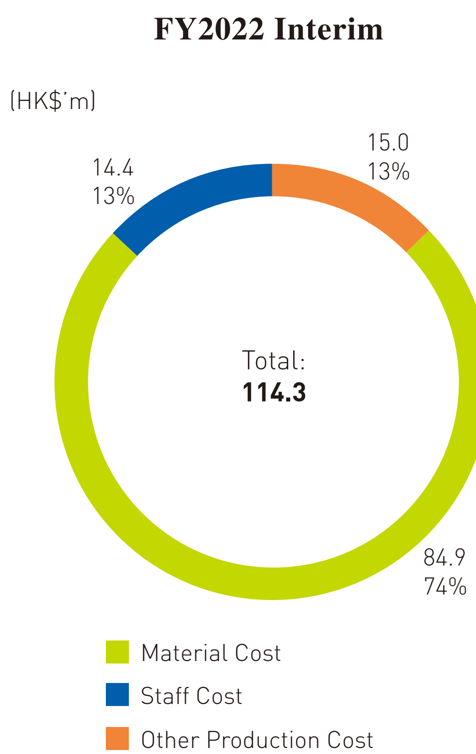
Revenue by Geographic Locations

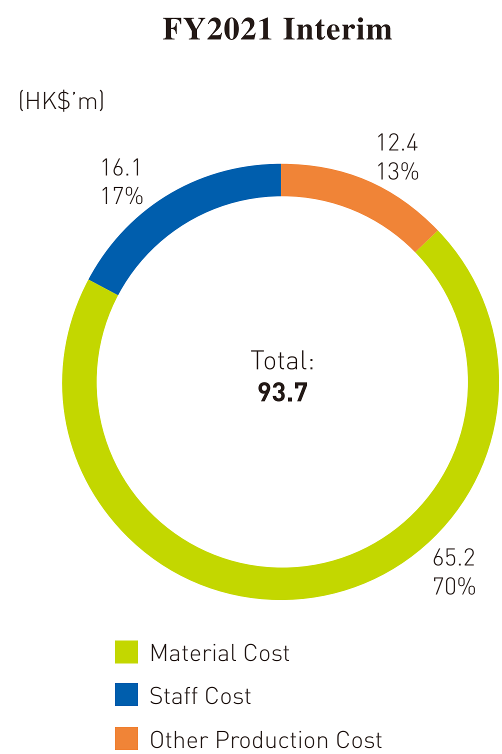




Hong Kong continued to be the major revenue stream, representing 73% of the total revenue with a decrease in revenue of HK$32.7 million, which is mainly due to the significant decrease in sales of Po Chai Pills and personal hygiene and infection control products. The revenue in Mainland China increased by HK$18.5 million, mainly due to the increase in sales of Puji Pills after the change in distributor, and the significant increase in sales via cross-border e-commerce platforms during the Reporting Period. The revenue increase in Macau by HK$6.7 million was mainly contributed by the increase in sales of AIM Atropine Eye Drops. The slight increase in revenue from other overseas markets by HK$0.8 million was mainly due to the increase in sales in Singapore and Canada, partly offset by the decrease in sales in Ireland.

Cost of Sales



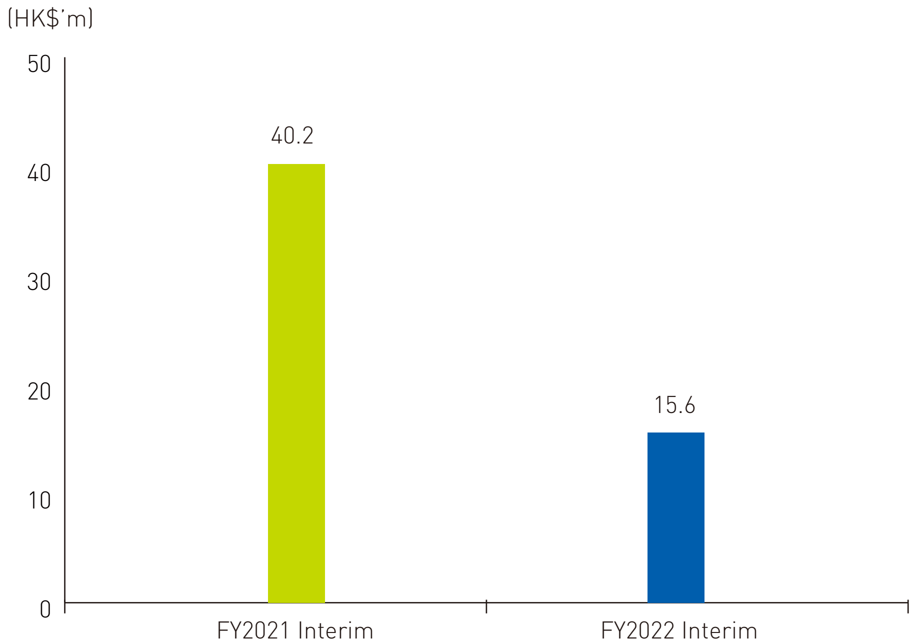


Material cost continued to be the major component which constituted approximately 74% of the total cost of sales. The increase in material cost of HK$19.7 million or 30.2% was mainly due to procurement of third party woodlok oil products for sale to cross-border e-commerce platforms with relatively low margin compared to existing products of the Group.

The decrease in staff cost of HK$1.7 million or 10.6% was mainly attributed to the implementation of optimisation program and cost control measures by the Group during COVID-19 pandemic.

The increase in other production costs of HK$2.6 million or 21.0% was because the Group entered into a lease agreement in second half of FY2021 for use of a GMP accredited production facility.

Profit from Operations



The profit from operations dropped by HK$24.6 million or 61.2% to HK$15.6 million was mainly due to decrease in gross profit of HK$27.3 million and the one-off Employment Support Scheme subsidy from the Hong Kong Government of HK$6.1 million recognised in FY2021 Interim as other net income, which was compensated partially by the one-off spin-off listing expenses of HK$7.0 million incurred in FY2021 Interim.

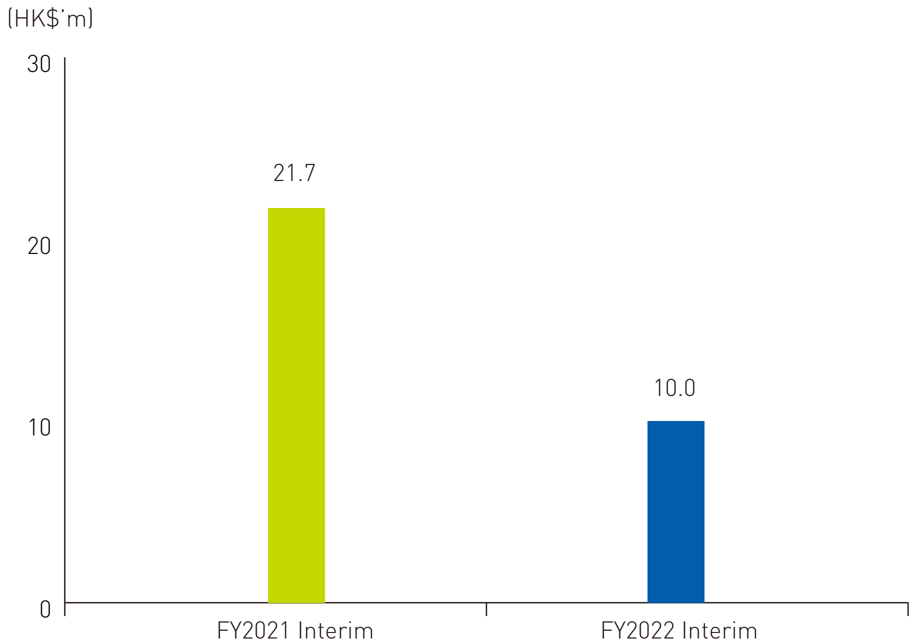
Finance Costs

The finance costs in FY2022 Interim was mainly attributable to a committed banking facility, while the finance costs in FY2021 Interim mainly represented interest expenses for an amount due to the immediate holding company, as part of the reorganisation for the spin-off and separate listing of the Company in the Stock Exchange in February 2021. The decrease in finance costs was mainly due to lower average balance of interest-bearing liabilities in FY2022 Interim compared with FY2021 Interim.

Income Tax

The decrease in income tax primarily reflected the lower profit before taxation generated during the Reporting Period. The increase in effective tax rate is mainly due to the non-taxable Employment Support Scheme subsidy from the Hong Kong Government recognised in FY2021 Interim.

Profit Attributable to Equity Shareholders



The decrease in profit attributable to equity shareholders mainly reflected the decrease in profit from operations, partly compensated by the decrease in finance costs and income tax.

Assets

Property, plant and equipment

The increase in property, plant and equipment principally reflected the additions of HK$16.6 million, offset partially by the depreciation of HK$13.9 million and disposals with net book value of HK$0.6 million.

Intangible assets

The decrease in intangible assets was principally attributable to amortisation of HK$9.8 million.

Inventories

The decrease in inventories by HK$7.7 million or 16.0% mainly reflected the stringent inventory control measures in order to optimise the inventory level during the time of COVID-19 pandemic and the reduction in sales level.

Cash and cash equivalents

Approximately 85.8% of cash and cash equivalents as at 30 September 2021 were denominated in Hong Kong dollars (as at 31 March 2021: 90.5%), while the remaining balance was denominated in Euros, United Stated dollars, Renminbi and Singapore dollars.

Liabilities

Bank loans

The decrease in bank loans from HK$235.0 million as at 31 March 2021 to HK$205.0 million as at 30 September 2021 solely represented partial repayment of bank loan. As at 30 September 2021, the bank loan of the Group was denominated in Hong Kong dollars.

Use of Proceeds

Use of IPO proceeds

Net proceeds of HK$10,523,000 were raised from the initial public offering of the Company (after the deduction of underwriting fees, commissions and expenses paid by the Company in connection with the initial public offering) (the "**IPO Proceeds**"). There has not been any change to the intended use of the IPO Proceeds or the allocated amount as disclosed in the Prospectus issued by the Company.

The table below sets forth the status of utilisation of the IPO Proceeds as at 30 September 2021 and the expected timeline of the use of the unutilised IPO Proceeds:

Use of IPO Proceeds as set out in the Prospectus	Proposed Application *HK$'000*	As at 31 March 2021 Actual utilised amount *HK$'000*	As at 31 March 2021 Unutilised amount *HK$'000*	As at 30 September 2021 Actual utilised amount *HK$'000*	As at 30 September 2021 Unutilised amount *HK$'000*	Expected timeline for utilising the remaining IPO proceeds
Portfolio development and brand management of proprietary Chinese medicines	5,000	741	4,259	1,714	3,286	On or before 31 March 2022
Payments for obtaining additional distribution rights from third-party brand owners	4,523	–	4,523	–	4,523	On or before 31 March 2022
General working capital	1,000	1,000	–	1,000	–	N/A
Total	10,523	1,741	8,782	2,714	7,809	

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

Liquidity, Capital Resources and Capital Structure

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

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

Charge on Group Assets

The carrying value of assets pledged against bank loans was HK$77.8 million as at 30 September 2021 (as at 31 March 2021: HK$79.0 million).

Net Gearing Ratio

The net gearing ratio of the Group (bank loans less cash and cash equivalents, divided by total equity multiplied by 100%) slightly increased from 14.9% as of 31 March 2021 to 15.2% as of 30 September 2021. The increase in net gearing ratio was attributable to purchases of property, plant and equipment during the Reporting Period.

Financial Risk Analysis

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

Contingent Liabilities

As of 30 September 2021, the Group did not have any significant contingent liabilities.

Events after the Reporting Period

No significant event has taken place subsequent to 30 September 2021 and up to the date of this interim results announcement.

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

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

– The outbreak of COVID-19 has weakened consumer sentiment and adversely impacted retail spending in Hong Kong as local economic activities and the number of visitors declined as a result of various social distancing measures and travel restrictions implemented from time to time. As we sell the majority of our products through retail channels, such as major modern trade chain stores, registered pharmacies and drug stores, the COVID-19 outbreak has negatively affected the sales of many of our branded healthcare products. Any further prolonged outbreak of COVID-19 may materially and adversely impact on our business and financial performance going forward.

– Our success is attributable to the well-established brands of our products and our ability to manage the brands effectively. We devoted significant resources in brand marketing, promotion and management to enhance their appeal and recognition. However, the marketing and promotional initiatives may not always be successful. Furthermore, our business could be negatively impacted if any of our products suffers substantial harm to its brand reputation due to product recall, defects, product misuse, negative or inaccurate reports, postings on social media etc.

– Our branded healthcare products typically compete in three market segments, namely the branded medicines, health and wellness and proprietary Chinese medicine markets, which are highly competitive and rapidly evolving with frequent introduction of new brands and products and high consumer expectations on quality and value. We face intense competition from existing competitors and new entrants, including multinational companies, as well as domestic manufacturers and distributors of products that have competing market positioning or similar efficacies that can be used as substitutes for our products.

– The nature of our business exposes us to the risk of product liability, personal injury or wrongful death claims that are inherent in the development, manufacture and sales of consumer products. Manufacturers or vendors of defective products could be subject to civil liability for loss or physical injury to any affected person. In Hong Kong, manufacturers of defective products could also be subject to criminal liability and have their business licenses revoked. In the event a lawsuit is brought against us, we may have to incur substantial costs to defend the lawsuit or be held liable for significant damages, and we may be unable to seek full indemnification from our suppliers, third-party manufacturers or third-party brand owners or be fully covered by our insurance for our liability and costs.

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

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

COMPLIANCE WITH LAWS AND REGULATIONS

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

CORPORATE GOVERNANCE HIGHLIGHTS

The Board is committed to maintaining high corporate governance standards.

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

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

The Company has complied with all the code provisions of the CG Code and adopted most of the recommended best practices set out therein throughout the six months ended 30 September 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

AUDIT COMMITTEE

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

REVIEW OF INTERIM RESULTS

The interim results for the six months ended 30 September 2021 are unaudited, but have been reviewed by KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the HKICPA, whose unmodified review report is included in the 2021 Interim Report to be sent to shareholders of the Company. The Audit Committee, together with management of the Company, has also reviewed the interim results for the six months ended 30 September 2021.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 September 2021.

PUBLICATION OF THIS INTERIM RESULTS ANNOUNCEMENT AND THE 2021 INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and of the Company (www.jbmhealthcare.com.hk). The 2021 Interim Report containing all the information required by the Listing Rules will be published on the respective websites of the Stock Exchange and the Company and will be dispatched to the shareholders of the Company in due course.

By order of the Board
JBM (Healthcare) Limited
Wong Yat Wai, Patrick
Executive Director and Chief Executive Officer

Hong Kong, 26 November 2021

As at the date of this announcement, the Board comprises Mr. Sum Kwong Yip, Derek as the Chairman and non-executive Director, Mr. Wong Yat Wai, Patrick (also as Chief Executive Officer) and Dr. Chu Ka Wing as executive Directors, Mr. Yim Chun Leung and Mr. Yeung Kwok Chun, Harry as non-executive Directors, and Mr. Chan Kam Chiu, Simon, Mr. Luk Ting Lung, Alan and Mr. Lau Shut Lee, Tony as independent non-executive Directors.

GLOSSARY

In this announcement, unless otherwise specified, the following glossary applies:

"2021 Interim Report"	the interim report of the Company for the six months ended 30 September 2021
"AIM Atropine Eye Drops"	refers to AIM Atropine 0.01% Eye Drops and AIM Atropine 0.125% Eye Drops procured from Aseptic Innovative Medicine Co. Ltd., an anticholinergic agent as a sterile topical preservative-free ophthalmic solution that is commonly used in the treatment of myopia, mydriasis and cycloplegia
"Audit Committee"	the audit committee of the Company
"Board"	the board of directors of the Company
"CCMG"	concentrated Chinese medicine granule, traditional Chinese herbal medicines processed through modern extraction and concentration technologies to arrive at a granular form for easy dispensary and administration
"China", "Mainland China", "PRC" or "the PRC"	the People's Republic of China excluding, for the purpose of this interim results announcement, Hong Kong, Macau and Taiwan
"Company" or "the Company"	JBM (Healthcare) Limited, an exempted company incorporated in the Cayman Islands with limited liability on 7 January 2020
"COVID-19"	Coronavirus disease 2019
"Director(s)"	the director(s) of the Company
"FY2021"	the year ended 31 March 2021
"FY2021 Interim"	the six months ended 30 September 2020
"FY2022 Interim" or "Reporting Period"	the six months ended 30 September 2021
"GMP"	Good Manufacturing Practice, a set of detailed guidelines on practices governing the production of pharmaceutical products designed to protect consumers by minimising production errors and the possibility of contamination

"Greater Bay Area"	the "Guangdong-Hong Kong-Macau Greater Bay Area", referring to the region linking two special administrative regions, namely Hong Kong and Macau, and the nine cities in Guangdong Province, namely Guangzhou, Shenzhen, Zhuhai, Foshan, Zhongshan, Dongguan, Huizhou, Jiangmen and Zhaoqing and forming an integrated economic and business hub under PRC government's scheme
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"JBM", "Group", "our Group", "the Group", "we", "us" or "our"	the Company and its subsidiaries and, in respect of the period before we became the holding company of our present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be)
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"Macau"	the Macau Special Administrative Region of the PRC
"Main Board"	Main Board of the Stock Exchange
"OTC"	a term used to describe medicines that can be sold directly to a consumer without a prescription from a healthcare professional, as compared to prescription drugs, which are sold only to consumers possessing a valid prescription
"Prospectus"	the prospectus issued by the Company dated 26 January 2021
"Share(s)"	ordinary share(s) in the capital of the Company with nominal value of HK$0.01 each
"Stock Exchange"	The Stock Exchange of Hong Kong Limited