

Embrace Challenges And Advance On Transformation



# JACOBSON PHARMA CORPORATION LIMITED

Incorporated under the laws of the Cayman Islands with limited liability

Stock Code : 2633



Interim Report 2021

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

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

### Independent Non-executive Directors

Dr. Lam Kwing Tong, Alan  
Mr. Young Chun Man, Kenneth  
Professor Wong Chi Kei, Ian  
Professor Lam Sing Kwong, Simon  
(re-designated from non-executive Director to independent  
non-executive Director with effect from 1 November 2021)

## AUDIT COMMITTEE

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

## REMUNERATION COMMITTEE

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

## NOMINATION COMMITTEE

Professor Wong Chi Kei, Ian (Chairman)  
Dr. Lam Kwing Tong, Alan  
Mr. Young Chun Man, Kenneth  
Mr. Yim Chun Leung

## AUTHORISED REPRESENTATIVES

Mr. Yim Chun Leung  
Ms. Pun Yue Wai

## COMPANY SECRETARY

Mr. Yu Chun Kau

## REGISTERED OFFICE

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

## HONG KONG HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS

Unit 2313-18, 23/F  
Tower 1, Millennium City 1  
388 Kwun Tong Road  
Kwun Tong, Kowloon  
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

## HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## AUDITOR

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

## PRINCIPAL BANKERS

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

## PUBLIC RELATIONS CONSULTANT

Strategic Public Relations Group

## INVESTOR RELATIONS

Email: [jacobsonpharma@sprg.com.hk](mailto:jacobsonpharma@sprg.com.hk)

## STOCK CODE

2633

## COMPANY WEBSITE

[www.jacobsonpharma.com](http://www.jacobsonpharma.com)

## FINANCIAL HIGHLIGHTS

	Six months ended 30 September 2021	Six months ended 30 September 2020	Change
	HK\$'000	HK\$'000	
Revenue (Restated) <sup>(1)</sup>			
– Generic drugs	562,177	503,795	+11.6%
– Branded healthcare	188,236	191,630	–1.8%
<b>Total</b>	<b>750,413</b>	<b>695,425</b>	<b>+7.9%</b>
Gross profit	272,842	266,257	+2.5%
Gross profit margin (%)	36.4%	38.3%	
Profit attributable to equity shareholders of the Company	80,039	102,513	–21.9%
Profit margin attributable to equity shareholders of the Company (%)	10.7%	14.7%	
Adjusted EBITDA <sup>(2)</sup>	203,856	233,391	–12.7%
Adjusted EBITDA margin (%) <sup>(3)</sup>	27.2%	33.6%	
Return on equity (%) <sup>(4)</sup>	5.8%	8.4%	

	As at 30 September 2021	As at 31 March 2021	Change
	HK\$'000	HK\$'000	
Total assets	4,838,009	4,867,150	–0.6%
Total liabilities	1,931,556	2,007,041	–3.8%
Total equity	2,906,453	2,860,109	+1.6%

(1) During the year ended 31 March 2021, the Group completed the spin-off listing of its branded healthcare business, which comprised branded medicines, proprietary Chinese medicines and health and wellness products. For the purpose of segment reporting, the Group reviewed the reportable segments and identified branded healthcare as a reportable segment for the year ended 31 March 2021 and for the six months ended 30 September 2021. The segment information for the six months ended 30 September 2020 for comparative purpose has been restated.

(2) Adjusted EBITDA is calculated based on adjusted earnings before interest, taxes, depreciation and amortisation, where “interest” is regarded as including interest income and interest expenses and “depreciation and amortisation” is regarded as including impairment losses on non-current assets. To arrive at adjusted EBITDA, the Group’s earnings are further adjusted for share of losses of associates, share of losses of joint ventures and non-recurring items not attributable to the operations of individual segments.

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

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



# CORPORATE VISION AND MISSION



**A MISSION**  
THAT  
MATTERS

**A VISION**  
THAT  
INSPIRES

**A CULTURE**  
THAT  
ACHIEVES

## OUR VISION

At Jacobson, we aspire to be an eminent player in essential medicines and consumer healthcare solutions in Asia.

## OUR MISSION

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

We enhance the communities in which we operate.

We build shareholder values in all we do.

## OUR CULTURE

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

### Challenge

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

### Connect

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

### Commit

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



# CORPORATE PROFILE

The Group is a leading pharmaceutical company in Hong Kong vertically integrated with the research, development, production, sale and distribution of generics, specialty drugs, and branded healthcare products. As a major provider of generic drugs in Hong Kong, the Group has one of the most extensive sales and distribution coverage for both the private and public market sectors in Hong Kong, with an expanding reach into strategically selected Asian markets. Carrying a broad product portfolio and taking a pre-eminent market position in a number of therapeutic categories, the Group operates a host of 10 licensed production facilities for generic drugs in Hong Kong. The Group also operates 2 GMP-accredited production facilities for proprietary Chinese medicines located in Hong Kong under its branded healthcare subsidiary.

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



## COMPETITIVE STRENGTHS

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

Over a long and successful track record, we have built a comprehensive product portfolio, including respiratory, cardiovascular, central nervous system, gastrointestinal, scar treatment and oral anti-diabetics, cementing our position as a leader in a number of large and fast growing therapeutic categories in the Hong Kong pharmaceutical market. We continually expand our portfolio to reinforce our leadership position with a strategic focus on specialty drugs and biosimilars to tap the fast growing market segments.
- Leading Research and Development Capabilities That Can Develop Premium Generic Drugs and Healthcare Solutions to Fulfill Unmet Demands**

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

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

A subsidiary of the Group, JBM Healthcare, is a leading branded healthcare operator in Hong Kong with proven track records, managing a broad portfolio of well-established and trusted third-party brands and own brands for over-the-counter branded medicines, proprietary Chinese medicines and health & wellness products covering health supplements, personal care products and diagnostic kits. Those brands include heritage household brands such as Po Chai Pills, Ho Chai Kung and Shiling Oil, and notable overseas consumer healthcare brands such as Contractubex of Germany, Smartfish of Norway, Rowatanal Cream of Ireland, Oncotype DX® of the United States, and AIM Atropine of Taiwan.

Operating a vertically integrated business encompassing brand management and marketing, sourcing and representation of third-party brand products, development and manufacturing of own brand products, and sales and distribution, JBM Healthcare and its subsidiaries have an extensive sales and distribution network in Hong Kong with footholds spanning China, Macau, Taiwan and select countries in Southeast Asia, Europe, North America and the Caribbean Islands.



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

The pandemic situation in Hong Kong stabilised as the fourth wave of the COVID-19 outbreak ended in May 2021. Reviving business sentiments on the back of the receding pandemic, as a result of the increasing vaccination rate, and the improving labour market have driven a real Gross Domestic Product (GDP) growth of 7.1% year-on-year for the first half of 2021. Alongside the boosting measures by the government, the overall economy of Hong Kong has embarked on a gradual recovery during the Reporting Period, though the consumer market and tourism-related businesses remain challenging with the prolonged travel restrictions in place.

## RESULTS

### Resilience in Generic Drugs Performance

Backed by the stable growth of the Public Sector and the recovery of the Private Sector for its generic drugs business, the Group delivered total revenue of approximately HK\$750.4 million, which represented a 7.9% growth during the Reporting Period. Total gross profit also increased by 2.5% to HK\$272.8 million, whilst total profit for the period amounting to HK\$82.9 million, reduced by HK\$29.6 million or 26.3%, mainly attributable to the base effect of the one-off Employment Support Scheme subsidy received from the Hong Kong Government in the amount of about HK\$55.8 million in FY2021 Interim. If excluding this subsidy, the profit for the period should have posted a growth of about 46.2% on a like-for-like basis.

The generic drugs business of the Group has demonstrated considerable resilience under the impact of the pandemic, posting a moderate growth of 11.6% during the Reporting Period. This was driven by the stable and solid growth of 9.3% in its Public Sector, along with a notable recovery of its Private Sector delivering growth at 13.8%.

The Group's subsidiary in consumer branded healthcare, JBM Healthcare, posted a soft decline of 1.8% in sales revenue during the Reporting Period, mainly attributable to the sluggish consumer demand in both domestic and certain overseas markets caused by the COVID-19 pandemic. Lingering travel restrictions across the region have had a significant impact on the performance of the retail and tourism-related consumption markets.

The Group maintains a healthy financial position as supported by its strong cash flows, with adjusted EBITDA of HK\$203.9 million for the Reporting Period such that the net gearing ratio decreased significantly from 38.4% as of 31 March 2021 to 27.7% as at the end of the Reporting Period. In addition, the Group has a strong cash position, with cash balance of HK\$537.1 million as at the end of the Reporting Period.

## OPERATING PERFORMANCE

### Robust Portfolio to Satisfy Customer and Patient Needs

The Group carries a broad and targeted portfolio of essential and specialty drugs to provide a comprehensive solution for the needs of medical professionals and patients. Although there was a slow down in medication demand of common cold and flu drugs during the pandemic due to social distancing measures and face mask wearing practice, medications for the aging population and chronic disease patients continue to exhibit a strong demand.

For instance, among the Group's cardiovascular offerings, the angiotensin II antagonist class and lipid-lowering product class recorded a notable growth of 34.4% and 27.7% in sales respectively during the Reporting Period, generated by new businesses secured for Losartan Tablets and Rosuvastatin Tablets as well as the continuous increase in consumption of anti-hypertensive drugs such as Perindopril Tablets in the Public Sector.

Furthermore, therapeutic sectors of psoriasis preparations and attention deficit hyperactivity disorder drugs (ADHD) also exhibited robust growth of 328.1% and 88.8% respectively, due to new public tenders awarded in the Public Sector. During the Reporting Period, the Group also secured first-time public tenders, which included Atosiban Injection, Idarubicin Injection, Quetiapine Extended Release Tablet 200mg, as well as Haloperidol Tablets 5mg and 10mg.

The Group's antiulcer drugs and anti-hypertensive class products also delivered strong growths of 24.2% and 88.0% respectively in the Private Sector, contributed by sales of new products such as Esomeprazole and combination products containing Amlodipine and Valsartan. Angiotensin II receptor antagonists and lipid-lowering products in the cardiovascular product class also recorded a strong growth of 65.0% and 35.0% respectively in the Private Sector.

### Distribution of Fosun BioNTech Comirnaty Vaccine

The Group acts as the exclusive distributor of Fosun BioNTech Comirnaty Vaccine (the "Vaccine") in Hong Kong and Macau. The Fosun BioNTech Comirnaty vaccination program started in Hong Kong on 10 March 2021. As of the end of the Reporting Period, the Group delivered a total of 6.9 million doses of the Vaccine to the Department of Health and community vaccination centers in Hong Kong and the Macau government.

The speed of social and economic recovery will largely depend on our pace of reaching herd immunity through vaccination. We are committed to working with the governments and professional partners in ensuring a high vaccination rate for Hong Kong and Macau. We will continue to collaborate with Fosun Pharma on supplying the third vaccination doses for the public if the booster shot is deemed necessary by the health authorities.

### Continuing Supply of Infection Control Products for Medical Professionals

The Group continued to supply World Health Organization formulation alcohol hand rubs ("**WHO Alcohol Hand Rubs**") for medical professionals in our fight against the COVID-19 pandemic. We distributed a total of 216,000 bottles of WHO Alcohol Hand Rubs to medical practitioners in both Public and Private Sectors during the Reporting Period.

In addition, the Group manufactured a branded series of face masks, "MedProtect", to cater to the protective needs of healthcare professionals and the public in Hong Kong under its own PIC/S GMP certified manufacturing facilities with EN ISO 13485:2016 certification. During the Reporting Period, we supplied more than 29,000 boxes of MedProtect face masks with ASTM Level 1 and EN 14683 Type II R standards to more than 2,000 medical professionals.

### New Products Introduction

A number of new products, including Antisob Injection, Indarubicin Injection, Acitretin Capsule, Atomoxetine Capsule, Finasteride Tablet, Homatropine Eye Drops, Ofloxacin Eye Drops and Ear Drops, were launched during the Reporting Period, as we continued our efforts to introduce quality generics to meet medical and patient needs.

Additionally, the Group has secured the registration approvals for a group of new products such as Febuxostat Tablet, Brimonidine and Timolol Eye Drops, Olmesartan Tablet and Telmisartan and Hydrochlorothiazide Tablet for upcoming market launches.

### R&D Pipeline on Track

Progress with our product pipeline was on track. During the Reporting Period, a total of 10 products, including Haloperidol oral drops, Mesalazine enteric coated tab, Vildagliptin tablet and three strengths of Sitagliptin phosphate tablets, have completed the development process and have been submitted to Department of Health for approval. Also, ten new drugs in categories covering cardiovascular, gastrointestinal, dermatology and nutritional supplement were added to the pipeline.

As of 30 September 2021, there were 171 products in our pipeline, 54 items have been approved for registration, 10 of them have been submitted for registration, 39 items have finished the development stage and are under stability preparation or stability study, plus 27 items currently under formulation research or pre-formulation research.

### Enhancements in Production

With the resumption of growth in demand, the Group's manufacturing output has enjoyed a steady improvement during the Reporting Period. Our manufacturing planning and stock optimisation have adopted a more prudent approach to cater to the gradually recovering market demand.

Contributed by the relaunching of caffeine citrate injection, the total manufacturing output of our sterile preparations, which includes eye drops and injections, increased by 9.7%, amounting to more than 18 thousand litres during the Reporting Period. The output of the sterile line is expected to grow with the continued production streamlining and integration of new products from the Group's R&D pipeline.

For solid dosage forms, the Group recorded a total output of 1.5 billion capsules and tablets during the Reporting Period with a modest growth of 2.2%. Similarly, the production output of liquid dosage forms also recorded 2.3% growth at a total volume of more than 501 thousand litres. Such growth was hindered mainly by the reduced demand for the common cold and flu medications as result of the social distancing measures and face mask wearing practice of the public during the pandemic.

The Group has further enhanced its commercialisation and production capability for certain new and untapped formulations with the acquisition of Great Global Inc. and its subsidiary in FY2021. In addition, the Group's newly installed oral solid production lines will further expand its production capacity in advanced solid dosage forms.

## BUSINESS DEVELOPMENTS

### In-licenses of Specialised Products

On the business development front, in-licensing is a key strategy of the Group to enhance its portfolio with difficult-to-made specialised drugs.

During the Reporting Period, the Group signed exclusive in-license agreements for four specialised drugs of the central nervous system (CNS) and immunomodulatory classes from Europe.

Among them is a branded prescription drug from the originator in France indicated for the treatment of excessive daytime sleepiness (EDS) or cataplexy in adult patients with narcolepsy. Another item is an essential drug from Spain for the treatment of depression and anxiety disorders. The other two are medications for treating multiple myeloma (MM), a cancer form in plasma cells.





Three of the items above are eligible for tender bidding in the coming years, one of which will be the first branded drug in Hong Kong as a new chemical entity (NCE).

#### E-commerce Platform to Enhance Customer Access

The COVID-19 pandemic has helped drive purchase habits online and is expected to accelerate the growth of e-commerce businesses in Hong Kong. Also, in order for us to stay competitive and connected with our customers online, convenience and speed will become critical factors in meeting their demand and expectation.

To respond to the challenge and opportunity, we have expedited our plan to extend our customer relationship management (CRM) system into an e-commerce platform. Through the e-commerce platform, medical professionals and customers can have easy access to our full range of products, instant interaction with us on product inquiries, and direct placement of orders. The platform will also act as a product promotion and marketing channel to facilitate our new product launches and sales promotion in the future. It can also provide the systematic order history to the doctors and clinics to simplify their order and inventory management as a high value-added service to customers to enhance engagement and loyalty.

#### Seize Business Opportunity in the Guangdong-Hong Kong-Macau Greater Bay Area (“GBA”)

Under the “Work Plan for Regulatory Innovation and Development of Pharmaceutical and Medical Device in the Guangdong-Hong Kong-Macau Greater Bay Area [《粵港澳大灣區藥品醫療器械監管創新發展工作方案》]”, Guangdong Provincial Medical Products Administration (MPA) announced in August 2021 the latest regulations of importing Hong Kong registered drugs with urgent clinical needs to designated healthcare institutions in the GBA.

Besides the Hong Kong University-Shenzhen Hospital, the plan will extend to cover other Hong Kong and Macau healthcare institutions in the GBA. The expansion of the plan will present valuable business opportunities to the Group as a major generic drugs supplier in Hong Kong. The Group is actively identifying potential strategic partners in exploring and forging its presence in the GBA market.

### OUTLOOK

The unprecedented impact of COVID-19 has rippled across Hong Kong’s economy and taken its toll since the beginning of 2020. As the challenges continued in 2021, we have seen gratifying signs of improvement in the second half of the year. We have reasons to be positive that we have emerged on a gradual recovery track in the wake of the pandemic.

Impact on this scale and magnitude will inevitably bring and accelerate changes, among which strengthening our healthcare system is an irrefutable priority given that health is a critical social asset. This is reflected in the rise of the Hong Kong Government’s budgeted health spending by almost 18.0% to HK\$115.8 billion in fiscal year 2021-2022. Albeit the protracted impact of the pandemic on business performance, we believe it will be transient. We remain positive in the future outlook for the healthcare industry and the growth impetus of the generic drugs market.

Led by the increased prevalence of chronic diseases and the aging population in Hong Kong, the rising consumption trend on generic drugs, especially in the Public Sector, is evident and expected to continue. The adoption of generic drugs substitution policy by governmental institutions would impact positively the growth prospect of the local generic drugs market, which will be further boosted by the expiration of patents for a host of blockbuster drugs in recent and upcoming periods.

To capitalise on the prospects, we will stay focused on making headway for our growth strategies and well-positioning ourselves as an eminent provider of essential medicines and specialty drugs in Hong Kong and Asia. We have built a generic portfolio of over 100 differentiated product families marketed in various dosage forms and hold a leading position in a number of therapeutic categories. To further strengthen our market position, our strategic priorities will center on maximising the commercial opportunities of our portfolio of offerings, strengthening our product pipelines through in-licensing and in-house R&D, building a sound commercial platform on marketing and regulatory affairs management to forge collaboration with regional and international partners, and expanding our presence in strategic markets in Asia.

In respect of the branded healthcare business of the Group, we believe the consumer healthcare market will also keep up with its growth momentum under the backdrop of an aging population, the sedentary lifestyle, and the heightened health consciousness, especially in the post-COVID-19 era. Apart from the demand for over-the-counter drugs and wellness products such as nutritional supplements, proprietary Chinese medicines and concentrated Chinese medicine granule products will continue to gain a greater popularity by favorable government policy support and growing consumer acceptance. In addition, the pandemic has also shifted purchasing behavior from offline to online. The fast-growing PRC cross-border e-commerce platform is expected to lead to notable growth in demand for healthcare products in China. Those growth drivers will continue to benefit the development of the Group’s branded healthcare business.

## REMUNERATION POLICY

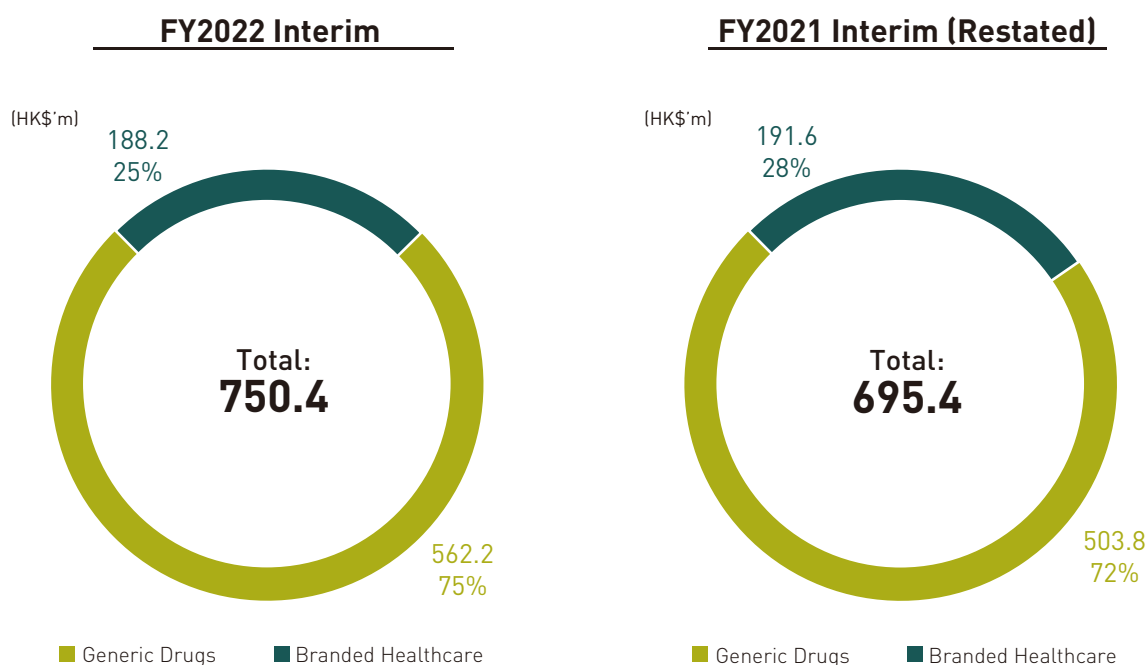
As of 30 September 2021, the Group has a total of 1,723 employees (compared to 1,915 employees as of 30 September 2020). For the Reporting Period, the total staff costs of the Group was HK\$202.9 million, compared to HK\$212.6 million for the six months ended 30 September 2020 with various cost rationalisation measures have been implemented since April 2020 to face the economic challenge caused by the pandemic. All of the Group's employees have entered into standard employment contracts with the Group. Remuneration packages for the Group's employees in general comprise one or more of the following elements: basic salary, sales-related incentives, productivity-related incentives and work performance bonuses. The Group sets out performance attributes for its employees based on their positions and job functions. It periodically reviews their work performance against the Group's strategic objectives and targets. The results of such reviews are taken into consideration when assessing salary adjustments, bonus awards, promotions, staff development plans and training needs. The Group provides various benefit schemes to its employees including annual leave entitlement, mandatory provident fund, group medical insurance and life insurance. A workers union has been established for the Group's employees in China according to local labour laws. As of 30 September 2021, the Group has not experienced any strikes or any labour disputes with its employees which would likely have had a material impact on its business.

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

## FINANCIAL REVIEW

### REVENUE

Revenue by Operating Segments



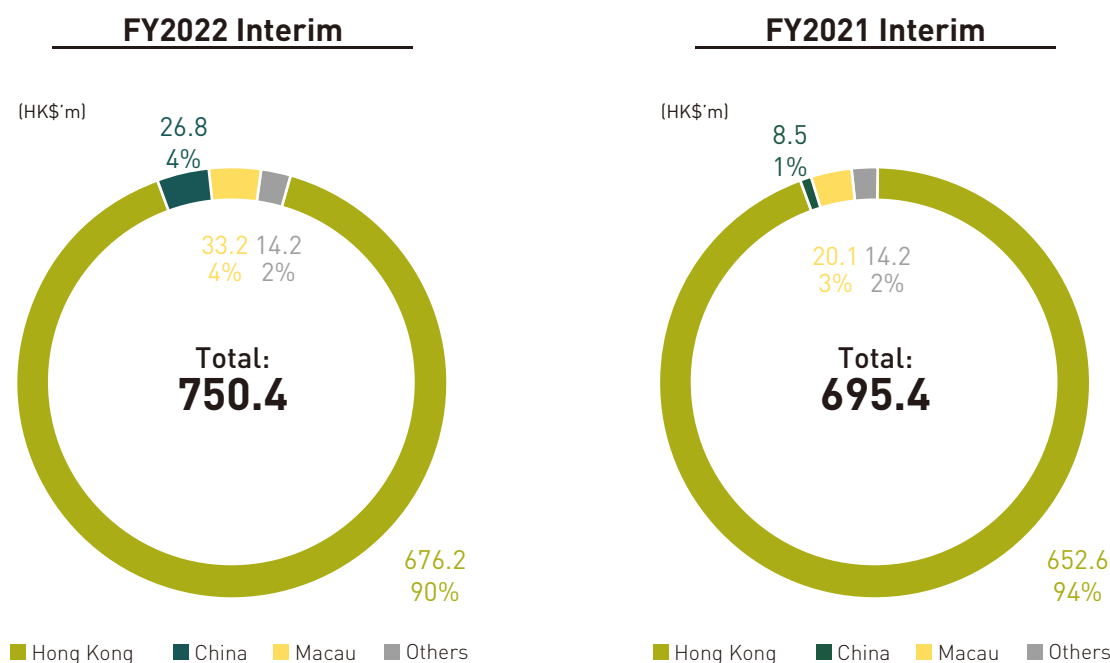
The increase in revenue of HK\$55.0 million or 7.9% compared to FY2021 Interim was due to the increase in revenue of HK\$58.4 million or 11.6% in the generic drugs segment, partially offset by the soft decline of HK\$3.4 million or 1.8% in the branded healthcare segment. The revenue split of the two segments was at the ratio of 75% and 25%.



In the generic drugs segment, with the relief of pandemic-control measures and gradual recovery of social activities, demand for private clinics services began to resume such that Private Sector has recorded a 13.8% growth in revenue during the Reporting Period. Public Sector has also achieved a steady growth of 9.3% in revenue, attributed to the award of new public tenders and increasing demand of essential medicines driven by the ageing population and prevalence in chronic diseases during the Reporting Period.

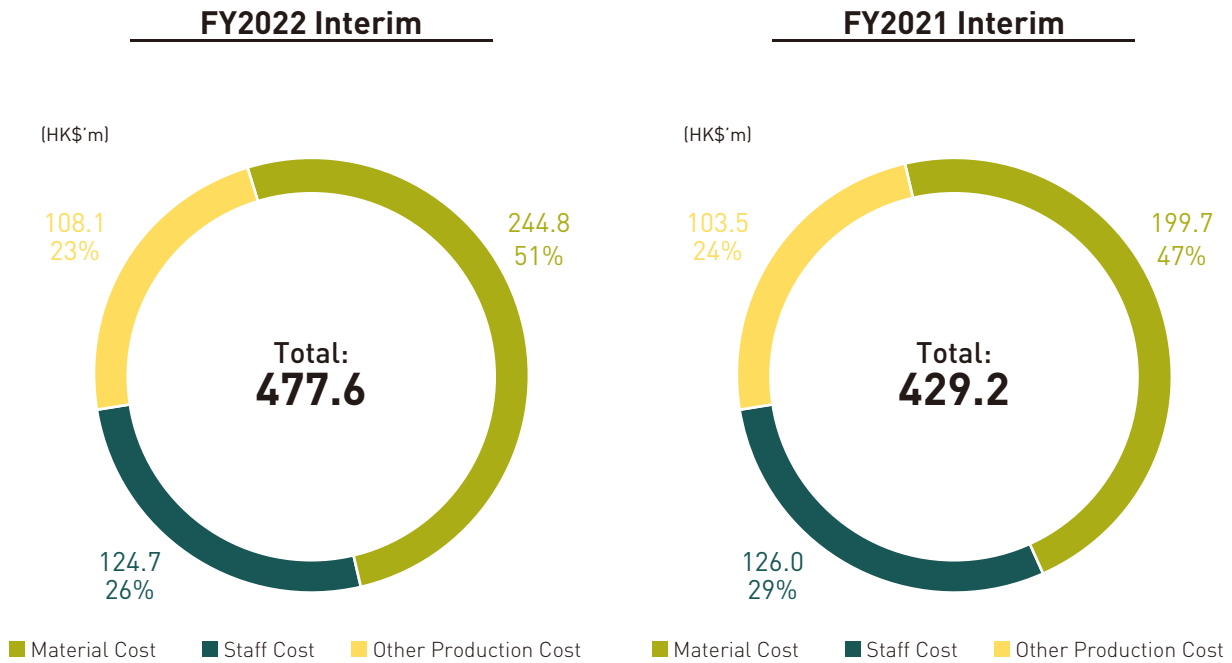
In the branded healthcare segment, the decline in revenue was mainly attributable to the significant decline in sales of Po Chai Pills as a result of the sluggish consumer demand in both domestic and certain overseas markets caused by the COVID-19 pandemic, as well as personal hygiene and infection control products as a result of the stabilisation of the COVID-19 pandemic in Hong Kong. This was nearly fully compensated by the sales growth in concentrated Chinese medicine granules business and some notable branded products such as AIM Atropine Eye Drops and Oncotype DX® Breast Cancer Recurrence Score Test, as well as the significant increase in sales through cross-border e-commerce platforms during the Reporting Period.

### Revenue by Geographic Locations



Hong Kong continued to be the major revenue stream, representing 90% of the total revenue with an increase of HK\$23.6 million compared to FY2021 Interim due to prominent comeback of the generic drugs business in both Private and Public Sectors during the Reporting Period as a result of the stabilisation of COVID-19 pandemic in Hong Kong. The revenue in China increased by HK\$18.3 million, mainly due to the significant increase in sales of third party woodlok oil products to various cross-border e-commerce platforms during the Reporting Period and the increase in sales of Puji Pills following the change in distributor. The revenue increase in Macau by HK\$13.1 million was mainly contributed by the growing demand for AIM Atropine Eye Drops and an expanded sales base for generic drugs products. The revenue from other overseas markets remained stable at HK\$14.2 million.

## COST OF SALES



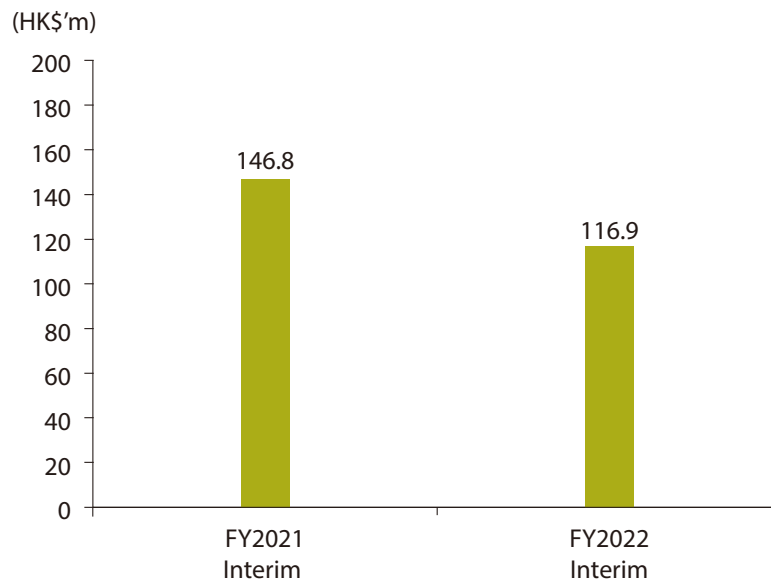
The increase in cost of sales of HK\$48.4 million or 11.3% was mainly driven by the increase in sales revenue during the Reporting Period. Material cost continued to be the major component contributing approximately 51% of the total cost of sales, while staff cost and other production cost contributed to 26% and 23% respectively.

The increase in material cost of HK\$45.1 million or 22.6% was attributable to the significant increase in sales of third party woodlok oil products to various cross-border e-commerce platforms with relatively low margin compared to existing products of the Group.

The slight decrease in staff cost of HK\$1.3 million or 1.0% was mainly due to the implementation of stringent cost rationalisation measures by the Group to face the economic challenge caused by the COVID-19 pandemic, while the increase in other production cost of HK\$4.6 million or 4.4% was generally in line with the overall sales trend of the Group.



## PROFIT FROM OPERATIONS



The profit from operations dropped by HK\$29.9 million or 20.4% to HK\$116.9 million, which was mainly due to the one-off Employment Support Scheme subsidy from the Hong Kong Government of HK\$55.8 million recognised in FY2021 Interim as other net income and the decrease in profit from operations of the branded healthcare segment of HK\$17.5 million, partially compensated by the increase in profit from operations of the generic drugs segment of HK\$43.4 million during the Reporting Period as a result of the stabilisation of the COVID-19 pandemic in Hong Kong.

Excluding the one-off Employment Support Scheme Subsidy from the Hong Kong Government, the profit from operations increased by 28.5% during the Reporting Period.

## FINANCE COSTS

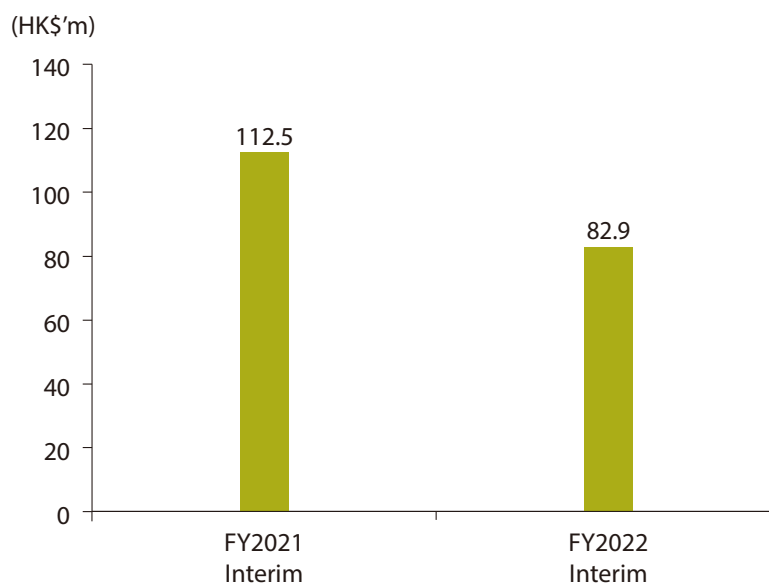
The decrease in finance costs was mainly attributable to the lower bank loan balance as a result of partial repayment of bank loans during the Reporting Period.

## INCOME TAX

Increase in income tax was mainly attributable to the higher profit from operations during the Reporting Period compared to FY2021 Interim after excluding the non-taxable one-off Employment Support Scheme subsidy from the Hong Kong Government of HK\$55.8 million recognised in FY2021 Interim.



## PROFIT FOR THE PERIOD



The profit for the period decreased by HK\$29.6 million or 26.3% to HK\$82.9 million, which was mainly attributable to the one-off Employment Support Scheme subsidy from the Hong Kong Government of HK\$55.8 million recognised in FY2021 Interim as other net income and the decrease in profit for the period of the branded healthcare segment of HK\$13.7 million, partially compensated by the increase in profit for the period of the generic drugs segment of HK\$39.9 million during the Reporting Period as a result of the stabilisation of the COVID-19 pandemic in Hong Kong.

Excluding the one-off Employment Support Scheme subsidy from the Hong Kong Government, the profit for the period increased by 46.2% during the Reporting Period.

## ASSETS

### Investment properties and other property, plant and equipment

The increase in investment properties and other property, plant and equipment principally reflected the additions of HK\$80.0 million which mainly arose from the acquisitions of properties and plant and machinery used by our pharmaceutical manufacturing plants and the fair value adjustment in investment properties of HK\$9.7 million, offset partially by depreciation of HK\$75.2 million and disposals of other property, plant and equipment with net book value of HK\$0.7 million.

### Intangible assets

The decrease in intangible assets was primarily attributable to the amortisation of HK\$22.3 million, offset partially by capitalisation of development costs of HK\$1.6 million.

### Inventories

The decrease in inventories by HK\$36.6 million or 10.3% was mainly resulted from stringent inventory management measures in order to optimise the inventory level during the time of COVID-19 pandemic, as well as significant sales rebound of the generic drugs business during the Reporting Period as a result of the stabilisation of COVID-19 pandemic in Hong Kong.

### Cash and cash equivalents

Approximately 94.1% of cash and cash equivalents as at 30 September 2021 were denominated in Hong Kong dollars (as at 31 March 2021: 93.7%), while the remaining balance was denominated in Euros, United States dollars, Renminbi, Taiwan dollars, Singapore dollars and Macau pataca.



## LIABILITIES

### Bank loans

The decrease in bank loans as at 30 September 2021 was mainly attributable to partial repayment of bank loans during the Reporting Period. As at 30 September 2021, all bank loans of the Group were denominated in Hong Kong dollars.

## USE OF PROCEEDS

### Use of IPO proceeds

Net proceeds of HK\$695,540,000 were raised from the initial public offering of the Company (included proceeds from the over-allotment option exercised by the underwriter amounted to HK\$98,438,000 and after the deduction of underwriting fees, commissions and expenses paid by the Company in connection with the initial public offering) (the "IPO Proceeds"). 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 31 March 2021 and 30 September 2021 respectively, 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		As at 30 September 2021		Expected timeline for utilising the remaining IPO Proceeds
		Actual utilised amount HK\$'000	Unutilised amount HK\$'000	Actual utilised amount HK\$'000	Unutilised amount HK\$'000	
Acquisitions – Expansion of businesses in generic drugs and proprietary medicines	139,108	139,108	-	139,108	-	N/A
Acquisitions – Enhancement of distribution network	104,331	104,331	-	104,331	-	N/A
Acquisitions – Intangible assets	69,554	69,554	-	69,554	-	N/A
Capital investments – Upgrading of manufacturing plants and facilities	113,197	113,197	-	113,197	-	N/A
Capital investments – Two specific automated production facilities	12,000	12,000	-	12,000	-	N/A
Expansion of bioequivalence clinical studies	94,331	68,241	26,090	72,417	21,914	On or before 31 March 2023
Establishment of a new joint R&D centre with HKIB	10,000	5,156	4,844	5,774	4,226	On or before 31 March 2023
Marketing and advertising	83,465	83,465	-	83,465	-	N/A
General working capital	69,554	69,554	-	69,554	-	N/A
<b>Total</b>	<b>695,540</b>	<b>664,606</b>	<b>30,934</b>	<b>669,400</b>	<b>26,140</b>	

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

### Use of proceeds from issuance of new shares

Upon completion of the subscription of 200,000,000 shares by Yunnan Baiyao Holdings Company Limited\* (雲南白藥控股有限公司) ("Yunnan Baiyao") at the subscription price of HK\$2.06 per share pursuant to a subscription agreement dated 14 August 2018, net proceeds of HK\$411,658,000 were raised from such issuance of shares to Yunnan Baiyao (after the deduction of all related fees and expenses payable in connection with the issuance of shares of HK\$342,000) (the "Subscription Proceeds"). There has not been any change to the intended use of the Subscription Proceeds or the allocated amount as disclosed in the announcement of the Company dated 14 August 2018 (the "Subscription Announcement").

\* For purpose of identification only

The table below sets forth the status of utilisation of the Subscription Proceeds as at 31 March 2021 and 30 September 2021 respectively.

Use of Subscription Proceeds as set out in the Subscription Announcement	Proposed application HK\$'000	As at 31 March 2021		As at 30 September 2021	
		Actual utilised amount HK\$'000	Unutilised amount HK\$'000	Actual utilised amount HK\$'000	Unutilised amount HK\$'000
Mergers and acquisitions, strategic alliances and in-licensing of products	205,829	205,829	-	205,829	-
Acquisition, expansion and upgrading of operating facilities	164,663	164,663	-	164,663	-
General working capital	41,166	41,166	-	41,166	-
<b>Total</b>	<b>411,658</b>	<b>411,658</b>	<b>-</b>	<b>411,658</b>	<b>-</b>

The Subscription Proceeds were used according to the plans disclosed in the Subscription Announcement as shown above.

## LIQUIDITY, CAPITAL RESOURCES AND CAPITAL STRUCTURE

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

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

## CHARGE ON GROUP ASSETS

The carrying value of assets pledged against bank loans decreased slightly from HK\$1,042.2 million as at 31 March 2021 to HK\$1,026.6 million as at 30 September 2021.

## NET GEARING RATIO

The net gearing ratio of the Group (bank loans less cash and cash equivalents, divided by total equity multiplied by 100%) decreased from 38.4% as of 31 March 2021 to 27.7% as of 30 September 2021. The decrease in net gearing ratio was attributable to partial repayment of bank loans during the Reporting Period.

## FINANCIAL RISK ANALYSIS

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

## CONTINGENT LIABILITIES

As 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 report.

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

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

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

## ENVIRONMENTAL POLICIES AND PERFORMANCE

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

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

## COMPLIANCE WITH LAWS AND REGULATIONS

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

# OTHER INFORMATION

## CORPORATE GOVERNANCE HIGHLIGHTS

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

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

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

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

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

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding securities transactions of the Directors. Having made specific enquiry with the Directors, all Directors confirmed that they have complied with the required standard as set out in the Model Code throughout the Reporting Period.

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

## 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 Hong Kong Institute of Certified Public Accountants, whose review report is included on page 23.

The Audit Committee, together with management of the Company, has also reviewed the interim results for the six months ended 30 September 2021.





## INTERIM DIVIDEND

The Board recommends the payment of an interim dividend per ordinary share for the six months ended 30 September 2021 of HK1.2 cents for the total amount of approximately HK\$23.2 million (six months ended 30 September 2020: HK0.8 cent). The interim dividend will be paid on 23 December 2021 (Thursday) to shareholders whose names appear on the register of members of the Company on 14 December 2021 (Tuesday), the record date. The details of interim dividend of the Group are set out in note 9 to the unaudited interim financial report.

## CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement of shareholders of the Company to receive the interim dividend, the register of members of the Company will be closed from 13 December 2021 (Monday) to 14 December 2021 (Tuesday), both days inclusive, during which period no transfer of shares of the Company will be registered. All transfer documents, accompanied by the relevant share certificates, shall be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on 10 December 2021 (Friday).

## CHANGE OF INFORMATION ON DIRECTORS

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

- (a) Professor Lam Sing Kwong, Simon ("**Professor Lam**") has been re-designated from a non-executive Director to an independent non-executive Director with effect from 1 November 2021.
- (b) Following the re-designation of Professor Lam with effect from 1 November 2021, Mr. Yim Chun Leung, an executive Director, is currently the brother-in-law of Professor Lam, an independent non-executive Director (formerly served as a non-executive Director).

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

As at 30 September 2021, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests or short positions which they were taken or deemed to have under such provisions of the SFO, or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to section 347 of the SFO and the Model Code were as follows:

### (I) INTERESTS IN SHARES OF THE COMPANY

Name of Director	Capacity/Nature of interest	Number of shares	Approximate percentage of issued share capital of the Company	Long position/ Short position/ Lending pool
Mr. Sum <sup>(1)</sup>	Beneficial owner Interests in controlled corporation Settlor of trusts Beneficiary of trusts	1,140,276,000	58.95%	Long position
Mr. Yim Chun Leung	Beneficial owner	29,820,000	1.54%	Long position
Ms. Pun Yue Wai	Beneficial owner	2,210,000	0.11%	Long position
Dr. Lam Kwing Tong, Alan	Interests of spouse	600,000	0.03%	Long position

Note:

- (1) Mr. Sum is the registered and beneficial owner of 2,000,000 shares in the Company. Queenshill, a company wholly-owned by Mr. Sum, also held 287,592,000 shares in the Company. By virtue of the SFO, Mr. Sum is deemed to be interested in the 287,592,000 shares held by Queenshill. UBS Trustees (B.V.I.) Limited, the trustee of The Kingshill Trust, holds the entire issued share capital of Kingshill Development Group Inc. ("Trust Co") through its nominee, UBS Nominees Limited. Trust Co holds the entire issued share capital of Kingshill. Kingshill in turn holds 850,684,000 shares in the Company. The Kingshill Trust is a discretionary trust established by Mr. Sum (as the settlor) with Mr. Sum and his family members as the discretionary beneficiaries (directly and through The Queenshill Trust). By virtue of the SFO, Mr. Sum, as the settlor and a discretionary beneficiary of The Kingshill Trust and The Queenshill Trust, is deemed to be interested in the 850,684,000 shares held by Kingshill.

### (II) INTERESTS IN SHARES OF ASSOCIATED CORPORATION – JBM HEALTHCARE

Name of Director	Capacity/Nature of interest	Number of shares	Approximate percentage of issued share capital of the associated corporation	Long position/ Short position/ Lending pool
Mr. Sum <sup>(1)</sup>	Beneficial owner Interests in controlled corporation Settlor of trusts Beneficiary of trusts	622,594,375	69.67%	Long position
Mr. Yim Chun Leung	Beneficial owner	3,727,500	0.42%	Long position
Ms. Pun Yue Wai	Beneficial owner	276,250	0.03%	Long position
Dr. Lam Kwing Tong, Alan	Interests of spouse	58,750	0.01%	Long position

Note:

- (1) Mr. Sum is the registered and beneficial owner of 250,000 shares in JBM Healthcare. Queenshill also held 35,786,500 shares in JBM Healthcare. JBM Group BVI, a wholly-owned subsidiary of the Company, is the registered and beneficial owner of 480,222,375 shares in JBM Healthcare. Lincoln's Hill Development Limited ("Lincoln's Hill") (a fellow subsidiary of Kingshill under Trust Co), as nominated by Kingshill under the Jacobson Pharma Distribution, holds 106,335,500 shares in JBM Healthcare, for the purpose of trust asset management of the Kingshill Trust.

The Company is owned as to approximately 43.98%, 14.86% and 0.1% by Kingshill, Queenshill and Mr. Sum (in his personal capacity), respectively. Each of Lincoln's Hill and Kingshill is wholly-owned by Trust Co under The Kingshill Trust. Trust Co is in turn wholly-owned by UBS Trustees (B.V.I.) Limited (the trustee of The Kingshill Trust) through its nominee, UBS Nominees Limited. Queenshill is wholly-owned by Mr. Sum. By virtue of the SFO, Mr. Sum is deemed to be interested in the shares of JBM Healthcare in which the Company, JBM Group BVI, Lincoln's Hill and Queenshill are interested.



Save as disclosed above, so far as known to any Directors as at 30 September 2021, none of the Directors or chief executive of the Company or any of their close associates had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which they were taken or deemed to have under such provisions of the SFO, or which were required to be recorded in the register to be kept by the Company pursuant to section 352 of the SFO, or which were required, pursuant to section 347 of the SFO and the Model Code, to be notified to the Company and the Stock Exchange.

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

As at 30 September 2021, within the knowledge of the Directors, the following persons or corporations had or deemed or taken to have an interest or a short position in the shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

### INTERESTS IN SHARES OF THE COMPANY

Name of shareholder	Nature of interest	Number of shares	Approximate percentage of issued share capital of the Company	Long position/ Short position/ Lending pool
Queenshill <sup>(1)</sup>	Beneficial owner	287,592,000	14.86%	Long position
Kingshill <sup>(2)</sup>	Beneficial owner	850,684,000	43.98%	Long position
Trust Co <sup>(2)</sup>	Interest in controlled corporation	850,684,000	43.98%	Long position
UBS Trustees (B.V.I.) Limited <sup>(2)</sup>	Trustee	850,684,000	43.98%	Long position
Mr. Sum <sup>(1)(2)(3)</sup>	Beneficial owner Interest in controlled corporation Settlor of trusts Beneficiary of trusts	1,140,276,000	58.95%	Long position
Yunnan Baiyao Group <sup>(4)</sup>	Beneficial owner	200,000,000	10.34%	Long position
Longjin Investments Limited <sup>(5)</sup>	Beneficial owner	157,050,000	8.11%	Long position
Mr. Lau Wing Hung <sup>(5)</sup>	Interest in controlled corporation	157,050,000	8.11%	Long position

Notes:

- (1) Mr. Sum is the sole shareholder of Queenshill. By virtue of the SFO, Mr. Sum is deemed to be interested in the 287,592,000 shares held by Queenshill.
- (2) UBS Trustees (B.V.I.) Limited, the trustee of The Kingshill Trust, holds the entire issued share capital of Trust Co through its nominee, UBS Nominees Limited. Trust Co holds the entire issued share capital of Kingshill. Kingshill in turn holds 850,684,000 shares in the Company. The Kingshill Trust is a discretionary trust established by Mr. Sum (as the settlor) with Mr. Sum and his family members as the discretionary beneficiaries (directly and through The Queenshill Trust). By virtue of the SFO, each of Mr. Sum, UBS Trustees (B.V.I.) Limited and Trust Co is deemed to be interested in the 850,684,000 shares held by Kingshill.
- (3) Mr. Sum is the registered and beneficial owner of 2,000,000 shares in the Company.
- (4) Pursuant to the subscription agreement dated 14 August 2018 entered into by Yunnan Baiyao and the Company in relation to the subscription of 200,000,000 new ordinary shares at the subscription price of HK\$2.06 per share, 200,000,000 new ordinary shares were issued to Yunnan Baiyao on 3 September 2018. For details of the subscription and issuance of 200,000,000 new ordinary shares, please refer to the announcements of the Company dated 14 August 2018 and 3 September 2018 respectively. Yunnan Baiyao was merged into and absorbed by Yunnan Baiyao Group in accordance with the applicable laws of the PRC and all assets and liabilities of Yunnan Baiyao was assumed by Yunnan Baiyao Group with effect from July 2019. For details, please refer to the announcement of the Company dated 8 May 2019.
- (5) Longjin Investments Limited ("**Longjin**") is owned as to 75% by Mr. Lau Wing Hung ("**Mr. Lau**"). By virtue of SFO, Mr. Lau is deemed to be interested in the 157,050,000 shares held by Longjin.

Save as disclosed above, as at 30 September 2021, the Directors are not aware of any other person (other than the Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

## SHARE OPTION SCHEME

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

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

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

The life of the Share Option Scheme is ten years commencing on 30 August 2016 and expiring on 29 August 2026. As at 30 September 2021, the maximum number of ordinary shares of the Company which may be issued upon exercise of all share options that may be granted under the Share Option Scheme (excluding options that were granted but outstanding, cancelled or lapsed in accordance with the Share Option Scheme) was 138,000,000 shares, representing approximately 7.13% of the issued shares of the Company as at the date of this interim report.

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

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

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

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

Since the effective date of the Share Option Scheme and up to 30 September 2021, the Company has granted a total of 37,000,000 share options to eligible grantees, including certain Directors and employees of the Group, on 30 June 2017 and 18 October 2017, while a total of 37,000,000 share options were lapsed or forfeited and no share option had been exercised under the Share Option Scheme since their respective date of grant.

During the Reporting Period, no share option was granted, exercised, lapsed, forfeited or cancelled under the Share Option Scheme. As at 30 September 2021 and 1 April 2021, there were no share options outstanding under the Share Option Scheme.



## SHARE AWARD SCHEME

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

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

On 16 October 2018, the award committee of the Company (the "**Award Committee**") was established for the purpose of the Share Award Scheme, and delegated with the power and authority by the Board to administer the Share Award Scheme. An independent third party has been appointed as a trustee (the "**Trustee**") under the Share Award Scheme.

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

Unless otherwise terminated or altered, the Share Award Scheme should be valid and effective for a period of ten years commencing from 16 October 2018. Pursuant to the Share Award Scheme, the Trustee will purchase existing shares of the Company from the market or subscribe for new ordinary shares from the Company out of the money contributed by the Group, and such shares will be held on trust for selected participants of the scheme until such awarded shares are vested with the relevant selected participants. At no point in time shall the Trustee be holding more than 3% of the total number of shares of the Company in issue under the Share Award Scheme. In addition, unless approved by the Board, the Award Committee shall not grant any awarded shares to any selected participant if the granting of such awarded shares would result in the total number of shares vested or to be vested in the relevant selected participant during any 12-month period exceeding 0.5% of the total issued shares of the Company (save and except that any grant of awarded shares to an independent non-executive Director should not result in the total number of shares vested or to be vested in that person (under the Share Award Scheme or otherwise) during any 12-month period exceeding 0.1% of the total issued shares of the Company). Details of the rules of the Share Award Scheme were set out in the announcement of the Company dated 16 October 2018.

Up to 30 September 2021, the Trustee has purchased 18,544,000 existing shares of the Company from the market. During the Reporting Period, no share was issued to the Trustee under the Share Award Scheme, and no share award was granted to any selected participant under the Share Award Scheme.

## ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

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



# Review Report to the Board of Directors

## Review report to the board of directors

### Jacobson Pharma Corporation Limited

*(Incorporated in the Cayman Islands with limited liability)*

## INTRODUCTION

We have reviewed the interim financial report set out on pages 24 to 42 which comprises the consolidated statement of financial position of Jacobson Pharma Corporation Limited (the "Company") as of 30 September 2021 and the related consolidated statement of profit or loss and other comprehensive income and statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

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

## SCOPE OF REVIEW

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

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 September 2021 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

## KPMG

*Certified Public Accountants*

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

26 November 2021



# Consolidated Statement of Profit or Loss and Other Comprehensive Income

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

	Note	Six months ended 30 September	
		2021 HK\$'000	2020 HK\$'000
<b>Continuing operations</b>			
<b>Revenue</b>	4	<b>750,413</b>	695,425
Cost of sales		<b>(477,571)</b>	(429,168)
<b>Gross profit</b>		<b>272,842</b>	266,257
Other net income	5	<b>26,598</b>	71,047
Selling and distribution expenses		<b>(88,591)</b>	(91,730)
Administrative and other operating expenses		<b>(93,978)</b>	(98,749)
<b>Profit from operations</b>		<b>116,871</b>	146,825
Finance costs	6(A)	<b>(12,865)</b>	(15,700)
Share of losses of associates		<b>(1,815)</b>	(1,547)
Share of losses of joint ventures		<b>(285)</b>	(1,765)
<b>Profit before taxation</b>	6	<b>101,906</b>	127,813
Income tax	7	<b>(19,047)</b>	(15,363)
<b>Profit for the period from continuing operations</b>		<b>82,859</b>	112,450
<b>Discontinued operations</b>			
Profit for the period from discontinued operations		-	3
<b>Profit for the period</b>		<b>82,859</b>	112,453
<b>Other comprehensive income for the period</b>			
<i>Item that will not be reclassified to profit or loss, net of nil tax:</i>			
Revaluation of financial assets at fair value through other comprehensive income		<b>(7,334)</b>	23,252
<i>Item that may be reclassified to profit or loss, net of nil tax:</i>			
Exchange differences on translation of financial statements of operations outside Hong Kong		<b>(51)</b>	196
<b>Other comprehensive income for the period</b>		<b>(7,385)</b>	23,448
<b>Total comprehensive income for the period</b>		<b>75,474</b>	135,901
<b>Profit attributable to:</b>			
Equity shareholders of the Company		<b>80,039</b>	102,513
Non-controlling interests		<b>2,820</b>	9,940
<b>Total profit for the period</b>		<b>82,859</b>	112,453
<b>Profit attributable to equity shareholders of the Company arises from:</b>			
- Continuing operations		<b>80,039</b>	102,510
- Discontinued operations		-	3
		<b>80,039</b>	102,513
<b>Total comprehensive income attributable to:</b>			
Equity shareholders of the Company		<b>72,654</b>	125,961
Non-controlling interests		<b>2,820</b>	9,940
<b>Total comprehensive income for the period</b>		<b>75,474</b>	135,901

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

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

	Note	Six months ended 30 September	
		2021 HK\$'000	2020 HK\$'000
<b>Total comprehensive income attributable to equity shareholders of the Company arises from:</b>			
– Continuing operations		72,654	125,958
– Discontinued operations		–	3
		<b>72,654</b>	<b>125,961</b>
		<b>HK cents</b>	<b>HK cents</b>
<b>Earnings per share attributable to equity shareholders of the company:</b>			
<b>Basic and diluted</b>	8		
– From continuing operations		4.18	5.35
– From discontinued operations		–	–*
<b>Earnings per share for the period</b>		<b>4.18</b>	<b>5.35</b>

\* The amount represents less than HK0.01 cent.

The notes on pages 29 to 42 form part of this interim financial report. Details of dividends payable to shareholders of the Company are set out in note 9.



# 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
<b>Non-current assets</b>			
Investment properties	10	232,142	207,480
Other property, plant and equipment	10	1,540,305	1,550,599
Intangible assets		1,323,866	1,345,075
Interests in associates		55,669	57,484
Interests in joint ventures		4,262	4,036
Other non-current assets		54,129	73,091
Other financial assets	12	395,419	458,340
Deferred tax assets		11,047	10,263
		<b>3,616,839</b>	<b>3,706,368</b>
<b>Current assets</b>			
Inventories		319,579	356,184
Trade and other receivables	11	358,970	317,758
Current tax recoverable		5,551	6,490
Cash and cash equivalents	13	537,070	480,350
		<b>1,221,170</b>	<b>1,160,782</b>
<b>Current liabilities</b>			
Trade and other payables	14	285,096	137,722
Bank loans		627,491	685,909
Lease liabilities		36,247	35,941
Current tax payable		26,074	14,334
		<b>974,908</b>	<b>873,906</b>
<b>Net current assets</b>			
		<b>246,262</b>	<b>286,876</b>
<b>Total assets less current liabilities</b>			
		<b>3,863,101</b>	<b>3,993,244</b>
<b>Non-current liabilities</b>			
Bank loans		715,215	892,210
Lease liabilities		34,919	34,563
Deferred tax liabilities		206,514	206,362
		<b>956,648</b>	<b>1,133,135</b>
<b>NET ASSETS</b>			
		<b>2,906,453</b>	<b>2,860,109</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	15	19,157	19,157
Reserves		2,414,610	2,370,691
<b>Total equity attributable to equity shareholders of the Company</b>			
		<b>2,433,767</b>	<b>2,389,848</b>
Non-controlling interests		472,686	470,261
<b>TOTAL EQUITY</b>			
		<b>2,906,453</b>	<b>2,860,109</b>

The notes on pages 29 to 42 form part of this interim financial report.

# Consolidated Statement of Changes in Equity

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

Attributable to equity shareholders of the Company										
Note	Share held for Share			Capital reserve	Exchange reserve	Fair value reserve (non-recycling)	Retained earnings	Total	Non-controlling interests	Total equity
	Share capital	Share premium	Award Scheme							
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>At 1 April 2020</b>	19,170	999,895	(23,088)	96,761	3,044	56,517	1,385,441	2,537,740	68,353	2,606,093
Profit for the period	-	-	-	-	-	-	102,513	102,513	9,940	112,453
Other comprehensive income	-	-	-	-	196	23,252	-	23,448	-	23,448
Total comprehensive income for the period	-	-	-	-	196	23,252	102,513	125,961	9,940	135,901
Dividend declared and payable	9(B)	-	-	-	-	-	(47,892)	(47,892)	-	(47,892)
Dividends declared by subsidiaries attributable to non-controlling interests		-	-	-	-	-	-	-	(3,480)	(3,480)
Shares held for Share Award Scheme	15(B)	(13)	-	(1,488)	-	-	-	(1,501)	-	(1,501)
Acquisitions of non-controlling interests		-	-	-	(1,717)	-	-	(1,717)	1,646	(71)
Capital contributing from non-controlling interests		-	-	-	29,853	-	-	29,853	67,147	97,000
Partial disposals of subsidiaries resulting in loss of control	16	-	-	-	-	-	-	-	(9,129)	(9,129)
Realised gain on disposal of equity investments designated at FVOCI (non-recycling)		-	-	-	-	(1,985)	1,985	-	-	-
<b>At 30 September 2020</b>	19,157	999,895	(24,576)	124,897	3,240	77,784	1,442,047	2,642,444	134,477	2,776,921
<b>At 1 April 2021</b>	19,157	999,895	(24,576)	132,837	6,585	25,754	1,230,196	2,389,848	470,261	2,860,109
Profit for the period	-	-	-	-	-	-	80,039	80,039	2,820	82,859
Other comprehensive income	-	-	-	-	(51)	(7,334)	-	(7,385)	-	(7,385)
Total comprehensive income for the period	-	-	-	-	(51)	(7,334)	80,039	72,654	2,820	75,474
Dividend declared and payable	9(B)	-	-	-	-	-	(28,735)	(28,735)	-	(28,735)
Dividends declared by subsidiaries attributable to non-controlling interests		-	-	-	-	-	-	-	(398)	(398)
Partial disposal of a subsidiary without loss of control		-	-	-	-	-	-	-	3	3
Realised gain on disposal of equity investments designated at FVOCI (non-recycling)		-	-	-	-	(24,820)	24,820	-	-	-
<b>At 30 September 2021</b>	19,157	999,895	(24,576)	132,837	6,534	(6,400)	1,306,320	2,433,767	472,686	2,906,453

The notes on pages 29 to 42 form part of this interim financial report.



# Condensed Consolidated Cash Flow Statement

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

	Note	Six months ended 30 September	
		2021 HK\$'000	2020 HK\$'000
<b>Operating activities</b>			
Cash generated from operations		318,441	232,936
Income tax paid		(6,940)	(2,328)
<b>Net cash generated from operating activities</b>		<b>311,501</b>	230,608
<b>Investing activities</b>			
Payment for purchase of other property, plant and equipment, investment properties and intangible assets		(38,253)	(38,349)
Proceeds from disposals of other property, plant and equipment		-	262
Proceeds from disposals of other financial assets		72,988	7,686
Net cash outflow from acquisition of subsidiaries under asset acquisitions		-	(150,030)
Payment for acquisition of non-controlling interests		-	(71)
Net cash inflow on disposals of subsidiaries resulting on loss of control		-	39,254
Payment for purchase of other financial assets		(17,400)	(83,669)
Payment for investments in joint ventures		(511)	(21,707)
Other cash flows arising from investing activities		881	1,209
<b>Net cash generated from/(used in) investing activities</b>		<b>17,705</b>	(245,415)
<b>Financing activities</b>			
Capital element of lease rentals paid		(23,166)	(25,230)
Interest element of lease rentals paid		(770)	(1,108)
Proceeds from bank loans		450,000	396,000
Repayment of bank loans		(685,413)	(373,402)
Dividends paid by subsidiaries to non-controlling interests		(398)	(3,480)
Capital contribution by non-controlling interests		-	97,000
Payments for shares held for Share Award Scheme		-	(1,501)
Other cash flows arising from financing activities		(12,096)	(14,592)
<b>Net cash (used in)/generated from financing activities</b>		<b>(271,843)</b>	73,687
<b>Net increase in cash and cash equivalents</b>		<b>57,363</b>	58,880
<b>Cash and cash equivalents at 1 April</b>		<b>480,350</b>	421,441
<b>Effect of foreign exchange rate changes</b>		<b>(643)</b>	(825)
<b>Cash and cash equivalents at 30 September</b>	13	<b>537,070</b>	479,496

The notes on pages 29 to 42 form part of this interim financial report.

# Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

## 1 CORPORATE INFORMATION

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

## 2 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 26 November 2021.

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.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the financial statements for the year ended 31 March 2021. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

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

The financial information relating to the year ended 31 March 2021 that is included in the interim financial report as comparative information does not constitute the Company's annual consolidated financial statements for that financial year but is derived from those financial statements.



### 3 CHANGES IN ACCOUNTING POLICIES

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

- 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 on this interim financial report 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 generic drugs and branded healthcare 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. During the year ended 31 March 2021, the Group completed the spin-off listing of its branded healthcare business, which comprised branded medicines, proprietary Chinese medicines and health and wellness products. For the purpose of segment reporting, the Group reviewed the reportable segments and identified branded healthcare as a reportable segment. The prior period segment information for comparative purpose has been restated.

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:

- Generic drugs: this segment develops, manufactures and distributes a host of off-patent medicines for various therapeutic use. Currently the activities in this regard are primarily carried out in Hong Kong.
- Branded healthcare: this segment develops, manufactures and/or distributes branded medicines, proprietary Chinese medicines and health and wellness products. Currently the activities in this regard are primarily carried out in Hong Kong.
- Wholesale and retail: this segment sells western and proprietary medicines in Hong Kong.



## 4 REVENUE AND SEGMENT REPORTING (CONTINUED)

### (B) SEGMENT REPORTING (CONTINUED)

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

The measure used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including interest income and interest expenses and "depreciation and amortisation" is regarded as including impairment losses on non-current assets. To arrive at adjusted EBITDA, the Group's earnings are further adjusted for share of losses of associates, share of losses of joint ventures and non-recurring items not attributable to the operations of individual segments.

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

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

As discussed in note 16, the Group no longer carries on the business of wholesale and retail segment. The results of the segment have been classified as discontinued operations of the Group for the six months ended 30 September 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:

	Continuing operations						Discontinued operations		Total	
	Generic drugs		Branded healthcare		Subtotal		Wholesale and retail			
	Six months ended 30 September		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	2021	2020
		(Restated)		(Restated)						
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers recognised at a point in time	562,177	503,795	188,236	191,630	750,413	695,425	-	14,202	750,413	709,627
Inter-segment revenue	160	2,575	1,136	4,475	1,296	7,050	-	-	1,296	7,050
Reportable segment revenue	562,337	506,370	189,372	196,105	751,709	702,475	-	14,202	751,709	716,677
Reportable segment profit/(loss) (adjusted EBITDA)	162,879	173,574	41,085	60,687	203,964	234,261	-	(18)	203,964	234,243

Information regarding the Group's revenue by business segment and market for the period is set out below:

	Continuing operations		Discontinued operations	
	Six months ended 30 September		Six months ended 30 September	
	2021	2020	2021	2020
		(Restated)		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Generic drugs	562,177	503,795	-	-
Branded healthcare	188,236	191,630	-	-
Wholesale and retail	-	-	-	14,202
Total	750,413	695,425	-	14,202



## 4 REVENUE AND SEGMENT REPORTING (CONTINUED)

## (B) SEGMENT REPORTING (CONTINUED)

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

	Continuing operations		Discontinued operations	
	Six months ended 30 September		Six months ended 30 September	
	2021	2020 (Restated)	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Revenue</b>				
Reportable segment revenue	751,709	702,475	-	14,202
Elimination of inter-segment revenue	(1,296)	(7,050)	-	-
Consolidated revenue	750,413	695,425	-	14,202
<b>Profit</b>				
Reportable segment profit/(loss)	203,964	234,261	-	(18)
Elimination of inter-segment profit	(108)	(870)	-	-
Reportable segment profit/(loss) derived from Group's external customers	203,856	233,391	-	(18)
Interest income from bank deposits and the investments	881	1,209	-	2
Fair value gain on investment properties	9,716	5,611	-	-
Depreciation and amortisation	(97,582)	(88,952)	-	-
Finance costs	(12,865)	(15,700)	-	-
Share of losses of associates	(1,815)	(1,547)	-	-
Share of losses of joint ventures	(285)	(1,765)	-	-
Gain on disposals of subsidiaries	-	2,608	-	-
Spin-off listing expense	-	(7,042)	-	-
Consolidated profit/(loss) before taxation	101,906	127,813	-	(16)

## (iii) Geographic information

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

	Continuing operations		Discontinued operations	
	Six months ended 30 September		Six months ended 30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Revenue from external customers</b>				
Hong Kong (place of domicile)	676,186	652,632	-	14,202
Mainland China	26,811	8,473	-	-
Macau	33,241	20,108	-	-
Singapore	5,425	2,700	-	-
Others	8,750	11,512	-	-
	750,413	695,425	-	14,202

## 4 REVENUE AND SEGMENT REPORTING (CONTINUED)

### (B) SEGMENT REPORTING (CONTINUED)

#### (iii) Geographic information (Continued)

The following table sets out information about the geographical location of the Group's other property, plant and equipment, investment properties, intangible assets, other non-current assets and interests in associates 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 investment properties, other property, plant and equipment and non-current prepayments for other 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, and the location of operations, in the case of interests in associates and joint ventures.

	As at 30 September 2021 HK\$'000	As at 31 March 2021 HK\$'000
<b>Specified non-current assets</b>		
Hong Kong (place of domicile)	3,076,451	3,103,681
Mainland China	48,929	50,002
Macau	2	14
Taiwan	5,098	5,062
Cambodia	79,893	79,006
	<b>3,210,373</b>	<b>3,237,765</b>

#### (iv) Information about major customers

For the six months ended 30 September 2021, the Group's customer base includes one (six months ended 30 September 2020: one) customer of generic drugs and branded healthcare segments with whom transactions have exceeded 10% of the Group's revenue. Revenue from sales of generic drugs and branded healthcare products to this customer, including sales to entities which are known to the Group to be under common control amounted to approximately HK\$276,346,000 (six months ended 30 September 2020: HK\$250,357,000).

## 5 OTHER NET INCOME

	Continuing operations		Discontinued operations	
	Six months ended 30 September		Six months ended 30 September	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Commission income	786	562	-	-
Interest income from bank deposits and the investments	881	1,209	-	2
Net foreign exchange loss	(127)	(334)	-	-
Net loss on disposal of other property, plant and equipment and intangible assets	(520)	(1,571)	-	-
Gain on disposal of a subsidiary	-	2,608	-	-
Fair value gain on investment properties	9,716	5,611	-	-
Subcontracting income	4,903	3,058	-	-
Rental income	482	1,524	-	-
Net distribution and logistic service income	8,469	-	-	-
Government grants (Note)	-	55,797	-	160
Others	2,008	2,583	-	100
	<b>26,598</b>	<b>71,047</b>	<b>-</b>	<b>262</b>

Note: During the six months ended 30 September 2020, the Group successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Hong Kong Government. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.



## 6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Continuing operations	
	Six months ended 30 September	
	2021 HK\$'000	2020 HK\$'000
<b>(A) Finance costs</b>		
Interest on bank loans	12,095	14,592
Interest on lease liabilities	770	1,108
	<b>12,865</b>	<b>15,700</b>

	Continuing operations	
	Six months ended 30 September	
	2021 HK\$'000	2020 HK\$'000
<b>(B) Other items</b>		
Amortisation of intangible assets	22,348	18,712
Depreciation		
– owned property, plant and equipment	52,261	45,008
– right-of-use assets	22,973	25,232
Write-down of inventories	2,174	2,838

## 7 INCOME TAX

	Continuing operations		Discontinued operations	
	Six months ended 30 September		Six months ended 30 September	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Current tax	19,619	19,904	–	(19)
Deferred taxation	(572)	(4,541)	–	–
	<b>19,047</b>	<b>15,363</b>	<b>–</b>	<b>(19)</b>

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\$80,039,000 (six months ended 30 September 2020: HK\$102,513,000) and the weighted average of 1,915,677,000 ordinary shares (six months ended 30 September 2020: 1,916,653,000 shares) in issue during the period, calculated as follows:

	Six months ended 30 September	
	2021 '000	2020 '000
Shares of the Company issued at the beginning of the period	1,915,677	1,916,953
Effect of shares held for Share Award Scheme	-	(300)
Weighted average number of ordinary shares in issue during the period	1,915,677	1,916,653

	Six months ended 30 September	
	2021 HK\$'000	2020 HK\$'000
Profit attributable to equity shareholders of the Company arises from:		
- Continuing operations	80,039	102,510
- Discontinued operations	-	3
	80,039	102,513

### (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 share in existence during both periods.

## 9 DIVIDENDS

### (A) DIVIDENDS PAYABLE TO SHAREHOLDERS ATTRIBUTABLE TO THE REPORTING PERIOD

	Six months ended 30 September	
	2021 HK\$'000	2020 HK\$'000
Interim dividend declared and paid after the Reporting Period of HK1.2 cents per share (six months ended 30 September 2020: HK0.8 cent per share)	23,211	15,474

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

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

	Six months ended 30 September	
	2021 HK\$'000	2020 HK\$'000
Final dividend in respect of the previous financial year, approved and payable during the following reporting period, of HK1.5 cents per share (six months ended 30 September 2020: HK2.5 cents per share, approved and paid during the following reporting period)	29,013	48,356
Less: Dividend of shares held by Share Award Scheme	(278)	(464)
	28,735	47,892



## 10 INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT

### (A) RIGHT-OF-USE ASSETS

During the six months ended 30 September 2021, the Group entered into a number of lease agreements for use of warehouses and office buildings, and therefore recognised the additions to right-of-use assets of HK\$24,436,000 (six months ended 30 September 2020: HK\$6,552,000).

During the six months ended 30 September 2021, the Group received rent concessions in the form of a discount on fixed payments during the period of severe social distancing and travel restriction measures introduced to contain the spread of COVID-19 and the amount of COVID-19 rent concessions is HK\$245,000 (six months ended 30 September 2020: HK\$1,097,000).

As disclosed in note 3, the Group has adopted the Amendment to HKFRS 16, *Covid-19-related rent concessions beyond 30 June 2021*, and has applied the practical expedient introduced by the Amendment to all eligible rent concessions received by the Group during the six months ended 30 September 2021.

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

During the six months ended 30 September 2021, the Group acquired items of leasehold improvements, plant and machinery, motor vehicles, and furniture, fixtures and office equipment with a cost of HK\$31,207,000 (six months ended 30 September 2020: HK\$123,180,000). Items of plant and machinery and furniture, fixtures and office equipment with a net book value of HK\$90,000 were disposed of during the six months ended 30 September 2021 (six months ended 30 September 2020: HK\$881,000), resulting a loss on disposal of HK\$90,000 (six months ended 30 September 2020: HK\$619,000).

### (C) INVESTMENT PROPERTIES

During the six months ended 30 September 2021, the Group acquired investment properties with a cost of HK\$24,405,000 (six months ended 30 September 2020: HK\$52,989,000).

The valuations of investment properties at fair value as at 30 September 2021 were performed by the Group's independent valuer using the market comparison method. As a result of the valuation, a net gain of HK\$9,716,000 (six months ended 30 September 2020: HK\$5,611,000) has been recognised in the consolidated statement of profit or loss and other comprehensive income for the six months ended 30 September 2021.

## 11 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	171,067	162,940
1 to 6 months	63,026	68,981
Over 6 months	64,910	29,072
Trade receivables	299,003	260,993
Other receivables	11,242	13,691
Deposits and prepayments	44,713	43,061
Amount due from an associate	7	13
Amount due from a joint venture	4,005	-
	<b>358,970</b>	<b>317,758</b>

## 12 OTHER FINANCIAL ASSETS

	As at 30 September 2021 HK\$'000	As at 31 March 2021 HK\$'000
<b>Equity securities designated at fair value through other comprehensive ("FVOCI") (non-recycling)</b>		
– Unlisted	257,685	209,972
– Listed in Hong Kong	130,152	240,923
<b>Financial assets measured at fair value through profit or loss ("FVPL")</b>		
– Unlisted	7,582	7,445
	<b>395,419</b>	<b>458,340</b>

## 13 CASH AND CASH EQUIVALENTS

	As at 30 September 2021 HK\$'000	As at 31 March 2021 HK\$'000
Short-term deposits with banks	15,000	30,127
Cash at bank and in hand	522,070	450,223
Cash and cash equivalents in the consolidated statement of financial position and consolidated cash flow statement	<b>537,070</b>	<b>480,350</b>

## 14 TRADE AND OTHER PAYABLES

As at the end of the 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	21,025	26,080
1 to 6 months	17,376	12,138
Over 6 months	365	372
Trade payables	38,766	38,590
Salary and bonus payables	48,619	42,049
Payables and accruals for addition of other property, plant and equipment	76	107
Other payables and accruals	190,169	48,139
Receipt in advance <sup>(#)</sup>	2,051	3,430
Amount due to an associate	3,407	3,407
Amount due to a joint venture	2,008	2,000
	<b>285,096</b>	<b>137,722</b>

<sup>(#)</sup> These balances represent the excess of cumulative payments made by customers over the cumulative revenue in profit or loss at the end of the Reporting Period, and recognise as contract liabilities in accordance with HKFRS 15.



## 15 CAPITAL AND RESERVES

### (A) SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
<b>Issued ordinary shares of HK\$0.01 each:</b>		
At 31 March 2021, 1 April 2021 and 30 September 2021	<b>1,915,677</b>	<b>19,157</b>

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

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

#### (i) Share Award Scheme

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

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

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

During the six months ended 30 September 2021, the Share Award Scheme did not acquire any shares through purchases on the open market. During the six months ended 30 September 2020, the Share Award Scheme acquired 1,276,000 shares at a total cost of HK\$1,501,000.

There was no share award granted under the Share Award Scheme during the six months ended 30 September 2021 and 2020.

#### (ii) Share Option Scheme

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

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

During the six months ended 30 September 2020, 9,880,000 share options were lapsed and 10,880,000 share options were outstanding as at 30 September 2020. As at 1 April 2021, all the share options have lapsed and no share options were outstanding as at 30 September 2021.



## 16 PARTIAL DISPOSALS OF SUBSIDIARIES RESULTING IN LOSS OF CONTROL

### DISPOSALS OF HONG NING HONG LIMITED AND ITS SUBSIDIARY

As at 1 April 2020, the Group committed to disposing of its wholesale and retail business, which represented a reportable and operating segment, namely "wholesale and retail", and commenced negotiation with Million Effort Investment Limited, a company incorporated in the British Virgin Islands with limited liability, an indirectly wholly-owned subsidiary of Tycoon Group Holdings Limited. The sale and purchase agreement was entered into on 1 June 2020 and the disposal was completed on 15 June 2020 at a total consideration at approximately HK\$41,650,000.

With the completion to disposing of its wholesale and retail business, which represented a reportable and operating segment, the Group's equity interest in Hong Ning Hong Limited ("HNH") has decreased from 70.0% to 21.0%, resulting in a loss in control over HNH. Accordingly, the investment in HNH was reclassified as interests in associates.

The assets and liabilities of HNH were deconsolidated from the Group's consolidated statement of financial position and the interest in HNH has been accounted for as associates using equity method. The fair value of the 21% retained interest in HNH at the date on which the control was lost is regarded as the cost on initial recognition of the investment in HNH as associates.

These assets and liabilities on the date of disposal (15 June 2020) and the reconciliation to gain on disposals are as follows:

	As at 15 June 2020 HK\$'000
Property, plant and equipment	4,318
Goodwill	35,687
Inventories	27,052
Trade and other receivables, deposits and prepayments	11,482
Current tax recoverable	568
Cash and cash equivalents	2,396
Trade payables, other payables and accruals	(11,484)
Lease liabilities	(3,998)
<b>Net assets disposed of</b>	<b>66,021</b>
<b>Gain on disposals of HNH and its subsidiary</b>	<b>HK\$'000</b>
Net assets disposed of	(66,021)
Fair value of 21% retained equity interests held by the Group – classified as interests in associates	17,850
Non-controlling interests	9,129
Cash consideration received	41,650
<b>Gain on disposals of HNH and its subsidiary</b>	<b>2,608</b>
<b>Net cash inflow arising on disposal:</b>	
Cash consideration received	41,650
Cash and cash equivalents disposed of	(2,396)
<b>Net cash inflow</b>	<b>39,254</b>



## 17 DISPOSAL GROUP AND DISCONTINUED OPERATIONS

The results of the discontinued operations for six months ended 30 September 2020 are set out below:

	Six months ended 30 September 2020 HK\$'000
<b>Revenue</b>	14,202
Cost of sales	(13,227)
<b>Gross profit</b>	975
Other net income	262
Selling and distribution expenses	(1,164)
Administrative and other operating expenses	(89)
<b>Loss from operations</b>	(16)
Finance costs	–
<b>Loss before taxation</b>	(16)
Income tax	19
<b>Profit for the period from discontinued operations</b>	3
<b>Attributable to:</b>	
Equity shareholders of the Company	3
Non-controlling interests	–
	3
<b>Cash flow</b>	
Operating cash outflows	(440)
Investing cash inflows	2
Financing cash outflows	(614)
<b>Net cash outflows</b>	(1,052)

## 18 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

#### (i) Fair value hierarchy

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

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

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

The following table presents the Group's financial assets that were measured at fair value at 30 September 2021.

	Fair value at 30 September 2021 HK\$'000	Fair value measurements at 30 September 2021 categorised into		
		Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
<i>Financial assets:</i>				
Financial assets at FVPL				
- Unlisted	7,582	-	7,582	-
Financial assets at FVOCI				
- Unlisted	257,685	-	199,995	57,690
- Listed in Hong Kong	130,152	130,152	-	-
	Fair value at 31 March 2021 HK\$'000	Fair value measurements at 31 March 2021 categorised into		
		Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
<i>Financial assets:</i>				
Financial assets at FVPL				
- Unlisted	7,445	-	7,445	-
Financial assets at FVOCI				
- Unlisted	209,972	-	152,282	57,690
- Listed in Hong Kong	240,923	240,923	-	-

There were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 during the six months ended 30 September 2021. As at 31 March 2021, the fair value of the unlisted financial assets at FVOCI of HK\$57,690,000 were determined using discounted cash flow method due to lack of recent transaction. Accordingly, the fair value measurement was transferred from Level 2 to Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.



## 18 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

### (A) FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)

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

The fair values of the financial assets at FVOCI are determined with reference to the pricing of the recent transactions or offerings of the investees' shares.

#### (iii) Valuation techniques and inputs used in Level 3 fair value measurement

	Valuation technique	Significant unobservable inputs	Range
Unlisted financial assets at FVOCI	Discounted cash flow method	Discount rate	13.2%-15.3%

The fair value of unlisted equity instruments is determined using discounted cash flow method. The fair value measurement is negatively correlated to the discount rate. As at 30 September 2021, it is estimated that with all variable held constant, a decrease/increase in discount rate by 1% would have increased/decreased the Group's other comprehensive income by HK\$8,557,000/HK\$7,124,000 (as at 31 March 2021: HK\$9,351,000/HK\$7,733,000).

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

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair value as at 30 September 2021 and 31 March 2021.

## 19 CAPITAL COMMITMENTS

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

	As at 30 September 2021 HK\$'000	As at 31 March 2021 HK\$'000
Authorised and contracted for		
– Purchase of non-current assets	26,895	41,310
– Purchase of other financial assets	–	17,400
	<b>26,895</b>	<b>58,710</b>

## 20 MATERIAL RELATED PARTY TRANSACTIONS

### KEY MANAGEMENT PERSONNEL EMOLUMENTS

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

	Six months ended 30 September	
	2021 HK\$'000	2020 HK\$'000
Short-term employee benefits	3,494	4,208
Post-employment benefits	167	159
	<b>3,661</b>	<b>4,367</b>

## 21 CONTINGENT LIABILITIES

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

## 22 EVENTS AFTER THE REPORTING PERIOD

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

## Glossary

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

“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
“Board”	the board of directors of the Company
“CG Code”	Corporate Governance Code as amended or supplemented from time to time contained in Appendix 14 to the Listing Rules
“China”, “Mainland China”, “PRC” or “the PRC”	the People’s Republic of China excluding, for the purpose of this interim report, Hong Kong, Macau and Taiwan
“Company”, “our Company” or “the Company”	Jacobson Pharma Corporation Limited, an exempted company incorporated in the Cayman Islands with limited liability on 16 February 2016
“Controlling Shareholders”	Mr. Sum, Kingshill and Kingshill Development Group Inc
“COVID-19”	Coronavirus disease 2019
“Director(s)”	the director(s) of the Company
“Fosun Pharma”	Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (上海復星醫藥(集團)股份有限公司), a joint stock limited company incorporated in the PRC with limited liability
“FY2021”	the year ended 31 March 2021
“FY2021 Interim”	the six months ended 30 September 2020
“FY2022”	the year ending 31 March 2022
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKIB”	The Hong Kong Institute of Biotechnology
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jacobson”, “Group”, “our Group”, “the Group”, “we”, “us” or “our”	the Company and its subsidiaries and, in respect of the period before we became the holding company of our present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be)
“Jacobson Pharma Distribution”	a conditional special interim dividend declared by the Company on 15 January 2021 to be satisfied by way of a distribution in specie of an aggregate of 241,777,625 shares in JBM Healthcare to the qualifying shareholders of the Company, details of which are set forth in the section headed “Jacobson Pharma Distribution and the Spin-off” in the prospectus of JBM Healthcare dated 26 January 2021
“JBM Group BVI”	JBM Group (BVI) Limited, a company with limited liability incorporated under the laws of the British Virgin Islands on 24 December 2019, which is a controlling shareholder of JBM Healthcare
“JBM Healthcare”	JBM (Healthcare) Limited, an exempted company incorporated in the Cayman Islands with limited liability on 7 January 2020, the issued shares of which are listed on the Main Board on 5 February 2021, an indirect non-wholly owned subsidiary of the Company (stock code: 2161)



“Kingshill”	Kingshill Development Limited, a limited liability company incorporated under the laws of the British Virgin Islands on 8 July 1998, and one of our Controlling Shareholders
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“Macau”	the Macau Special Administrative Region of the PRC
“Main Board”	Main Board of the Stock Exchange
“Model Code”	Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Mr. Sum”	Mr. Sum Kwong Yip, Derek, our chairman, executive Director, chief executive officer and one of our Controlling Shareholders
“PIC/S”	two international instruments, the Pharmaceutical Inspection Convention and the Pharmaceutical Inspection Co-operation Scheme, which seek to promote constructive co-operation in the field of GMP between the participating authorities in different geographic markets
“PIC/S GMP”	Good Manufacturing Practice in accordance with the PIC/S GMP Guide issued by PIC/S
“Private Sector”	refers to non-Public Sector
“Prospectus”	the prospectus issued by the Company dated 8 September 2016
“Public Sector”	refers to public sector institutions and clinics in Hong Kong
“Queenshill”	Queenshill Development Limited, a limited liability company incorporated under the laws of the British Virgin Islands on 12 December 2012
“R&D”	research and development
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Share Award Scheme”	the share award scheme adopted by our Company on 16 October 2018, the principal terms of which are summarised in the announcement of the Company dated 16 October 2018
“Share Option Scheme”	the share option scheme conditionally adopted by our Company on 30 August 2016, the principal terms of which are summarised in “Statutory and General Information – D. Other Information – 1. Share Option Scheme” in Appendix V to the Prospectus
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“The Kingshill Trust”	The Kingshill Trust is a discretionary trust established by Mr. Sum (as settlor) on 16 May 2016 with Mr. Sum and his family members as the discretionary beneficiaries
“The Queenshill Trust”	The Queenshill Trust is a discretionary trust established by Mr. Sum (as settlor) on 16 May 2016 with Mr. Sum and his family members as the discretionary beneficiaries
“Yunnan Baiyao Group”	Yunnan Baiyao Group Co., Ltd.* (雲南白藥集團股份有限公司), a joint stock limited company incorporated in the PRC with limited liability

\* For purpose of identification only