Jacobson Pharma Corporation Limited
雅各臣科研製藥有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 2633)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

FINANCIAL HIGHLIGHTS

- The revenue (from continuing operations) for the six months ended 30 September 2024 amounted to approximately HK$810.0 million, representing an increase of about 13.3% as compared to that of approximately HK$714.9 million for the corresponding period of 2023.
- Profit from operations (from continuing operations) for the same period amounted to approximately HK$195.8 million, representing an increase of about 18.0% as compared to the profit from operations (from continuing operations) for the corresponding period of 2023 of approximately HK$166.0 million.
- Profit for the same period from continuing operations amounted to approximately HK$140.3 million, representing an increase of about 44.2% as compared to the profit for the corresponding period of 2023 from continuing operations of approximately HK$97.3 million.
- The Board declared the payment of an interim dividend for the six months ended 30 September 2024 of HK3.5 cents per ordinary share (for the total amount of approximately HK$70.0 million), representing an increase of about 40.0% as compared to that of HK2.5 cents per ordinary share (for the total amount of approximately HK$48.4 million) for the corresponding period of 2023.

The Board is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 30 September 2024, together with the comparative figures for the corresponding period of 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2024 – unaudited

		Six months ended 30 September	
		2024	2023
	Note	***HK$'000***	*HK$'000*
Continuing operations			
Revenue	*4*	**810,002**	714,918
Cost of sales		**(458,531)**	(413,839)
Gross profit		**351,471**	301,079
Other net income	*5*	**9,560**	27,489
Selling and distribution expenses		**(63,126)**	(64,775)
Administrative and other operating expenses		**(102,129)**	(97,820)
Profit from operations		**195,776**	165,973
Finance costs	*6(A)*	**(20,528)**	(47,445)
Share of profits of associates		**129**	332
Profit before taxation	*6*	**175,377**	118,860
Income tax	*7*	**(35,087)**	(21,579)
Profit for the period from continuing operations		**140,290**	97,281
Discontinued operations			
Profit for the period from discontinued operations	*13(A)*	**–**	52,392
Net gain on distribution in specie	*13(C)*	**–**	28,217
Profit for the period		**140,290**	177,890

		Six months ended 30 September	
		2024	2023
	Note	***HK$'000***	*HK$'000*
Other comprehensive income for the period			
Item that will not be reclassified subsequently to profit or loss, net of nil tax:			
Revaluation of financial assets at fair value through other comprehensive income		**(23,854)**	(3,548)
Item that may be reclassified subsequently to profit or loss, net of nil tax:			
Exchange differences on translation of financial statements of operations outside Hong Kong		**(604)**	(2,177)
Release of exchange reserve upon disposal of a subsidiary		**–**	102
Release of exchange reserve upon distribution in specie	*13(C)*	**–**	418
Other comprehensive income for the period		**(24,458)**	(5,205)
Total comprehensive income for the period		**115,832**	172,685
Profit attributable to:			
Equity shareholders of the Company		**140,290**	154,040
Non-controlling interests		**–**	23,850
Total profit for the period		**140,290**	177,890
Profit attributable to equity shareholders of the Company arises from:			
– Continuing operations		**140,290**	97,308
– Discontinued operations		**–**	56,732
		140,290	154,040

	Note	Six months ended 30 September 2024 HK$'000	2023 HK$'000
Total comprehensive income attributable to:			
Equity shareholders of the Company		**115,832**	149,932
Non-controlling interests		**–**	22,753
Total comprehensive income for the period		**115,832**	172,685
Total comprehensive income attributable to equity shareholders of the Company arises from:			
– Continuing operations		**115,832**	94,673
– Discontinued operations		**–**	55,259
		115,832	149,932
		HK cents	*HK cents*
Earnings per share	*8*		
Basic and diluted			
– Continuing operations		**7.07**	5.09
– Discontinued operations		**–**	2.97
		7.07	8.06

Note: The results of branded healthcare segment are classified as discontinued operations of the Group during the six months ended 30 September 2023.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 September 2024 – unaudited

	Note	As at 30 September 2024 HK$'000	As at 31 March 2024 HK$'000
Non-current assets			
Investment properties		**184,710**	197,790
Property, plant and equipment		**1,307,907**	1,301,425
Intangible assets		**430,088**	435,849
Interests in associates		**4,326**	23,537
Other non-current assets		**130,351**	95,014
Other financial assets		**456,582**	457,970
Deferred tax assets		**10,734**	10,853
		2,524,698	2,522,438
Current assets			
Inventories		**325,929**	317,857
Trade and other receivables	*10*	**237,963**	233,363
Current tax recoverable		**2,205**	1,259
Cash and cash equivalents		**515,902**	411,937
		1,081,999	964,416
Current liabilities			
Trade and other payables and contract liabilities	*11*	**301,656**	216,467
Bank loans		**148,000**	112,800
Lease liabilities		**23,630**	26,872
Current tax payable		**43,203**	16,704
		516,489	372,843
Net current assets		**565,510**	591,573
Total assets less current liabilities		**3,090,208**	3,114,011

	Note	As at 30 September 2024 HK$'000	As at 31 March 2024 HK$'000
Non-current liabilities			
Bank loans		**504,400**	592,200
Lease liabilities		**23,820**	17,507
Deferred tax liabilities		**106,233**	107,944
		634,453	717,651
NET ASSETS		**2,455,755**	2,396,360
CAPITAL AND RESERVES			
Share capital	*12*	**19,857**	19,802
Reserves		**2,411,679**	2,352,339
Total equity attributable to equity shareholders of the Company		**2,431,536**	2,372,141
Non-controlling interests		**24,219**	24,219
TOTAL EQUITY		**2,455,755**	2,396,360

NOTES

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 the development, production, marketing and sale of generic drugs. The Company's shares were listed on the Main Board on 21 September 2016.

2 BASIS OF PREPARATION

The interim financial results set out in this announcement do not constitute the Group's interim financial report for the six months ended 30 September 2024 but are extracted from that interim financial report.

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

The interim financial report has been prepared in accordance with the same accounting policies adopted in the consolidated financial statements for the year ended 31 March 2024, except for the accounting policy changes that are expected to be reflected in the consolidated financial statements for the year ending 31 March 2025. Details of any changes in accounting policies are set out in note 3.

3 CHANGES IN ACCOUNTING POLICIES

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

- Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current*
- Amendments to HKAS 1, *Presentation of financial statements: Non-current liabilities with covenants*
- Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

None of the above amendments have had a significant financial effect to the Group. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 REVENUE AND SEGMENT REPORTING

(A) Revenue

The principal activities of the Group are development, production, marketing and sale of generic drugs. All the revenue for the six months ended 30 September 2024 and 2023 was recognised in accordance with HKFRS 15, *Revenue from contracts with customers*.

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

(B) Segment reporting

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

– Generic drugs: this segment develops, manufactures and/or distributes a host of off-patent medicines for various therapeutic use. Currently the activities in this regard are primarily carried out in Hong Kong.

– Branded healthcare: this segment develops, manufactures and/or distributes branded medicines, proprietary Chinese medicines and health and wellness products. During the period from 1 April 2023 to 24 August 2023, the activities in this regard were primarily carried out in Hong Kong.

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

The measure used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including interest income from bank deposits and investments and finance costs. To arrive at adjusted EBITDA, the Group's earnings are further adjusted for share of profits/(losses) of associates, 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 in this interim results announcement.

As discussed in note 13, the Group no longer engages in branded healthcare operation. The results of this segment have been classified as discontinued operations of the Group during the six months ended 30 September 2023.

(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 Generic drugs Six months ended 30 September		**Discontinued operations Branded healthcare Six months ended 30 September**		**Total Six months ended 30 September**	
	2024	2023	**2024**	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers recognised at a point in time	**810,002**	714,918	**–**	242,521	**810,002**	957,439
Inter-segment revenue	**–**	16	**–**	1,381	**–**	1,397
Reportable segment revenue	**810,002**	714,934	**–**	243,902	**810,002**	958,836
Reportable segment profit (adjusted EBITDA)	**272,185**	218,128	**–**	82,734	**272,185**	300,862

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

	Continuing operations Six months ended 30 September		Discontinued operations Six months ended 30 September	
	2024	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Revenue				
Reportable segment revenue	**810,002**	714,934	**–**	243,902
Elimination of inter-segment revenue	**–**	(16)	**–**	(1,381)
Consolidated revenue	**810,002**	714,918	**–**	242,521
Profit				
Reportable segment profit	**272,185**	218,128	**–**	82,734
Elimination of inter-segment profit	**–**	(8)	**–**	(211)
Reportable segment profit derived from the Group's external customers	**272,185**	218,120	**–**	82,523
Interest income from bank deposits and investments	**6,902**	15,935	**–**	483
Dividend income from an investment	**1,981**	1,698	**–**	–
Gain on deemed disposal of an associate	**741**	–	**–**	–
Share of profits/(losses) of associates	**129**	332	**–**	(600)
Depreciation and amortisation	**(71,464)**	(71,403)	**–**	(14,699)
Finance costs	**(20,528)**	(47,445)	**–**	(3,260)
Fair value loss on investment properties	**(13,080)**	–	**–**	–
Loss on changes in fair value of investments in key-management insurance	**(1,489)**	–	**–**	–
Gain on disposal of an associate	**–**	1,623	**–**	–
Share of losses of joint ventures	**–**	–	**–**	(2)
Consolidated profit before taxation	**175,377**	118,860	**–**	64,445

(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 Six months ended 30 September		Discontinued operations Six months ended 30 September	
	2024	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers				
Hong Kong (place of domicile)	**769,417**	687,837	**–**	179,022
Mainland China	**26,382**	15,887	**–**	39,226
Macau	**14,203**	11,126	**–**	11,894
Singapore	**–**	68	**–**	4,648
Others	**–**	–	**–**	7,731
	810,002	714,918	**–**	242,521

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

	As at 30 September 2024	As at 31 March 2024
	HK$'000	*HK$'000*
Specified non-current assets		
Hong Kong (place of domicile)	**1,961,972**	1,938,213
Mainland China	**25,013**	24,988
Macau	**114**	132
Taiwan	**4,326**	4,198
Cambodia	**65,957**	86,084
	2,057,382	2,053,615

(iv) ***Information about major customers***

For the six months ended 30 September 2024, the Group's customer base includes one (six months ended 30 September 2023: one) customer with whom transactions have exceeded 10% of the Group's revenue. Revenue from sales of generic drugs products to this customer, including sales to entities which are known to the Group to be under common control amounted to approximately HK$371,125,000 (six months ended 30 September 2023: HK$335,003,000).

5 OTHER NET INCOME

	Continuing operations Six months ended 30 September		**Discontinued operations Six months ended 30 September**	
	2024	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Interest income from bank deposits and investments	**6,902**	15,935	**–**	483
Subcontracting income	**5,764**	4,782	**–**	–
Rental income	**5,227**	1,336	**–**	–
Net foreign exchange gain/(loss)	**659**	(25)	**–**	2,440
Dividend income from an investment	**1,981**	1,698	**–**	–
Net distribution and logistic service income	**1,557**	709	**–**	–
Gain on deemed disposal of an associate	**741**	–	**–**	–
Net (loss)/gain on disposals of property, plant and equipment	**(2,447)**	31	**–**	(5)
Fair value loss on investment properties	**(13,080)**	–	**–**	–
Loss on changes in fair value of investments in key-management insurance	**(1,489)**	–	**–**	–
Government subsidies	**115**	–	**–**	–
Gain on disposal of an associate	**–**	1,623	**–**	–
Commission income	**–**	–	**–**	1,041
Others	**3,630**	1,400	**–**	1,754
	9,560	27,489	**–**	5,713

6 PROFIT BEFORE TAXATION

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

	Continuing operations Six months ended 30 September		**Discontinued operations Six months ended 30 September**	
	2024	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
(A) Finance costs				
Interest on bank loans and other borrowings	**19,538**	46,748	**–**	3,186
Interest on lease liabilities	**990**	697	**–**	74
	20,528	47,445	**–**	3,260

	Continuing operations Six months ended 30 September		**Discontinued operations Six months ended 30 September**	
	2024	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
(B) Other items				
Amortisation of intangible assets	**9,275**	10,373	**–**	7,346
Depreciation				
– owned property, plant and equipment	**43,351**	43,145	**–**	5,564
– right-of-use assets	**18,838**	17,885	**–**	1,789
Write–down/(reversal of write-down) of inventories	**16,891**	(168)	**–**	13

7 INCOME TAX

Income tax in the consolidated statement of profit or loss and other comprehensive income represents:

	Continuing operations Six months ended 30 September		**Discontinued operations Six months ended 30 September**	
	2024	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Current tax	**36,844**	28,389	**–**	14,014
Deferred tax	**(1,757)**	(6,810)	**–**	(1,961)
	35,087	21,579	**–**	12,053

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 2023: 16.5%) to the six months ended 30 September 2024. Taxation for overseas subsidiaries is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable in the relevant jurisdictions.

8 EARNINGS PER SHARE

(A) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company for the six months ended 30 September 2024 and the weighted average ordinary shares in issue during the period, calculated as follows:

(i) Weighted average number of ordinary shares:

	Six months ended 30 September	
	2024	2023
	'000	*'000*
Ordinary shares of the Company issued at the beginning of the period	**1,980,221**	1,907,821
Effect of ordinary shares vested for the Share Award Scheme	**3,727**	3,219
Weighted average number of ordinary shares in issue during the period	**1,983,948**	1,911,040

(ii) Profit attributable to equity shareholders

	Six months ended 30 September	
	2024	2023
	HK$'000	*HK$'000*
Profit attributable to equity shareholders		
– Continuing operations	**140,290**	97,308
– Discontinued operations	**–**	56,732
	140,290	154,040

(B) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company for the six months ended 30 September 2024 and the weighted average ordinary shares, calculated as follows:

(i) Weighted average number of ordinary shares:

	Six months ended 30 September	
	2024	2023
	'000	*'000*
Weighted average number of ordinary shares at 30 September	**1,983,948**	1,911,040
Effect of share award granted under the Share Award Scheme	**–**	1,000
	1,983,948	1,912,040

(ii) Profit attributable to equity shareholders

	Six months ended 30 September	
	2024	2023
	HK$'000	*HK$'000*
Profit attributable to equity shareholders		
– Continuing operations	**140,290**	97,308
– Discontinued operations	**–**	56,732
	140,290	154,040

9 DIVIDENDS

(A) Dividends payable to equity shareholders of the Company attributable to the relevant reporting period

(i) Dividend in the form of cash

	Six months ended 30 September	
	2024	2023
	HK$'000	*HK$'000*
Interim dividend declared after the relevant reporting period of HK3.5 cents per share (six months ended 30 September 2023: HK2.5 cents per share)	**70,008**	48,356

The interim dividend has not been recognised as a liability at the end of the relevant reporting period.

(ii) Special dividend in the form of distribution in specie

A special dividend was made by the Company on 24 August 2023 in the form of distribution in specie of 492,259,244 JBM Healthcare Shares on the basis of 509 JBM Healthcare Shares for every 2,000 shares held by equity shareholders of the Company whose names appear on the register of members of the Company on 18 August 2023. Based on the published closing price of HK$1.16 per JBM Healthcare Share on 24 August 2023, the special dividend represents a distribution of approximately HK29.52 cents per share. The distribution in specie was completed on 24 August 2023 and the Group ceased to have control of and no longer consolidate JBM Healthcare.

(B) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and payable/paid during the relevant reporting period

	Six months ended 30 September	
	2024	2023
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and payable during the following reporting period, of HK3.00 cents per share (six months ended 30 September 2023: Final dividend in respect of the previous financial year, approved and paid during the following reporting period, of HK2.38 cents per share)	**60,007**	46,034
Less: Dividend of ordinary shares held by Share Award Scheme	**(435)**	(515)
	59,572	45,519

10 TRADE AND OTHER RECEIVABLES

	As at 30 September 2024 *HK$'000*	As at 31 March 2024 *HK$'000*
Trade receivables	**174,017**	172,834
Other receivables	**15,958**	14,185
Deposits and prepayments	**47,887**	46,236
Amount due from an associate	**101**	108
	237,963	233,363

Ageing Analysis

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

	As at 30 September 2024 *HK$'000*	As at 31 March 2024 *HK$'000*
Less than 1 month	**120,741**	116,527
1 to 6 months	**52,941**	56,263
Over 6 months	**335**	44
	174,017	172,834

11 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	As at 30 September 2024 *HK$'000*	As at 31 March 2024 *HK$'000*
Trade payables	**41,361**	51,688
Salary and bonus payables	**84,671**	53,662
Payables and accruals for addition of property, plant and equipment	**441**	54
Other payables and accruals	**117,048**	50,187
Contract liabilities	**58,135**	60,876
	301,656	216,467

Ageing Analysis

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

	As at 30 September 2024 *HK$'000*	As at 31 March 2024 *HK$'000*
Less than 1 month	**14,442**	25,065
1 to 6 months	**26,433**	26,537
Over 6 months	**486**	86
	41,361	51,688

12 SHARE CAPITAL

	Number of shares *'000*	**Amount** *HK$'000*
Authorised:		
Ordinary shares of HK$0.01 each at 31 March 2024, 1 April 2024 and 30 September 2024	**5,000,000**	**50,000**
Issued:		
At 31 March 2024 and 1 April 2024	**1,980,221**	**19,802**
Ordinary shares vested for the Share Award Scheme *(Note)*	**5,500**	**55**
At 30 September 2024	**1,985,721**	**19,857**

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.

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

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

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

During the six months ended 30 September 2024 and 2023, the trustee of the Share Award Scheme did not acquire any shares through purchases on the open market.

During the six months ended 30 September 2024, the Company has granted a total of 5,500,000 shares to eligible grantees, including certain Directors and employees of the Group. During the six months ended 30 September 2023, the Company has granted a total of 4,750,000 shares to eligible grantees, including certain Directors and employees of the Group.

Details of the shares awarded under the Share Award Scheme during the six months ended 30 September 2024 are as follows:

	Number of Shares					
Date of grant	**As at 1 April 2024**	**Granted during the period**	**Vested during the period**	**Lapsed/ cancelled during the period**	**As at 30 September 2024**	**Vesting period**
15 April 2024	**–**	**5,500,000**	**(5,500,000)**	**–**	**–**	30 May 2024

Details of the shares awarded under the Share Award Scheme during the six months ended 30 September 2023 are as follows:

	Number of Shares					
Date of grant	As at 1 April 2023	Granted during the period	Vested during the period	Lapsed/ cancelled during the period	As at 30 September 2023	Vesting period
1 December 2022	1,000,000	–	–	–	1,000,000	1 December 2023
13 April 2023	–	4,750,000	(4,750,000)	–	–	30 May 2023
	1,000,000	4,750,000	(4,750,000)	–	1,000,000	

13 DISCONTINUED OPERATIONS

On 1 August 2023, the Board declared a special dividend that was satisfied by way of distribution in specie of the JBM Healthcare Shares held by the Group to the equity shareholders of the Company. Details of the distribution in specie are disclosed in note 9(A)(ii).

Upon completion of the distribution in specie, the Group no longer engages in branded healthcare operation. Accordingly, these operations were classified as discontinued operations. The distribution in specie was completed on 24 August 2023.

The summarised financial information of JBM Healthcare presented below represents the amounts after the intra-group elimination.

(A) Results of discontinued operations

	Note	Discontinued operations For the period from 1 April 2023 to 24 August 2023 *HK$'000*
Revenue	*4*	242,521
Cost of sales		(116,603)
Gross profit		125,918
Other net income	*5*	5,713
Selling and distribution expenses		(48,009)
Administrative and other operating expenses		(15,315)
Profit from operations		68,307
Finance costs	*6(A)*	(3,260)
Share of losses of associates		(600)
Share of losses of joint ventures		(2)
Profit before taxation	*6*	64,445
Income tax	*7*	(12,053)
Profit for the period from discontinued operations		52,392
Attributable to:		
Equity shareholders of the Company		28,515
Non-controlling interests		23,877
Profit for the period from discontinued operations		52,392

(B) Cash flows from discontinued operations

	Discontinued operations For the period from 1 April 2023 to 24 August 2023 *HK$'000*
Cash flows generated from operating activities	59,358
Cash flows used in investing activities	(2,859)
Cash flows used in financing activities	(56,418)
Net increase in cash and cash equivalents from discontinued operations	81

(C) Net gain on distribution in specie

Details of net assets of discontinued operations at date of distribution in specie are set out below:

	As at 24 August 2023 *HK$'000*
Net assets distributed	
Property, plant and equipment	133,412
Intangible assets	860,642
Interests in associates	13,512
Interests in joint ventures	3,614
Other non-current assets	13,554
Other financial assets	13,719
Deferred tax assets	3,546
Inventories	59,448
Trade and other receivables	191,742
Current tax recoverable	569
Cash and cash equivalents	152,154
Total assets	1,445,912
Trade and other payables and contract liabilities	131,065
Bank loans	130,000
Lease liabilities	4,285
Current tax payable	20,277
Deferred tax liabilities	100,258
Total liabilities	385,885
Book value of net assets	1,060,027
Non-controlling interest	(513,971)
Fair value of JBM Healthcare Shares retained	(10,063)
Book value of net assets distributed	535,993

The fair value of JBM Healthcare is with reference to the closing price and the number of issued shares of JBM Healthcare on 24 August 2023.

The distribution resulted in a non-cash gain of approximately HK$28,217,000 for the six months ended 30 September 2023, representing (i) the difference between the fair value of JBM Healthcare Shares distributed and the net assets distributed of JBM Healthcare and (ii) release of exchange reserve in relation to JBM Healthcare upon distribution in specie.

Analysis of net gain on distribution in specie:

	As at 24 August 2023 *HK$'000*
Fair value of JBM Healthcare Shares distributed	564,628
Less: Net assets distributed of JBM Healthcare	(535,993)
	28,635
Less: Release of exchange reserve upon distribution in specie	(418)
Net gain on distribution in specie	28,217
Attributable to:	
Equity shareholder of the Company	28,217
Non-controlling interests	–
Net gain on distribution in specie	28,217

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Building on solid growth momentum, the Group achieved robust operational performance with a double-digit revenue increase in the first half of FY2025, despite a broader economic slowdown through the first three quarters of 2024. A surge in flu cases across Hong Kong in early 2024 drove a marked increase in medical visits to hospitals and clinics. This rise in healthcare demand was further fueled by an aging population, a growing prevalence of chronic illnesses, and heightened public awareness of health issues, all contributing to sustained growth in healthcare visits and medication usage.

Our strong first-half performance underscores the impetus we have gained through the effective execution of our strategic initiatives and our unwavering commitment to solidifying our position as a leader in Hong Kong's generic drugs sector. This progress reflects our focused efforts to strengthen our R&D pipeline and manufacturing capabilities, expand our product portfolio, optimise our commercial strategies, and fortify our sales channels.

We have made significant progress in aligning our business strategy with sustainable development, advancing the "5 to Thrive" sustainability framework, which focuses on Corporate Governance, Product Responsibility, Societal Engagement, Environmental Stewardship, and Employee Commitment. Environmental sustainability remains a key priority, and we are on track to meet our targets for managing greenhouse gas emissions, waste, energy, and water use. During the Reporting Period, we engaged in several ESG initiatives, including the "Mid-Autumn Festival Goodies Bag Delivery 2024" for elderly individuals, supporting education through scholarships at The University of Hong Kong, and opening the "J+ Fellow" staff shared space to foster learning, collaboration, and growth. Jacobson was also honored with the "Good MPF Employer" and "EcoPartner Award" for its commitment to environmental and social responsibility.

RESULTS

During the six months ended 30 September 2024, the Group achieved 13.3% growth in total revenue compared to FY2024 Interim, totaling HK$810.0 million. The profit for the period from continuing operations amounted to HK$140.3 million, reflecting an increase of 44.2%.

The significant increase in profit for the period from continuing operations was primarily driven by strong performance in the generic drug business across both Public and Private Sectors, as well as revenue contributions from newly in-licensed products and the successful launch of new products. Additionally, increased operating leverage at our production facilities and financial savings from effective cost-control measures contributed to the growth.

As a result of the Company no longer consolidating the results of JBM Healthcare following the distribution of shares in JBM Healthcare as a special dividend in specie to the shareholders of the Company, the profit attributable to equity shareholders of the Company for FY2024 Interim showed a slight decrease of 8.9%, totalling HK$140.3 million, compared to the same period last year.

Driven by robust business performance and disciplined cost management, the Group achieved a strong adjusted EBITDA of HK$272.2 million throughout the Reporting Period. As at the end of the Reporting Period, the net gearing ratio significantly improved to 5.6%, down from 12.2% at the close of FY2024, while the Group's cash reserves demonstrated resilience, with a balance of HK$515.9 million. These financial metrics highlight the Group's operational discipline and ability to adapt to market dynamics, positioning the business for continued growth and development.

OPERATION PERFORMANCE

Robust Portfolio and Supply to Meet Public Demand

From mid-January to late July 2024, Hong Kong experienced a prolonged flu season, with cases particularly affecting vulnerable groups such as children and the elderly. This 28-week period began with a surge in influenza A (H3) cases before shifting to influenza A (H1), driven by changes in circulating virus strains. The extended flu season significantly boosted demand for cold and flu treatments, driving strong sales momentum in the first half of FY2025 for both the Public and Private Sectors of the Group's business during the Reporting Period.

Beyond seasonal flu, several factors contributed to high healthcare visits and medication use in Hong Kong. The aging population, with widespread chronic conditions like diabetes and hypertension, drove demand for long-term medications and healthcare consultations. Increased health consciousness, fueled by public health campaigns, has also raised awareness of preventive care and the importance of early treatment. Additionally, rising mental health issues, including depression and anxiety, exacerbated by factors such as isolation, chronic illness, and economic stress, have led to a surge in medication use for mental health conditions.

These factors align with the strong growth of the Group's products in relevant therapeutic categories. For example, the Group's cardiovascular offerings – ACE inhibitors, beta-blockers, and diuretics – saw significant sales growth during the Reporting Period, driven by success in securing public tenders for products such as Eplerenone, Lisinopril, and Atenolol. Additionally, medications for bladder and prostate disorders, as well as hypnotics, experienced notable growth across both Public and Private Sectors during the same period.

The Group's extensive portfolio and efficient supply chain allow it to effectively meet the rising demand for essential and specialty medications. By continuously enhancing its offerings, the Group ensures healthcare professionals and patients have access to high-quality, cost-effective treatments that address Hong Kong's evolving healthcare needs. This focus is particularly important as aging demographics and the increasing prevalence of chronic diseases continue to drive demand.

New Product Introduction

Throughout the Reporting Period, the Group expanded its product portfolio with new offerings, including Sildenafil Tablet 20mg, Cyanocobalamin Tablet 50mcg, and Amlodipine Oral Solution. Additionally, the Group received registration approval for 15 new products, positioning them for upcoming market launches and further strengthening its capacity to meet diverse healthcare needs.

R&D Pipeline Progress

During the Reporting Period, we made steady progress in advancing our R&D pipeline to expand and strengthen our product offerings. As of 30 September 2024, 14 products completed development and were submitted to the Department of Health for regulatory approval, while 3 products entered the stability testing phase. To further support our growth strategy, 8 new items were also added to the pipeline.

By 30 September 2024, our pipeline expanded to 193 products, underscoring the strength of our development efforts. Among these, 65 products have secured registration approval, 14 are pending approval, and 58 have reached the stability preparation or study phase. An additional 19 products are currently in the formulation or pre-formulation research phase. This robust pipeline highlights our commitment to long-term growth and our readiness to meet market demands with a comprehensive portfolio of high-quality treatments.

Enhancing Production Capacity

During the Reporting Period, the Group made significant strides in production capacity and capability, underscoring our commitment to meeting rising market demands. Semi-solid dosage production rose by an impressive 17.5%, surpassing 187.2 tonnes. Eye drop production increased by 14.9% to approximately 21,000 liters, while liquid dosage production grew by 14.2% to approximately 1.3 million liters. Solid dosage production also achieved steady growth, up 8.0% to approximately 1.7 billion capsules and tablets.

The Group's ability to respond to market fluctuations and operational challenges has been essential in maintaining production levels. New production lines for semi-solid and suppository formulations were recently commissioned, further enhancing our output in these segments.

With ongoing investments in plant expansions and equipment upgrades, the Group is well-positioned to increase production capacity further and respond swiftly to future market demands. Strategic planning through our subsidiaries has enabled us to maintain buffer stocks in anticipation of upcoming facility renovations. Additionally, increased liquid dosage production across subsidiaries has optimised resource utilisation to meet growing market needs. These initiatives reflect the Group's robust infrastructure and proactive approach, highlighting our agility in adapting to evolving business requirements and responding effectively to market dynamics.

BUSINESS DEVELOPMENT

In-license of Specialised Products

In line with our strategy to expand and diversify our portfolio of specialised pharmaceuticals, we continue to focus on forming strategic in-licensing agreements with reputable global manufacturers, strengthening our offerings in key therapeutic areas.

During the Reporting Period, we advanced our in-licensing strategy by securing exclusive agreements for several pharmaceutical products strengthening our portfolio in cardiovascular health, diabetes management, and allergy treatment. Key achievements include the in-licensing of an anticoagulant therapy for blood clot prevention and treatment, enhancing our cardiovascular offerings, and the addition of an ophthalmic product from Taiwan for allergic eye conditions, bolstering our presence in allergy management. Additionally, we obtained exclusive distribution rights for a key antibiotic from the United Kingdom, which will be available in Hong Kong and Macau on a named-patient basis, addressing specific healthcare needs.

These agreements reflect the ongoing progress of our in-licensing strategy, enabling us to provide specialised products to healthcare providers and patients and to strengthen our position in essential therapeutic areas.

Strategic Partnership and Collaboration

Collaboration with Biocon Biologics Limited (“Biocon”) for Insulin Glargine and Aspart

The Group has entered into a strategic partnership with Biocon, one of the world’s largest biosimilar companies, to market and distribute Insulin Glargine and Aspart in Hong Kong. This collaboration combines Biocon’s expertise in biosimilar insulin products with Jacobson’s strong market presence.

Notably, Biocon’s Insulin Glargine has received U.S. Food and Drug Administration (“**U.S. FDA**”) approval as the first interchangeable insulin, allowing pharmacists to substitute it for the brand-name product without requiring dose titration. This designation could facilitate broader adoption by simplifying the transition from branded insulin to a biosimilar alternative.

We expect registration in Hong Kong to be completed by the first quarter of 2025. This partnership not only meets the growing demand for affordable insulin therapies but also expands our portfolio, serving as a foundation for future biosimilar collaborations and reinforcing our position in the market.

Market Expansion of Arsenol Oral Solution (Arsenic Trioxide Oral Solution)

Aligned with our commitment to innovative therapies and improved patient outcomes, we are broadening the market reach of Arsenic Trioxide Oral Solution – a product co-developed with The University of Hong Kong and Jacobson. This oral formulation, approved for treating acute promyelocytic leukemia, has demonstrated clinical efficacy comparable to the injectable version, with the added benefit of an enhanced safety profile.

The product is seeing increasing adoption in Southeast Asian markets, particularly Malaysia and Singapore, with further growth expected.

Through a Group subsidiary, we have entered into a Dossier License Agreement with a US company specialising in hematology, oncology, and rare diseases. This partnership is pivotal in registering Arsenol Oral Solution as an orphan drug with the U.S. FDA, thereby expediting its clinical development.

We are also planning a Phase 3 clinical trial in collaboration with SDK Therapeutics Inc. in the US and the EU. This initiative underscores our dedication to advancing oncology treatments and improving patient outcomes in rare diseases. By shifting arsenic trioxide from intravenous to oral administration, we aim to enhance patient convenience, reduce healthcare costs, and establish a new standard of care in treating acute promyelocytic leukemia (APL).

Collaboration with Fosun Kairos Biotechnology Inc. ("FosunKairos")

We have enhanced our collaboration with Shanghai Fosun Pharmaceutical (Group) Co., Ltd.* (上海復星醫藥(集團)股份有限公司) ("**Fosun Pharma**") to market Axicabtagene Ciloleucel ("**Yikaida**"), a pioneering CAR-T cell therapy developed by FosunKairos, a joint venture between Fosun Pharma and Kite Pharma, Inc. in the US, in Hong Kong and Macau. Axicabtagene Ciloleucel is approved in key regions, including the US, EU, Australia, Canada, and Japan, for the treatment of various lymphomas. It is the first and only second-line recommended CAR-T therapy for diffuse large B-cell lymphoma (DLBCL) by both the U.S. FDA and the National Medical Products Administration in China. Recent results from the ZUMA-7 study show significant improvements in patient survival rates and event-free survival compared to standard treatments.

As part of the collaboration, Jacobson will manage the logistics, sales, and marketing of Yikaida in Hong Kong and Macau. Yikaida offers a distinct advantage in CAR-T therapies by eliminating the need to transport apheresis blood samples to the US or Europe for processing, significantly reducing treatment preparation time and cost. Jacobson's logistics arm is one of only two licensed distributors authorised to handle CAR-T products in Hong Kong.

E-ordering System to Enhance Sales and Customer Service Platform

Following the successful launch of our innovative e-ordering platform, e-Jacob Pharma2U, the Group has continued to strengthen its sales and customer service capabilities. Since its official rollout for private clinic clients, the platform has seen strong growth and high adoption rates, significantly streamlining the procurement process for pharmaceutical products and medical supplies.

In response to valuable customer feedback, we have introduced several enhancements, including the option for customised labels during stock deliveries, further enhancing the user experience. We also boosted engagement with a successful online promotion offering special discounts and additional reward points, adding greater value to our customers' purchasing journeys.

To maintain strong connections with our customers, we regularly communicate through newsletters, providing updates on new products and promotions to ensure they are well-informed and fully capitalise on the platform's benefits.

* *For identification purpose only*

As we move forward, we remain committed to further enhancing and expanding e-Jacob Pharma2U by continuously gathering feedback and implementing improvements. Our approach combines the convenience of the online platform with the personalised support of our sales teams, ensuring clients receive both efficient digital service and hands-on assistance. This blend of online and offline engagement strengthens customer relationships and reinforces our position in the market.

OUTLOOK

Hong Kong's economy is projected to grow through the end of the year, though the outlook remains fragile. Growth slowed in the third quarter of 2024, with year-on-year expansion at 1.8% and a 1.1% GDP contraction from the previous quarter. This deceleration, driven by geopolitical tensions, economic volatility, and weak private consumption, has affected both Mainland China and Hong Kong, fostering a cautious, conservative stance across sectors. However, the improving economic outlook in Mainland China, coupled with recent stimulus measures by the Hong Kong Government, is expected to support market sentiment and stimulate domestic activity.

In spite of current headwinds, we remain confident in the long-term resilience of Hong Kong's economy as it adapts to evolving challenges aimed at reinforcing stability and boosting domestic spending. We are committed to enhancing our business's adaptability and agility in this dynamic environment, which will continue to guide our strategic initiatives.

We see strong growth potential in the generic drugs market and broader healthcare industry, driven by several key factors. Increased government investment in healthcare initiatives, such as the Chronic Disease Co-Care Pilot Scheme ("**CDCC**"), reflects a commitment to expanding access to affordable medications. Additionally, generics substitution policies further bolster this trend, creating a favorable environment for cost-effective healthcare solutions.

For instance, the 2024 Policy Address underscored the development of primary healthcare through expansions in the CDCC, district health centres, and the launch of a community pharmacy program. These efforts aim to improve healthcare access, especially for the elderly with chronic conditions. Starting this year, Hospital Authority patients can collect medications from chain pharmacies and receive health guidance from pharmacists, creating valuable opportunities to promote the use of affordable generic drugs through primary healthcare programs.

A demographic shift is further shaping the healthcare landscape. Hong Kong's aging population with complex health needs is driving increased demand for chronic disease medications, aligning well with the cost-effectiveness of generic drugs. The rising prevalence of chronic conditions, such as diabetes and heart disease, also heightens the demand for essential and specialty medications, while increased societal awareness of preventive care and disease management further bolsters this demand.

To capitalise on these market opportunities, we are reinforcing our position as a premier pharmaceutical provider in Hong Kong and Asia through a disciplined growth strategy. Our focus remains on optimising our product portfolio and expanding our product pipeline via strategic in-licensing and targeted R&D initiatives. To support this growth, we are strengthening our commercial and regulatory capabilities and building strategic partnerships across the regions. This approach enables us to capture emerging market opportunities and deliver essential and specialty medications to a broader patient base.

REMUNERATION POLICY

As of 30 September 2024, the Group has a total of 1,730 employees (compared to 1,588 employees as of 30 September 2023). For the Reporting Period, the total staff cost of the Group was HK$243.4 million, compared to HK$215.4 million for the six months ended 30 September 2023 with the corresponding enhancement in staff deployment supporting the growth and development of the Group. All of the Group's employees have entered into standard employment contracts with the Group. Remuneration packages for the Group's employees in general comprise one or more of the following elements: basic salary, sales-related incentives, productivity-related incentives and work performance bonuses. The Group sets out performance attributes for its employees based on their positions and job functions. It periodically reviews their work performance against the Group's strategic objectives and targets. The results of such reviews are taken into consideration when assessing salary adjustments, bonus awards, promotions, staff development plans and training needs. The Group provides various benefit schemes to its employees including annual leave entitlement, mandatory provident fund, group medical insurance and life insurance. A workers union has been established for the Group's employees in China according to local labour laws. As of 30 September 2024, the Group has not experienced any strikes or any labour disputes with its employees which would likely have had a material impact on its business.

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

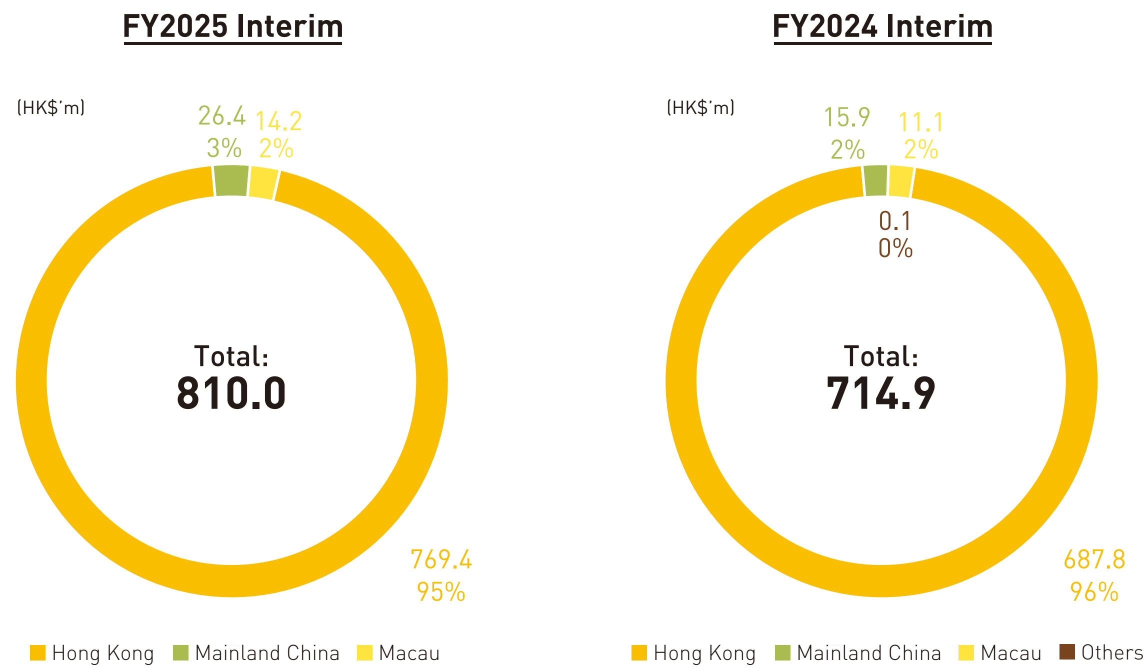
FINANCIAL REVIEW

Revenue

The Group's business has shown solid growth during the Reporting Period, with revenue increasing by HK$95.1 million or 13.3% compared to FY2024 Interim. This growth in business performance was primarily attributed to the robust operational performance in the generic drug business across both the Public and Private Sectors, along with revenue contributions from newly in-licensed products and the successful launch of new products.

During the Reporting Period, Hong Kong experienced a surge in flu cases during an extended flu season, particularly affecting vulnerable groups such as children and the elderly. Influenza activity in Hong Kong rose significantly from mid-January 2024, peaking in the second quarter of 2024 due to changes in the circulating virus strains. This increase led to a boosted demand for cold and flu medications and a marked rise in medical visits to hospitals and clinics. In addition to seasonal flu trends, the aging population and rising chronic conditions in Hong Kong also drove increased healthcare utilisation. Higher rates of diabetes and hypertension led to sustained medication use and medical visits, while growing health awareness prompted more preventive care. Mental health challenges, stemming from social isolation and economic pressure, further elevated medication demand.

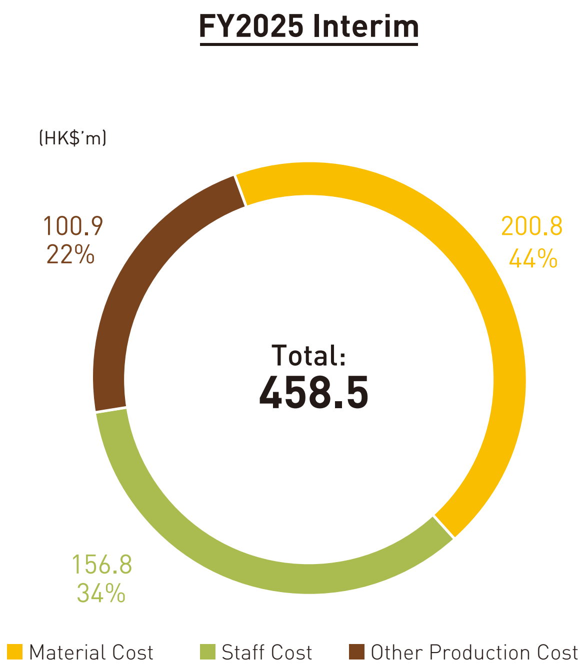
Revenue from continuing operations by geographic locations

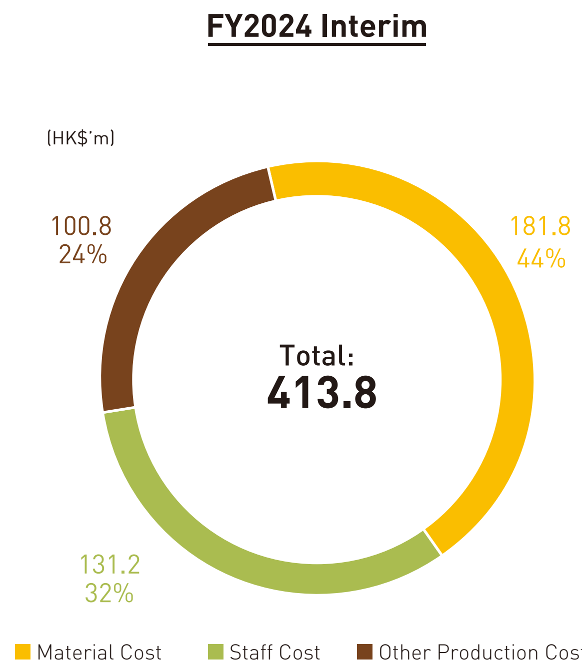


During the Reporting Period, Hong Kong remained the primary revenue driver, accounting for 95% of the total revenue and delivering a notable increase of HK$81.6 million or 11.9% compared to FY2024 Interim. This growth was primarily attributed to the strong performance in the generic drug business across both the Public and Private Sectors, boosted by the prolonged flu season from mid-January to late July 2024. During this flu season, Hong Kong experienced a rise in flu cases, particularly impacting vulnerable groups like children and the elderly due to changes in the circulating virus strains. Additional contributors came from newly in-licensed products and successful new product launches. Moreover, factors such as an ageing population, high prevalence of chronic conditions, rising mental health issues, and increased public health consciousness further drove demand for long-term medications and healthcare consultations.

In Mainland China, revenue recorded a significant increase, amounting to HK$10.5 million or 66.0%, primarily due to heightened demand for the Group's cold and flu and gastrointestinal product ranges during the Reporting Period. In Macau, revenue increased by HK$3.1 million or 27.9%, primarily driven by increased sales of the Group's cold and flu products during the Reporting Period.

Cost of Sales





The increase in cost of sales of HK$44.7 million or 10.8% was generally in line with the overall sales growth of the Group during the Reporting Period. Material cost continued to be the major component, contributing approximately 44% of the total cost of sales, while staff cost and other production cost contributed 34% and 22%, respectively.

The increase in material cost of HK$19.0 million or 10.5% was attributable to the increased production volume as a result of the heightened demand for products and change in sales mix during the Reporting Period.

The increase in staff cost of HK$25.6 million or 19.5% is reflected in the increased production headcount to support the uplifted production levels resulting from the sales growth and salary increment. The other production costs slightly increased by HK$0.1 million or 0.1% as a result of the increased operating leverage at our production facilities and the successful implementation of effective cost rationalisation measures.

Profit from Operations

The increase in profit from operations by HK$29.8 million or 18.0% to HK$195.8 million was mainly attributable to the increase in gross profit of HK$50.4 million resulting from the robust sales growth and successful implementation of effective cost-control measures, offset partially by the fair value loss on investment properties of HK$13.1 million and the decrease in interest income from bank deposits and investments of HK$9.0 million as a result of the lower average cash balance at banks during the Reporting Period compared to same period last year owing to the repayment of bank loans.

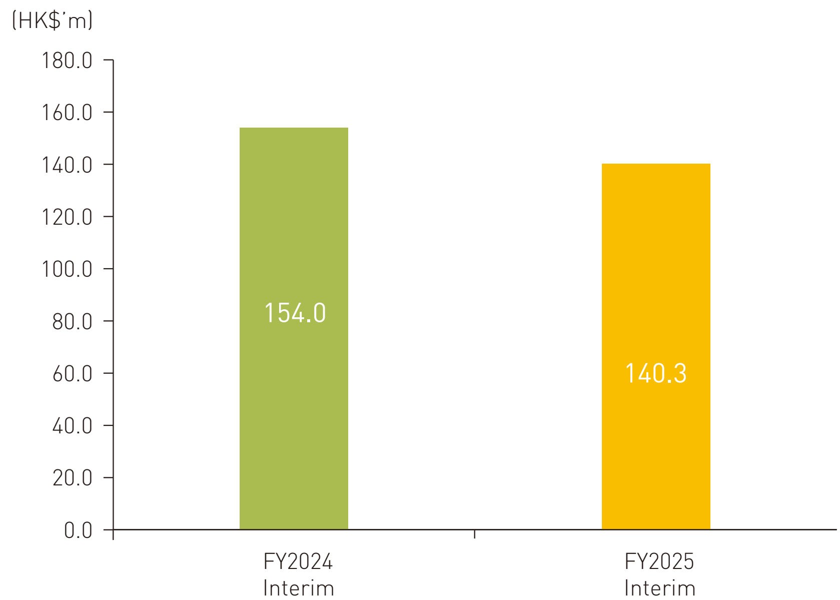
Finance Costs

The significant decrease in finance costs by HK$26.9 million or 56.7% was mainly attributable to the lower bank loan balance as a result of the repayment of bank loans for optimising the Group's financial leverage, as well as the decreasing interest rates in the market during the Reporting Period.

Income Tax

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

Profit Attributable to Equity Shareholders



The profit attributable to equity shareholders decreased slightly by HK$13.7 million or 8.9% to HK$140.3 million mainly due to the segregation of the JBM Healthcare Group from the Group as a result of the distribution in specie of JBM Healthcare Shares on 24 August 2023 (the profit attributable to equity shareholders arises from discontinued operations was HK$56.7 million for FY2024 Interim), which were offset partially by the significant increase in profit for the period from continuing operations of HK$43.0 million.

Assets

Investment properties, property, plant and equipment

The decrease in property, plant and equipment and investment properties principally reflected the depreciation of HK$62.2 million and the fair value loss on investment properties of HK$13.1 million, which was offset partially by the additions of HK$71.2 million mainly arose from the acquisitions of properties, plant and machinery used by our pharmaceutical manufacturing plants.

Intangible assets

The decrease in intangible assets was primarily attributable to the amortisation of HK$9.3 million, which were offset partially by the capitalised development costs of drugs and the new e-ordering system of HK$4.3 million.

Inventories

The slight increase in inventories by HK$8.1 million or 2.5% mainly reflected the expanded range of products mix as a result of the successful launch of new products to the markets.

Cash and cash equivalents

As at 30 September 2024, approximately 97.1% of cash and cash equivalents were denominated in Hong Kong dollars (as at 31 March 2024: 97.5%), while the remaining balances were denominated in Renminbi, Macau pataca, Taiwan dollars, and United States dollars.

Liabilities

Bank loans

The decrease in bank loans by HK$52.6 million or 7.5% as at 30 September 2024 was mainly attributable to the repayment of bank loans during the Reporting Period for optimising the Group's financial leverage. As at 30 September 2024, all bank loans of the Group were denominated in Hong Kong dollars.

Use of Proceeds

IPO proceeds

Net proceeds of HK$695,540,000 were raised from the initial public offering of the Company (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**").

The table below sets forth the status of utilisation of the IPO Proceeds as at 31 March 2024 and 30 September 2024 respectively, and the expected timeline of the use of the unutilised IPO Proceeds:

Use of IPO Proceeds	Proposed application*	As at 31 March 2024		As at 30 September 2024		Expected timeline for utilising the remaining IPO Proceeds
		Actual utilised amount	Unutilised amount	**Actual utilised amount**	**Unutilised amount**	
	HK$'000	*HK$'000*	*HK$'000*	***HK$'000***	***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	98,449*	92,853	5,596	**96,714**	**1,735**	On or before 31 March 2025*
Establishment of a new joint R&D centre with HKIB	5,882*	5,882	–	**5,882**	**–**	N/A
Marketing and advertising	83,465	83,465	–	**83,465**	**–**	N/A
General working capital	69,554	69,554	–	**69,554**	**–**	N/A
Total	695,540	689,944	5,596	**693,805**	**1,735**	

* The Company published an announcement on 9 March 2022 relating to the change of allocation of the unutilised IPO Proceeds and the expected timeline of full utilisation by (a) reallocating approximately HK$4.1 million which was originally allocated for establishment of a new joint R&D centre with HKIB to expansion of bioequivalence clinical studies; and (b) extending the expected timeline of the use of the unutilised IPO Proceeds from 31 March 2023 to 31 March 2025.

The Group intends to apply the remaining IPO Proceeds according to the revised plans disclosed in the announcement published on 9 March 2022 as shown above.

Proceeds from placing of new ordinary shares

On 27 February 2024, the Company issued 66,000,000 Shares with a par value of HK$0.01 each (the "**Placing Shares**") at an issue price of HK$0.60 per Placing Share to not less than 6 placees, who are third parties independent of the Company and its connected persons, with a view to enhancing the Group's financial position for future development and to broadening its shareholder base and capital base. The closing price of the shares of the Company as quoted on the Stock Exchange on the date of such placing agreement is HK$0.61 per Share. As a result, the Company received net proceeds of approximately HK$38,898,000 (the "**Placing Proceeds**") after deducting all related fees and expenses from the gross proceeds of HK$39,600,000. The net proceeds will be utilised primarily for the renovation of the Group's manufacturing facilities and the acquisition of machinery and equipment.

As at 30 September 2024, all Placing Proceeds have been utilised. There has not been any change to the intended use of the Placing Proceeds as disclosed in the announcement of the Company dated 27 February 2024.

The table below sets forth the status of utilisation of the Placing Proceeds as at 31 March 2024 and 30 September 2024 respectively:

		As at 31 March 2024		**As at 30 September 2024**	
Use of Placing Proceeds	**Proposed application** *HK$'000*	**Actual utilised amount** *HK$'000*	**Unutilised amount** *HK$'000*	**Actual utilised amount** ***HK$'000***	**Unutilised amount** ***HK$'000***
Renovation of the Group's manufacturing facilities and the acquisition of machinery and equipment	38,898	1,521	37,377	**38,898**	**–**

LIQUIDITY, CAPITAL RESOURCES AND CAPITAL STRUCTURE

The Group consistently adheres to conservative fund management. The solid capital structure and financial strength continue to provide a solid foundation for the Group's future development as well as mergers and acquisitions. The Group's primary uses of cash are to fund working capital, capital expenditures and mergers and acquisitions. During the Reporting Period, the Group funded its cash requirements principally from cash generated from operations, net proceeds from the Placing Shares and bank borrowings.

CHARGE ON GROUP ASSETS

As at 30 September 2024, the Group had no assets pledged against bank loans.

NET GEARING RATIO

The net gearing ratio of the Group (bank loans less cash and cash equivalents, divided by total equity multiplied by 100%) decreased from 12.2% as at 31 March 2024 to 5.6% as at 30 September 2024, mainly attributable to cash generated from operations of HK$288.7 million and the decrease in bank loans of HK$52.6 million during the Reporting Period.

FINANCIAL RISK ANALYSIS

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

CONTINGENT LIABILITIES

As at 30 September 2024, the Group did not have any significant contingent liabilities.

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.

NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

No significant event has taken place subsequent to 30 September 2024 and up to the date of this interim results announcement.

PRINCIPAL RISKS AND UNCERTAINTIES

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

– The Group operates in pharmaceutical manufacturing industry and is subject to various regulations; failure to comply with pharmaceutical or other regulations may restrict our business operations. The Group has dedicated quality control and quality assurance team in each manufacturing plant to ensure compliance with relevant regulations.

– The Group made a number of successful acquisitions; however, the Group may not be able to successfully identify, consummate and integrate future mergers or acquisitions. The Group will continue to seek for new acquisition opportunities and perform adequate due diligence to assess the potential acquisition targets.

– The Group operates in generic drugs business and development of new products provides additional growth driver for the Group. However, we may not be able to develop and launch new product according to our schedule. The Group continues to invest in the R&D of new products and engage external experts to enhance our overall R&D capability.

– The Group is also exposed to risks of liability and loss due to defective products as well as damage to the Group's reputation. While the Group has taken out product liability insurance, the insured amount may not be sufficient to cover all damages claimed. The Group has a designated production and quality assurance team to monitor product quality in each manufacturing plant to ensure they are in compliance with respective specifications.

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

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

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.

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

Currently, Mr. Sum is 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 the 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.

AUDIT COMMITTEE

The Board has established an audit committee (the "**Audit Committee**") which comprises three independent non-executive Directors, namely Mr. Young Chun Man, Kenneth (Chairman), Dr. Lam Kwing Tong, Alan 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) throughout the Reporting Period. As at 30 September 2024, the Company did not hold any treasury shares.

REVIEW OF INTERIM RESULTS

The interim results for the six months ended 30 September 2024 are unaudited, but have been reviewed by KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Hong Kong Institute of Certified Public Accountants, whose unmodified review report is included in the 2024/2025 Interim Report to be sent to shareholders of the Company.

The Audit Committee, together with management of the Company, has also reviewed the interim results for the six months ended 30 September 2024.

INTERIM DIVIDEND

The Board declared the payment of an interim dividend per Share for the six months ended 30 September 2024 of HK3.5 cents for the total amount of approximately HK$70.0 million (six months ended 30 September 2023: HK2.5 cents). The interim dividend will be paid on 2 April 2025 (Wednesday) to shareholders whose names appear on the register of members of the Company on 28 February 2025 (Friday), the record date. The details of interim dividend of the Group are set out in note 9 to this interim results announcement.

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 27 February 2025 (Thursday) to 28 February 2025 (Friday), both days inclusive, during which period no transfer of Shares 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on 26 February 2025 (Wednesday).

PUBLICATION OF THIS INTERIM RESULTS ANNOUNCEMENT AND THE 2024/2025 INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and of the Company (www.jacobsonpharma.com). The 2024/2025 Interim Report containing all the information required by the Listing Rules will be published on the respective websites of the Stock Exchange and the Company and will be dispatched to the shareholders of the Company in due course.

By order of the Board
Jacobson Pharma Corporation Limited
YIM Chun Leung
Executive Director

Hong Kong, 21 November 2024

As at the date of this announcement, the Board comprises Mr. Sum Kwong Yip, Derek (also as Chairman and Chief Executive Officer), Mr. Yim Chun Leung and Ms. Pun Yue Wai as executive Directors, Professor Wong Chi Kei, Ian as non-executive Director, and Dr. Lam Kwing Tong, Alan, Mr. Young Chun Man, Kenneth and Professor Lam Sing Kwong, Simon as independent non-executive Directors.

GLOSSARY

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

"2024/2025 Interim Report"	the interim report of the Company for the six months ended 30 September 2024
"adjusted EBITDA"	adjusted earnings before interest, taxes, depreciation and amortisation
"Board"	the board of directors of the Company
"CG Code"	Corporate Governance Code as amended or supplemented from time to time contained in Appendix C1 to the Listing Rules
"China", "Mainland China" or "the PRC"	the People's Republic of China excluding, for the purpose of this interim results announcement, 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
"Director(s)"	the director(s) of the Company
"ESG"	environmental, social and governance
"FY2024"	the year ended 31 March 2024
"FY2024 Interim"	the six months ended 30 September 2023
"FY2025"	the year ending 31 March 2025
"FY2025 Interim" or "Reporting Period"	the six months ended 30 September 2024
"GDP"	Gross Domestic Product
"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)
"JBM Healthcare"	JBM (Healthcare) Limited, an exempted company incorporated in the Cayman Islands with limited liability on 7 January 2020, the issued shares of which are listed on the Main Board on 5 February 2021 (stock code: 2161)
"JBM Healthcare Group"	JBM Healthcare and its subsidiaries
"JBM Healthcare Share(s)"	ordinary share(s) in the share capital of JBM Healthcare with nominal value of HK$0.01 each
"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 Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Mr. Sum"	Mr. Sum Kwong Yip, Derek, our chairman, executive Director, chief executive officer and one of our controlling shareholders
"Private Sector"	refers to non-Public Sector
"Public Sector"	refers to public sector institutions and clinics in Hong Kong
"R&D"	research and development
"Share(s)" or "share(s)"	ordinary share(s) in the capital of the Company with nominal value of HK$0.01 each
"Share Award Scheme"	the share award scheme adopted by our Company on 16 October 2018 and amended on 21 September 2023
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"treasury shares"	has the meaning as described in the Listing Rules