Jacobson Pharma Corporation Limited
雅各臣科研製藥有限公司

(Incorporated under the laws of the Cayman Islands with limited liability)

Stock Code : 2633

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2021

FINANCIAL HIGHLIGHTS

- The revenue for the financial year ended 31 March 2021 amounted to approximately HK$1,445.9 million, representing a decrease of about 8.0% as compared to that of approximately HK$1,571.5 million for the corresponding year of 2020.

- Profit from operations for the same year amounted to approximately HK$256.2 million, representing a decrease of about 19.5% as compared to that of approximately HK$318.2 million for the corresponding year of 2020.

- Profit attributable to equity shareholders of the Company for the same year amounted to approximately HK$173.7 million, representing a decrease of about 19.4% as compared to that of approximately HK$215.6 million for the corresponding year of 2020.

- The Board recommends payment of a final dividend for the year ended 31 March 2021 of HK1.5 cents per share for the total amount of approximately HK$29.0 million (2020 final dividend: HK2.5 cents per share). Including interim dividend of HK0.8 cent per share and special interim dividend of HK15.0 cents per share, total dividend for the year ended 31 March 2021 amounts to HK17.3 cents per share (2020 total dividend: HK4.5 cents per share).

The Board of the Company is pleased to announce the audited consolidated annual results of the Group for the year ended 31 March 2021, together with the comparative figures for the corresponding year of 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	**Year ended 31 March 2021** *HK$'000*	2020 *HK$'000*
Continuing operations			
Revenue	*4*	**1,445,915**	1,571,459
Cost of sales		**(884,832)**	(881,481)
Gross profit		**561,083**	689,978
Other net income	*5*	**102,743**	30,091
Selling and distribution expenses		**(177,412)**	(195,286)
Administrative and other operating expenses		**(230,174)**	(206,566)
Profit from operations		**256,240**	318,217
Finance costs	*6(A)*	**(30,144)**	(55,359)
Share of (losses)/profits of associates		**(3,676)**	1,993
Share of losses of joint ventures		**(1,851)**	(1,365)
Profit before taxation	*6*	**220,569**	263,486
Income tax	*7*	**(34,264)**	(46,025)
Profit for the year from continuing operations		**186,305**	217,461
Discontinued operations			
Profit for the year from discontinued operations	*8*	**3**	1,647
Profit for the year		**186,308**	219,108
Other comprehensive income for the year			
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		**(17,530)**	(39,684)
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		**3,541**	(867)
Other comprehensive income		**(13,989)**	(40,551)
Total comprehensive income for the year		**172,319**	178,557

	Note	Year ended 31 March 2021 HK$'000	2020 HK$'000
Profit attributable to:			
Equity shareholders of the Company		**173,713**	215,631
Non-controlling interests		**12,595**	3,477
Total profit for the year		**186,308**	219,108
Profit attributable to equity shareholders of the Company arises from:			
– Continuing operations		**173,710**	214,494
– Discontinued operations		**3**	1,137
		173,713	215,631
Total comprehensive income attributable to:			
Equity shareholders of the Company		**164,684**	175,080
Non-controlling interests		**7,635**	3,477
Total comprehensive income for the year		**172,319**	178,557
Total comprehensive income attributable to equity shareholders of the Company arises from:			
– Continuing operations		**164,681**	173,943
– Discontinued operations		**3**	1,137
		164,684	175,080
		HK cents	*HK cents*
Earnings per share	*9*		
Basic and diluted			
– From continuing operations		**9.07**	10.81
– From discontinued operations		**–***	0.06
Earnings per share for the year		**9.07**	10.87

* The amount represents less than HK0.01 cent.

Note: The results of wholesale and retail segment have been classified as discontinued operations of the Group for the years ended 31 March 2021 and 2020.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 March **2021** *HK$'000*	2020 *HK$'000*
Non-current assets			
Investment properties		**207,480**	358,000
Other property, plant and equipment		**1,550,599**	1,135,476
Intangible assets		**1,345,075**	1,310,880
Interests in associates		**57,484**	23,367
Interests in joint ventures		**4,036**	92,543
Other non-current assets		**73,091**	102,657
Other financial assets		**458,340**	376,818
Deferred tax assets		**10,263**	10,083
		3,706,368	3,409,824
Current assets			
Inventories		**356,184**	371,456
Trade and other receivables	*11*	**317,758**	277,954
Current tax recoverable		**6,490**	16,788
Other financial assets		**–**	7,687
Cash and cash equivalents		**480,350**	417,993
		1,160,782	1,091,878
Assets of the disposal group classified as held for sale		**–**	78,498
		1,160,782	1,170,376
Current liabilities			
Trade and other payables	*12*	**137,722**	120,158
Bank loans		**685,909**	538,654
Lease liabilities		**35,941**	47,450
Current tax payable		**14,334**	10,347
		873,906	716,609
Liabilities associated with the disposal group classified as held for sale		**–**	10,751
		873,906	727,360
Net current assets		**286,876**	443,016
Total assets less current liabilities		**3,993,244**	3,852,840

	Note	As at 31 March 2021 HK$'000	2020 HK$'000
Non-current liabilities			
Bank loans		**892,210**	1,014,982
Lease liabilities		**34,563**	47,042
Deferred tax liabilities		**206,362**	184,723
		1,133,135	1,246,747
NET ASSETS		**2,860,109**	2,606,093
CAPITAL AND RESERVES			
Share capital	*13*	**19,157**	19,170
Reserves		**2,370,691**	2,518,570
Total equity attributable to equity shareholders of the Company		**2,389,848**	2,537,740
Non-controlling interests		**470,261**	68,353
TOTAL EQUITY		**2,860,109**	2,606,093

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 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

The financial results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 March 2021 but are extracted from those consolidated financial statements.

The consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the consolidated financial statements for the year ended 31 March 2020, except for the changes in accounting policies as set out in note 3.

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Listing Rules.

The consolidated financial statements of the Group are prepared on the historical cost basis except for investment properties and investments measured as financial assets at fair value through other comprehensive income ("**FVOCI**") and at fair value through profit or loss ("**FVPL**") which are stated at fair values.

3 CHANGE IN ACCOUNTING POLICIES

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on the Group's results and financial position.

The Group has not applied any new standard or amendment that is not yet effective for the current accounting period except for the amendment to HKFRS 16, *COVID-19-related rent concessions*, which provides a practical expedient that allows lessees not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and, instead, account for those rent concessions as if they were not lease modifications. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the period in which the event or condition that triggers those payments occurred. There is no impact on the opening balance of equity at 1 April 2020.

4 REVENUE AND SEGMENT REPORTING

(A) Revenue

The principal activities of the Group are manufacturing and trading of generic drugs and proprietary medicines. All the revenue for the years ended 31 March 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 current year, 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 year segment information for comparative purpose have 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.

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)/profits 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 the financial statements.

The wholesale and retail segment has been classified as discontinued operations of the Group for the years ended 31 March 2021 and 2020.

(i) Segment revenue and results

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

	Continuing operations						Discontinued operations			
	Generic drugs Year ended 31 March		Branded healthcare Year ended 31 March		Subtotal Year ended 31 March		Wholesale and retail Year ended 31 March		Total Year ended 31 March	
	2021	2020 (Restated)	**2021**	2020 (Restated)	**2021**	2020 (Restated)	**2021**	2020 (Restated)	**2021**	2020 (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	**1,048,757**	1,189,917	**397,158**	381,542	**1,445,915**	1,571,459	**14,202**	186,220	**1,460,117**	1,757,679
Inter-segment revenue	**4,616**	6,821	**10,543**	7,542	**15,159**	14,363	**–**	–	**15,159**	14,363
Reportable segment revenue	**1,053,373**	1,196,738	**407,701**	389,084	**1,461,074**	1,585,822	**14,202**	186,220	**1,475,276**	1,772,042
Reportable segment profit/(loss) (adjusted EBITDA)	**338,415**	386,041	**129,203**	89,539	**467,618**	475,580	**(18)**	6,771	**467,600**	482,351

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

	Continuing operations Year ended 31 March		Discontinued operations Year ended 31 March	
	2021	2020 (Restated)	**2021**	2020 (Restated)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Generic drugs	**1,048,757**	1,189,917	**–**	–
Branded healthcare	**397,158**	381,542	**–**	–
Wholesale and retail	**–**	–	**14,202**	186,220
Total	**1,445,915**	1,571,459	**14,202**	186,220

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

	Continuing operations Year ended 31 March		Discontinued operations Year ended 31 March	
	2021	2020 (Restated)	**2021**	2020 (Restated)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Revenue				
Reportable segment revenue	**1,461,074**	1,585,822	**14,202**	186,220
Elimination of inter-segment revenue	**(15,159)**	(14,363)	**–**	–
Consolidated revenue	**1,445,915**	1,571,459	**14,202**	186,220
Profit				
Reportable segment profit/(loss)	**467,618**	475,580	**(18)**	6,771
Elimination of inter-segment (profit)/loss	**(821)**	666	**–**	–
Reportable segment profit derived from Group's external customers	**466,797**	476,246	**(18)**	6,771
Interest income from bank deposits and the investments	**2,088**	5,730	**2**	34
Gain on disposal of subsidiaries	**3,116**	–	**–**	–
Gain on deemed disposal of a joint venture	**7,457**	–	**–**	–
Depreciation and amortisation	**(191,701)**	(166,271)	**–**	(4,504)
Finance costs	**(30,144)**	(55,359)	**–**	(217)
Fair value gain on investment properties	**490**	1,200	**–**	–
Share of (losses)/profits of associates	**(3,676)**	1,993	**–**	–
Share of losses of joint ventures	**(1,851)**	(1,365)	**–**	–
Gain on redemption of Convertible Notes	**–**	8,223	**–**	–
Spin-off listing expenses	**(32,007)**	(6,911)	**–**	–
Consolidated profit/(loss) before taxation	**220,569**	263,486	**(16)**	2,084

(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 Year ended 31 March		**Discontinued operations Year ended 31 March**	
	2021	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers				
Hong Kong (place of domicile)	**1,312,743**	1,445,181	**14,202**	186,220
Mainland China	**46,611**	34,423	**–**	–
Macau	**62,512**	57,021	**–**	–
Singapore	**6,189**	12,388	**–**	–
Others	**17,860**	22,446	**–**	–
	1,445,915	1,571,459	**14,202**	186,220

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 31 March	
	2021	2020
	HK$'000	*HK$'000*
Specified non-current assets		
Hong Kong (place of domicile)	**3,103,681**	2,922,393
Mainland China	**50,002**	42,486
Macau	**14**	50
Taiwan	**5,062**	5,429
Cambodia	**79,006**	52,565
	3,237,765	3,022,923

(iv) Information about major customers

For the year ended 31 March 2021, the Group's customer base includes one (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$515,608,000 (2020: HK$481,176,000).

5 OTHER NET INCOME

	Continuing operations Year ended 31 March		Discontinued operations Year ended 31 March	
	2021	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Commission income	**1,285**	1,346	**–**	–
Interest income from bank deposits and the investments	**2,088**	5,730	**2**	34
Net foreign exchange (loss)/gain	**(1,576)**	249	**–**	–
Net loss on disposals of other property, plant and equipment	**(702)**	(356)	**–**	–
Net loss on disposals of intangible assets	**(1,347)**	–	**–**	–
Gain on disposals of subsidiaries	**3,116**	–	**–**	–
Gain on deemed disposal of a joint venture	**7,457**	–	**–**	–
Fair value gain on investment properties	**490**	1,200	**–**	–
Gain on redemption of Convertible Notes	**–**	8,223	**–**	–
COVID-19-related rent concessions	**1,322**	–	**–**	–
Rental income	**1,604**	6,089	**–**	–
Subcontracting income	**5,309**	4,848	**–**	–
Government grants *(Note)*	**81,066**	–	**160**	–
Others	**2,631**	2,762	**100**	56
	102,743	30,091	**262**	90

Note: In 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/(crediting):

(A) Finance costs

	Continuing operations Year ended 31 March		Discontinued operations Year ended 31 March	
	2021	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Interest on bank loans and other borrowings	**28,113**	52,788	**–**	–
Interest on lease liabilities	**2,031**	2,571	**–**	217
	30,144	55,359	**–**	217

(B) Other items

	Continuing operations Year ended 31 March		Discontinued operations Year ended 31 March	
	2021	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Depreciation				
– owned property, plant and equipment	**100,571**	86,010	**–**	183
– right-of-use assets	**51,195**	54,221	**–**	4,321
	151,766	140,231	**–**	4,504
Amortisation of intangible assets	**39,935**	26,040	**–**	–
Impairment losses on trade receivables	**–**	2,600	**–**	–
Auditors' remuneration				
– audit services	**9,973**	5,576	**12**	83
– other services	**3,267**	3,816	**2**	–
Research and development costs (other than amortisation of capitalised development costs)	**1,780**	3,734	**–**	–
Rentals received from investment properties less direct outgoings of HK$289,000 (2020: HK$782,000)	**(1,315)**	(5,307)	**–**	–
Cost of inventories	**884,832**	881,481	**13,227**	174,740
Spin-off listing expenses	**32,007**	6,911	**–**	–

7 INCOME TAX

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

	Continuing operations Year ended 31 March		Discontinued operations Year ended 31 March	
	2021	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Current tax				
Provision for the year	**42,000**	49,136	**–**	343
(Over)/under-provision in respect of prior years	**(255)**	(286)	**(19)**	94
	41,745	48,850	**(19)**	437
Deferred tax				
Origination and reversal of temporary differences	**(7,481)**	(2,825)	**–**	–
	34,264	46,025	**(19)**	437

8 DISPOSAL GROUP AND DISCONTINUED OPERATIONS

The assets and liabilities associated with the disposal group classified as held for sale as at 31 March 2020 were as follows:

	As at 31 March 2020 *HK$'000*
Assets of the disposal group classified as held for sale	78,498
Liabilities associated with the disposal group classified as held for sale	10,751

The results of the discontinued operations for the years ended 31 March 2021 and 2020 are set out below:

	Year ended 31 March	
	2021	2020
	HK$'000	*HK$'000*
Revenue	**14,202**	186,220
Cost of sales	**(13,227)**	(174,740)
Gross profit	**975**	11,480
Other net income	**262**	90
Selling and distribution expenses	**(1,164)**	(8,562)
Administrative and other operating expenses	**(89)**	(707)
(Loss)/profit from operations	**(16)**	2,301
Finance costs	**–**	(217)
(Loss)/profit before taxation	**(16)**	2,084
Income tax credits/(expenses)	**19**	(437)
Profit for the year from discontinued operations	**3**	1,647
Attributable to:		
Equity shareholders of the Company	**3**	1,137
Non-controlling interests	**–**	510
	3	1,647
Cash flow		
Operating cash (outflows)/inflows	**(440)**	4,651
Investing cash inflows	**2**	34
Financing cash outflows	**(614)**	(4,484)
Net cash (outflows)/inflows	**(1,052)**	201

9 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$173,713,000 for the year ended 31 March 2021 (2020: HK$215,631,000) and the weighted average ordinary shares in issue calculated as follows:

Weighted average number of ordinary shares:

	Year ended 31 March	
	2021	2020
	'000	*'000*
Shares of the Company issued at the beginning of the year	**1,916,953**	2,015,625
Effect of shares repurchased	**–**	(22,856)
Effect of shares held for Share Award Scheme	**(786)**	(9,748)
Weighted average number of ordinary shares in issue during the year	**1,916,167**	1,983,021

	Year ended 31 March	
	2021	2020
	HK$'000	*HK$'000*
Profit attributable to equity shareholders of the Company arises from:		
– Continuing operations	**173,710**	214,494
– Discontinued operations	**3**	1,137
	173,713	215,631

(B) Diluted earnings per share

Diluted earnings per share for the years ended 31 March 2021 and 2020 were the same as the basic earnings per share as there were no potentially dilutive ordinary share in existence during both years.

10 DIVIDENDS

(A) Dividends payable to shareholders attributable to the year

	Year ended 31 March	
	2021	2020
	HK$'000	*HK$'000*
Interim dividend declared and paid of HK0.8 cent per share (2020: HK2.0 cents per share)	**15,325**	39,967
Special interim dividend *(Note 1)*	**290,133**	–
Final dividend proposed after the end of the reporting period of HK1.5 cents per share (2020: HK2.5 cents per share) *(Note 2)*	**29,013**	48,356
	334,471	88,323

Note 1: A special interim dividend was made by the Company on 5 February 2021 in the form of distribution in specie of 241,777,625 shares in JBM Healthcare on the basis of 1 JBM Healthcare Share for every 8 shares held by shareholders of the Company whose names appear on the register of members of the Company on 29 January 2021. Based on the price of HK$1.20 per JBM Healthcare Share on 5 February 2021, the special interim dividend represented a distribution of approximately HK15 cents per share.

Note 2: The final dividend proposed after the end of the Reporting Period 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 paid during the year

	Year ended 31 March	
	2021	2020
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the year of HK2.5 cents per share (2020: HK3.0 cents per share)	**48,356**	60,469
Less: Dividend of shares held by Share Award Scheme	**(464)**	(204)
	47,892	60,265

11 TRADE AND OTHER RECEIVABLES

	As at 31 March	
	2021	2020
	HK$'000	*HK$'000*
Trade receivables	**260,993**	199,911
Other receivables	**13,691**	6,297
Deposits and prepayments	**43,061**	70,353
Amount due from an associate	**13**	–
Amount due from a joint venture	**–**	1,393
	317,758	277,954

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 31 March	
	2021	2020
	HK$'000	*HK$'000*
Less than 1 month	**162,940**	132,614
1 to 6 months	**68,981**	65,223
Over 6 months	**29,072**	2,074
	260,993	199,911

12 TRADE AND OTHER PAYABLES

	As at 31 March	
	2021	2020
	HK$'000	*HK$'000*
Trade payables	**38,590**	36,018
Salary and bonus payables	**42,049**	42,975
Payables and accruals for addition of other property, plant and equipment	**107**	1,180
Other payables and accruals	**48,139**	30,942
Receipts in advance	**3,430**	6,543
Amount due to an associate	**3,407**	–
Amount due to a joint venture	**2,000**	2,500
	137,722	120,158

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

	As at 31 March	
	2021	2020
	HK$'000	*HK$'000*
Within 1 month	**26,080**	23,218
1 to 6 months	**12,138**	12,636
Over 6 months	**372**	164
	38,590	36,018

13 SHARE CAPITAL

	Number of shares	Amount
	'000	*HK$'000*
Authorised:		
Ordinary shares of HK$0.01 each at 31 March 2020, 1 April 2020 and 31 March 2021	5,000,000	50,000
Issued:		
At 1 April 2019	2,015,625	20,156
Shares repurchased *(Note)*	(81,404)	(813)
Shares held for Share Award Scheme	(17,268)	(173)
At 31 March 2020	1,916,953	19,170
At 1 April 2020	1,916,953	19,170
Shares held for Share Award Scheme	(1,276)	(13)
At 31 March 2021	1,915,677	19,157

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:

During the year ended 31 March 2020, the Company repurchased a total of 81,404,000 ordinary shares of the Company on the Stock Exchange.

14 SCOPE OF WORK OF AUDITOR

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2021 as set out in the preliminary announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the auditor.

CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Shareholders,

"Every single day, we help improve the health of people in and around Hong Kong by developing, manufacturing & supplying essential medicines and consumer healthcare products for those who need them."

2020 was a year full of unprecedented challenges. The pandemic had a tremendous social, economic and healthcare impact upon those from every walk of life. Jacobson took measured steps to protect our staff and associates, maintain supplies of our essential medicines to patients, and ensure business continuity. I am proud of the way our management has responded to support our customers, the healthcare systems, and our people in challenging circumstances. We maintained the supply of medicines to patients without any disruptions while still advancing our pipelines and pivoting to new ways of engaging with customers.

Delivering on our strategy supported our financial performance in FY2021. Although the pandemic affected demand in some therapeutic areas, in particular certain branded medicines that rely on tourist consumption, strength in our key products helped us post a total revenue of HK$1,445.9 million, narrowly contracted by 8.0% year-on-year. Our operational resilience and ability to cater to a streamlined cost structure helped contribute to net earnings of HK$173.7 million despite the difficult market sentiments.

Staying Focused While Transforming for Greater Strength

With our robust manufacturing capabilities, excellent quality records and proven ability to commercialise, Jacobson is well-poised to build on this position of strength by showing our determination to lead our pipeline strategy, deliver continued growth and forge new grounds in cross-border e-commerce channels. We remain steadfast in our transformation journey, building new pathways of growth while simultaneously focusing on our strategic priorities.

As we review our performance for the year, I feel proud of the resilience and spirit of our people who continued to make progress in developing new formulae, enriching our portfolio through targeted in-licensing, and making headway on our strategic priorities.

We deliver performance by investing effectively in our business and our people as well as executing competitively. Our ability to launch new products and grow sales from our existing portfolio is central to our commercial sustainability. Our specialty medicines business is one of the key initiatives in this transformation process, targeting a specialisation driven business platform to create a competitive advantage and drive long-term growth. The purpose of this strategy is to build a portfolio of differentiated medicines and make them accessible to those who need them and to keep people healthy with our scientific and technical know-how.

In FY2021, we launched a number of specialty medicines including Arsenic Trioxide Oral Solution, Dihydrocodeine Tablet, Perindopril Tablet and Atomoxetine Capsule. Among these, the successful launch of Arsenic Trioxide Oral Solution is a testament to our reformulation and manufacturing capabilities. This oral dosage formulation is the first ever Arsenic Trioxide having been granted market authorisation by a competent health regulatory authority. Arsenic

Trioxide is a treatment primarily for Acute Promyelocytic Leukaemia and was developed in joint collaboration with the Faculty of Medicine of the University of Hong Kong. Our plan is to broaden the product's therapeutic indications and to secure market authorisation in more countries notably the United Kingdom and Singapore through continued clinical studies.

Strategies for the Creation of Two Forward-looking Companies

We remain firmly on track with our plans to separate into two new and forward-looking companies through a spin-off of our self-care consumer-health (SCCH) business from the Group. On 5 February 2021, we successfully listed the spun-off business, JBM Healthcare, on the Main Board. This separation serves as a catalyst to reset the operational capabilities and cost base to present a value-creation opportunity to both entities. Through the spin-off, we now have two separate platforms, one focuses on generics and specialty medicines while the other focuses principally on self-care consumer-health offerings. This facilitates a sharpened market focus with dedicated resources to encourage faster growth. With two distinct investment identities, it also allows direct access to capital markets for each of the respective businesses. In a nutshell, the spin-off provides a clear pathway to reshape the Group in a way that benefits the shareholders, patients and consumers alike.

Our People and Culture

As I write this letter in the middle of 2021, the world still remains in the grip of the pandemic. However, we have reasons to be optimistic due to the roll-out and execution of the vaccination program around the globe. At Jacobson, we took great pride in playing a part in introducing the Fosun Pharma/BioNTech Comirnaty COVID-19 mRNA Vaccine ("**Fosun BioNTech Comirnaty Vaccine**") into the markets of Hong Kong and Macau. I am particularly thankful for the dedicated efforts of our professional pharmacist teams who worked diligently with both Fosun Pharma and BioNTech SE in setting up the systems for regulatory compliance, pharmacovigilance and medical information dissemination. These are integral components for the seamless execution of the vaccination program.

The pandemic has demonstrated what is possible when resilience and collaborative science rise to the occasion. Our people have shown remarkable dedication and agility through the year in unprecedented circumstances. This includes our staff who have continued to work tirelessly in our manufacturing and logistics facilities throughout the pandemic to ensure a continuous supply of our essential medicines to patients. Their efforts have meant that despite the challenges, we enter 2021 with our pipeline stronger, our commercial execution sharper and our team morale higher to ensure that we can deliver sustained growth for our businesses.

I wish to thank our fantastic people and our trusted partners. Without them, we would not have achieved so much, and we shall count on them as we prepare for our exciting future.

Sincerely,

Sum Kwong Yip, Derek
Chairman and CEO
JACOBSON PHARMA CORPORATION LIMITED

Hong Kong, 29 June 2021

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year under review, the COVID-19 pandemic has struck hard the economy and stalled retail consumption due to various social distancing measures and travel restrictions imposed from time to time. Businesses across most sectors have spent 2020 grappling with unprecedented impact and challenges, putting our resilience to the test. Despite a rebound of the economy in Hong Kong in the first quarter of 2021 driven by strong exports, consumer spending still stayed low as hit by the fourth wave of the local coronavirus outbreak. In this regard, the speed and strength of full economic recovery may seem far from certain, which will largely depend on the pace for Hong Kong to reach herd immunity through vaccination.

Under the continual impact of the pandemic on our businesses, the Group posted a total revenue of HK$1,445.9 million during the Reporting Period, representing a 8.0% decline over the previous period. Mitigated by the impact relief and cost-saving measures, the Group posted a profit attributable to equity shareholders at HK$173.7 million representing a decline of 19.4% year-on-year.

Braving the challenging market sentiments, the Group remained steadfast in delivering its growth strategies and maintained a steady momentum in fortifying its leadership position in the generic drugs market in Hong Kong. Riding on its technological know-how, commercial strengths and operational excellence, the Group continued to make good progress in enriching its portfolio of product offerings and expanding its reach into strategically selected markets in Asia.

The Group successfully completed the spin-off of its branded healthcare business, which comprised branded medicines, proprietary Chinese medicines and health and wellness products, for listing on the Main Board on 5 February 2021. Such a separation will create two distinct platforms for the Group and the spun-off branded healthcare company to accelerate respectively their growth strategies with enhanced strategic and management focuses.

Being appointed as the exclusive distributor of Fosun BioNTech Comirnaty Vaccine in Hong Kong and Macau, we took pride in playing a part in introducing the Fosun BioNTech Comirnaty Vaccine into these two markets. We thanked the dedicated effort of our team in delivering a professional service in the areas of regulatory compliance, pharmacovigilance and medical information liaison works. Through the mission, we have also built a sound foundation for furthering our team expertise and capabilities on ultra-cold chain logistics for vaccines and specialised drugs in the future.

Furthermore, protecting our staff against COVID-19 is our priority concern. We have been highly conscious of our responsibility for ensuring a safe and hygienic working environment for our staff and have put in place robust procedures designed to minimise the transmission of COVID-19 in our workplaces.

Steady Growth of Generic Drugs Business in Public Sector

During the Reporting Period, the generics business of the Group was affected by a significant reduction of patient visits in private clinic due to home-isolation practices, as well as a short span of flu season as a result of the mask-wearing practices amongst the public.

As a consequence, the Group's total generics business sustained an overall drop by 11.9% with revenue at HK$1,048.8 million over the same period of last year, albeit a steady growth of business in the Public Sector which was offset by a dampened sales momentum in the Private Sector.

Strong Performance of Therapeutic Class Products

The Group has established a targeted portfolio of essential medicines and specialty drugs, commanding a strong position in a number of therapeutic classes in Hong Kong. Our comprehensive suite of generic drugs provides a one-stop solution for both the Public and Private Sectors to meet the escalating healthcare demand driven by the ageing population and the prevalence of chronic diseases.

The Group's offerings in therapeutic classes of oral anti-diabetic, cardiovascular and anti-ulcerative continued to demonstrate solid growth during the Reporting Period. The oral anti-diabetics and anti-ulcerative classes have registered a growth at 28.3% and 26.0% respectively in the Public Sector. The business growth was mainly attributable to the realisation of tendering business alongside an increased usage of these essential drugs in respective disease management categories.

In addition, the Group's angiotensin-converting enzyme inhibitor class and angiotensin II antagonist class of cardiovascular products have achieved robust sales growth of 62.2% and 33.6% respectively coupled with an increase in consumption of antihypertensive drugs in the Public Sector.

For the Private Sector, the Group's high performing products included laxatives which grew by 48.2%, along with angiotensin II receptor antagonists, beta-blockers and lipid-lowering products which also delivered strong growth of 50.2%, 19.6% and 18.8% respectively. Our hypnotic products for central nervous system treatments likewise posted a notable growth of 38.7% as compared to the same period of FY2020 under the negative impacts on the emotional and mental health of the public from COVID-19.

Supply of Infection Control Products to Fight COVID-19

To meet the surge in demand for antiseptic alcohol hand rubs due to the COVID-19 outbreak, the Group has taken measures to boost its manufacturing capacity to ensure an adequate supply of infection control products to hospitals and clinics to help medical and healthcare professionals fight the pandemic. A continuous supply of WHO-formulation alcohol hand rubs and alcohol-containing disinfectants was ensured by the Group for both the Public and Private Sectors during the Reporting Period. The Group also launched "MedProtect", a branded series of surgical face masks to cater to the protective needs of healthcare professionals and the public with the establishment of a production line in its PIC/S GMP certified manufacturing facilities which was accredited with EN ISO 13485:2016 for design and manufacture of surgical face masks. We have supplied more than 45,000 boxes of MedProtect face masks certified with ASTM Level 1 and EN 14683 Type II R standards to more than 2,000 medical professionals during the Reporting Period.

Introduction of New Products

With our continuous effort to introduce quality generics to meet medical and patient needs, the Group has launched a number of new products including Arsenic Trioxide Oral Solution, Dihydrocodeine Tablet, Perindopril Tablet, Atomoxetine Capsule, Rosuvastatin Tablet, Hydroxychloroquine Tablet, Desloratadine Tablet, Metronidazole Gel and Ofloxacin Eye Drops during the Reporting Period.

Among the above, Arsenic Trioxide Oral Solution was the first Arsenic Trioxide product successfully registered in Hong Kong, and was also the first included in the drug formulary of public hospitals indicated for the treatment of Acute Promyelocytic Leukaemia ("**APL**"). As a joint developer of the product in collaboration with the University of Hong Kong, the Group is the exclusive supplier of Arsenic Trioxide Oral Solution to public hospitals in Hong Kong.

APL is a genetic disease that tends to present its symptoms after adulthood with an incidence rate higher among East Asians. The use of Arsenic Trioxide in both newly diagnosed and relapsed APL patients has long been endorsed by multiple health bodies, such as the National Institute for Health and Clinical Excellence (NICE) from the United Kingdom and the National Institutes of Health (NIH) from the United States. As a bioequivalent alternative to its injectable counterparts, together with its preferable side effect profile and reduced hospitalisation cost, Arsenic Trioxide Oral Solution offers a better quality of life for our patients and has already established as a primary option for APL patients in Hong Kong.

Extending Business Opportunity into the Greater Bay Area

The recently promulgated Work Plan for Regulatory Innovation and Development of Pharmaceutical and Medical Device in the Guangdong-Hong Kong-Macau Greater Bay Area ("**GBA**") by China Central Government announced the policy initiatives allowing Hong Kong and Macau listed drugs and common medical devices to be used in designated medical institutions operated by service providers of Hong Kong and Macau within the GBA without prior National Medical Products Administration (NMPA China) registration.

The Hong Kong Government have been discussing with relevant Mainland authorities the implementation details. The new measure would facilitate Hong Kong residents to seek suitable healthcare services in the GBA and attract medical and pharmaceutical enterprises to expand businesses in Mainland cities of the GBA. As the largest generic drugs supplier in Hong Kong, the Group is well poised to tap such market opportunities and expand its product penetration into the prospering GBA cities.

Distribution of Fosun BioNTech Comirnaty Vaccine in Hong Kong and Macau

The COVID-19 outbreak has wreaked havoc on our society and economy. The control of the outbreak, and hence the ultimate recovery of normalcy, will be heavily dependent on us reaching herd immunity through vaccination.

The Group, with its deep-rooted corporate citizenship in Hong Kong, felt highly obligated and privileged to collaborate in the fight against COVID-19 as distributor of Fosun BioNTech Comirnaty Vaccine in Hong Kong and Macau under the exclusive distribution agreement with Fosun Pharma Group.

The program for Fosun BioNTech Comirnaty vaccination started in Hong Kong on 10 March 2021, and as at 31 May 2021, approximately 1,370,000 doses of the vaccine have been administered.

Fosun BioNTech Comirnaty Vaccine is an mRNA based vaccine developed by German biotech company BioNTech SE with the clinically-tested efficacy rate of 95%. The Advisory Committee of the United States Centers for Disease Control and Prevention (CDC) has recently endorsed the safety and effectiveness of the vaccine and its use in 12-through 15-year-old adolescents, which represented an important step on COVID-19 infection control within the population.

In ensuring the prompt access of Fosun BioNTech Comirnaty Vaccine for healthcare professionals and the public in Hong Kong amid spikes of the coronavirus outbreak, the Group's regulatory team dedicated immense efforts in supporting the urgent registration of the vaccine to secure the Emergency Use Approval (EUA) by the health authorities. We have invested in establishing an online ordering platform to help the Department of Health and the Community Vaccination Centers in Hong Kong efficiently and effectively manage vaccination bookings, vaccine orders and inventory. We have also set up a specialised team led by medical professionals and experienced pharmacists to provide 24-hour medical information services to the public, with the objective to deliver the best class vaccine and service support to citizens of Hong Kong and Macau.

Fosun BioNTech Comirnaty Vaccine requires an ultra-low temperature storage condition (-70 degree Celsius) to maintain its quality and efficacy, which necessitates the distribution to be built upon a flexible, just in time system backed by specialised thermal control equipment and stringent procedures. It was the first time in Hong Kong for applying such ultra-cold chain capability for commercialised pharmaceuticals. With respect to the challenges in concern, we have gained invaluable operational experience by tackling them with our cold chain logistic partner. All these experiences and operational establishments we have built have laid a solid foundation for strengthening further our regulatory, distribution, logistics, and marketing capabilities on vaccines and specialised drugs in the future.

Continuing Drive for Business Development

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 has signed in-license regional agreements with reputable manufacturers in Europe and South Korea for a total of 15 specialised drugs covering the central nervous system, infectious diseases, gastrointestinal, and other therapeutic classes. This included an injectable medication of macrolides which are a class of antibiotic specialised in treating respiratory, skin, soft tissue, sexually transmitted, H. pylori and atypical mycobacterial infections.

Among the newly in-licensed drugs, 7 of them have already been submitted for registration and will be eligible for tender bidding in the coming year.

Resilient Performance of Branded Healthcare Business

JBM Healthcare, the Group's subsidiary in consumer branded healthcare, was spun off from the Group and separately listed on the Main Board on 5 February 2021.

Despite the severe impact of COVID-19 on consumer sentiment and retail consumption, JBM Healthcare delivered a relatively resilient performance, posting a growth of 4.1% with total revenue at HK$397.1 million during the Reporting Period.

The resilient performance of the Group's branded healthcare business rests upon its broad yet targeted product offerings from notable brands in the segments of branded medicines, proprietary Chinese medicines and health and wellness products including health supplements, personal care products and diagnostic kits, which is buttressed by its proven brand management capability and extensive sales and distribution network in Hong Kong covering China, Macau, Taiwan and select countries in Southeast Asia, Europe, North America and the Caribbean Islands.

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 has established its eminent market position as a branded healthcare operator with a proven track record of introducing quality overseas branded products to our local markets, as well as rejuvenating heritage household brands to stimulate market demand and broaden their market appeal.

To drive growth under its strategic plan, JBM Healthcare will focus on expanding its product offerings (through representation, in-licensing, merger and acquisition) and deepening market penetration in China through the newly developing cross-border e-commerce platform. This is underpinned by its aim to develop a branded healthcare product sourcing and distribution platform in Asia through the integration of its regional resources and foothold.

R&D Pipeline on Track

The development of our product pipeline was on track during the Reporting Period. A total of 4 products in the fields of dermatology, gastroenterology and endocrinology, were successfully registered which are ready for launch in Hong Kong.

Five other new products including Haloperodol Mesalazine and Gabapentin have completed the development process and have been submitted to the Department of Health of Hong Kong for approval. In addition, 7 new items have been added to the pipeline during the Reporting Period.

As at 31 March 2021, there were 158 products in our pipeline under different stages of development and registration.

Collaborative Projects for Innovative Technologies

Newly Formed Collaboration Project with Hong Kong Institute of Biotechnology ("HKIB")

Funded under the Innovation and Technology Fund (ITF) by the Hong Kong Government, this two-year project has been successfully completed in the Reporting Period.

This collaborative project with HKIB aimed at studying the technology on the usage of Confocal Raman Microscope on specified manufacturing processes for providing the capability to precisely control and manage the manufacturing process for making sure that the complicated formulation, ingredient distribution, and specified in-vivo efficacy could be achieved.

A database containing more than 40 commonly used active pharmaceutical ingredients (APIs) and more than 80 excipients has been established to facilitate quick screening of constituents in samples. Additionally, a method for analysing the enteric coating of products has been developed which can quickly and effectively analyse the coating composition and film thickness in the sample.

A method for analysing the composition of solid preparations and the particle size of each component has also been established to enable specific analysis for all solid preparations to be performed, thereby improving the speed and rate of success in new product developments.

Collaboration Project on Anti-cancer Drugs Production Industrialisation

Kick-started in the first quarter of 2020, the collaboration project between the Group and a Beijing pharmaceutical company has been progressing on track.

This project combines the technological capabilities of advanced raw material drug synthesis and prescription process research with the Group's expertise in formulation technology to industrialise the production of anti-cancer drugs with indications covering non-small cell lung cancer (NSCLC) and chronic myeloid leukaemia (CML).

Two related studies of the project for the treatment of non-small cell lung cancer and chronic myeloid leukaemia are being conducted, with the research and development work near completion at this stage. Pilot scale-up, transfer and production will be carried out in due course.

Corporate Development

Spin-Off of Branded Healthcare Business

The Group successfully spun off and separately listed its branded healthcare business on the Main Board on 5 February 2021, by way of a distribution in specie to the shareholders of the Company (whose names appear on the register of members of the Company on 29 January 2021) of a portion of the shares of JBM Healthcare and a public offer in Hong Kong of the new shares of JBM Healthcare.

JBM Healthcare is principally engaged in the manufacturing and trading of branded healthcare products, comprising consumer healthcare products and proprietary Chinese medicines.

Immediately after the spin-off and public listing of JBM Healthcare, the Company indirectly holds 53.74% of the issued share capital of JBM Healthcare, which remains as a subsidiary of the Group.

The Group considers that the spin-off of JBM Healthcare is in the interests of the Group and its shareholders as a whole and will better position the remaining Jacobson and JBM Healthcare Group for further growth in their respective businesses under enhanced strategic and management focus, as well as unlocking values for their shareholders.

Material Acquisition and Disposal

Acquisition of 50% Equity Interest in a Pharmaceutical Manufacturing Company

In October 2020, the Group entered into a sale and purchase agreement with a joint venture partner to acquire its 50% equity interest in a pharmaceutical manufacturing company at a consideration of approximately HK$93.4 million. The Group held 50% effective interests in the target company and its subsidiary prior to the acquisition, which became wholly-owned subsidiaries of the Group upon completion.

The target company and its subsidiary own a PIC/S GMP accredited production facility for generic drugs and a specialty medicine in Hong Kong, which will fortify the Group's market share in the generic drugs business segment.

Partial Disposal of 49% Equity Interest in Hong Ning Hong Limited and its Subsidiary

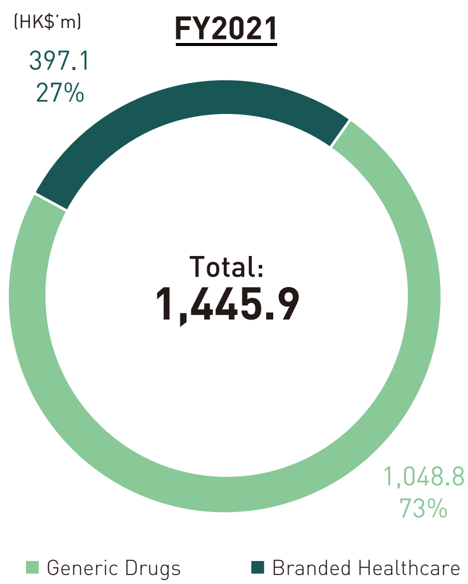
During the year ended 31 March 2020, the Group committed to disposing of its wholesale and retail business, which represented a reportable and operating segment, namely "wholesale and retail", and commenced negotiation with Million Effort Investment Limited, a company incorporated in the British Virgin Islands with limited liability and 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$41.6 million. The wholesale and retail segment was classified as a disposal group held for sale in the consolidated statement of financial position as at 31 March 2020 and as discontinued operations in the consolidated statement of profit or loss for the years ended 31 March 2021 and 2020.

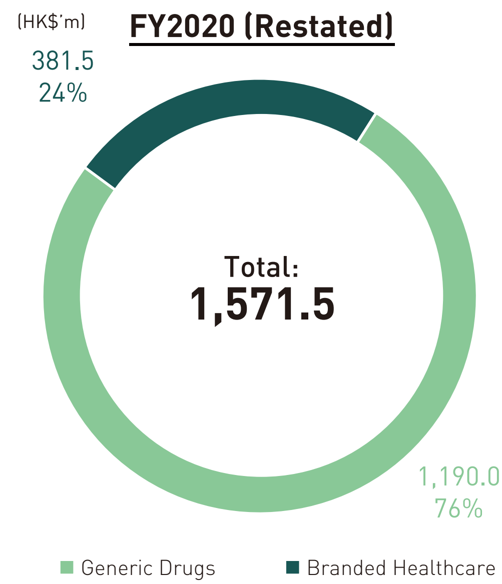
With the completion to disposing of its wholesale and retail business, which represented a reportable and operating segment, the Group's equity interest in Hong Ning Hong Limited ("**HNH**") has decreased from 70.0% to 21.0%, resulting in a loss in control over HNH. Accordingly, the investment in HNH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

FINANCIAL REVIEW

REVENUE

Revenue from Continuing Operations by Operating Segments



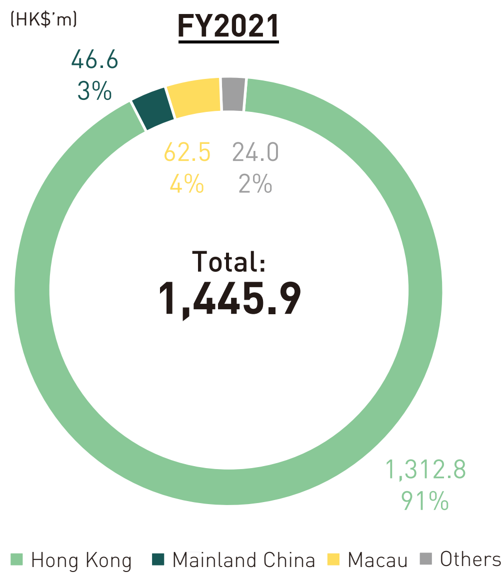


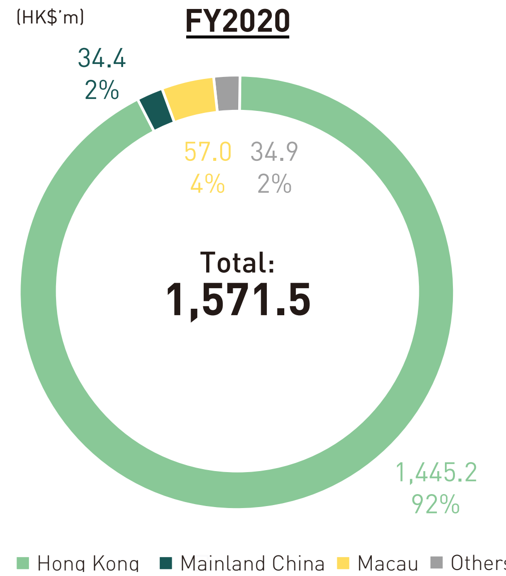
The decrease in revenue of HK$125.6 million or 8.0% compared to FY2020 was resulted from the decrease in revenue of HK$141.2 million in the generic drugs segment, partially compensated by the increase of HK$15.6 million in the branded healthcare segment. The revenue split of the two segments is at the ratio of 73% and 27%.

In the generic drugs segment, a composition of factors including the significant reduction of private clinic patients as a result of COVID-19 pandemic, the shortened span of flu season as a result of mask-wearing practices of the public for infection prevention, weak consumer sentiment due to the pandemic-control measures and deep plunge of visitors from the Mainland China and overseas, have negatively impacted the performance of the Private Sector business. However, the hampered performance of the Private Sector was partly offset by the revenue increase of the Public Sector with steady growth attributable to new public tenders awarded and increasing demand of essential medicines driven by the ageing population and prevalence in chronic diseases.

In the branded healthcare segment, the increase in revenue was mainly attributed to the consolidation of sales revenue of concentrated Chinese medicine granules products under Orizen Group since the acquisition of a controlling stake in August 2019, amid the resilient performance of a number of its principal brands despite the COVID-19 impact.

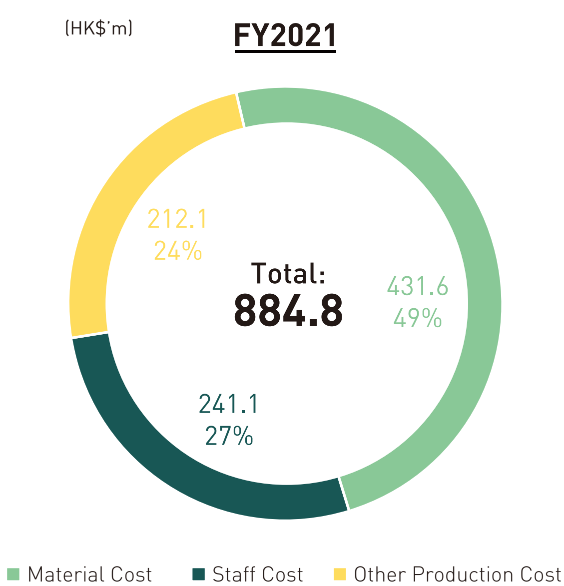
Revenue from Continuing Operations by Geographic Location

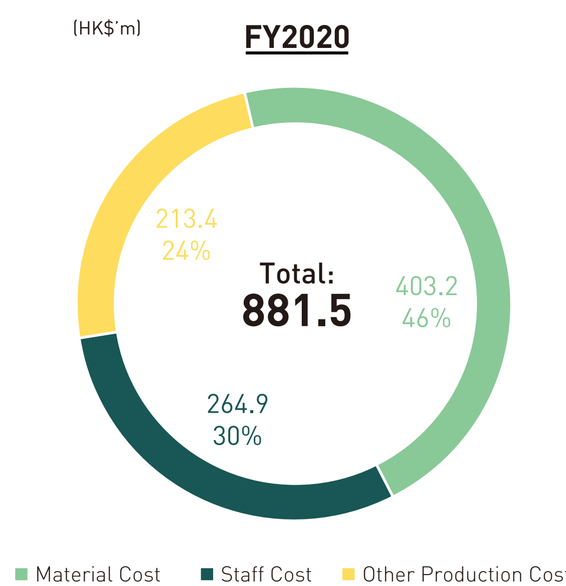




Hong Kong continued to be the major revenue stream, representing 91% of the total revenue with a decrease of HK$132.4 million compared to FY2020. The revenue growth in Macau was mainly contributed by the increase in sales of AIM Atropine Eye Drops. The revenue in Mainland China remained stable as compared to FY2020. The decrease in revenue from other overseas markets of HK$10.9 million was mainly due to a decrease in sales in South America and other Asian markets such as Taiwan, Singapore and the Philippines.

Cost of Sales

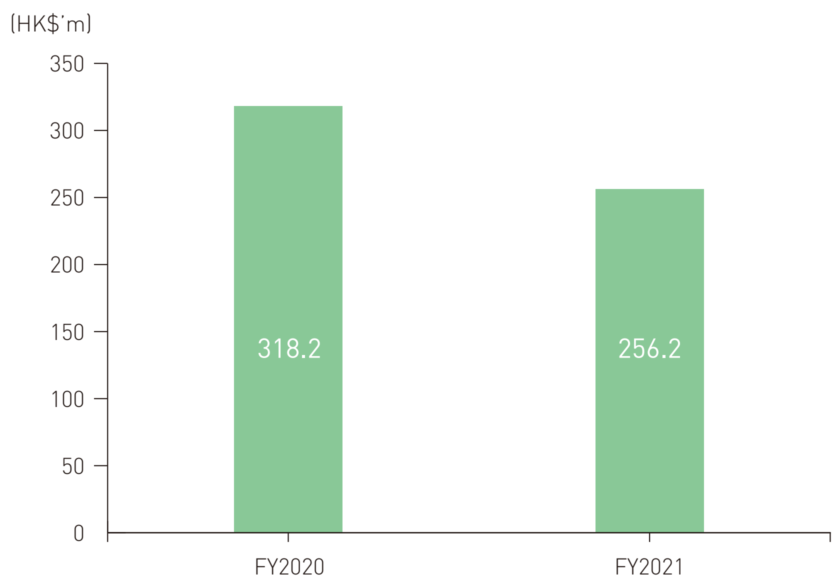




Material cost continued to be the major component constituting approximately 49% of the total cost of sales. The total cost of sales was generally at the same level as that of FY2020 despite a 8.0% decline in total revenue, which was mainly resulted from a higher revenue split from in-licensed products and contract-manufacturing products, which had a higher material cost than the self-manufactured products.

The decrease in staff cost of HK$23.8 million or 9.0% and other production costs of HK$1.3 million or 0.6% were generally in line with the overall sales trend of the Group.

Profit from Operations



The profit from operations dropped by HK$62.0 million or 19.5% to HK$256.2 million, mainly due to the decrease in gross profit and the one-off spin-off listing expenses of HK$32.0 million, which was compensated partially by the Employment Support Scheme subsidy from the Hong Kong Government and gain on disposals of subsidiaries and joint venture business during the Reporting Period.

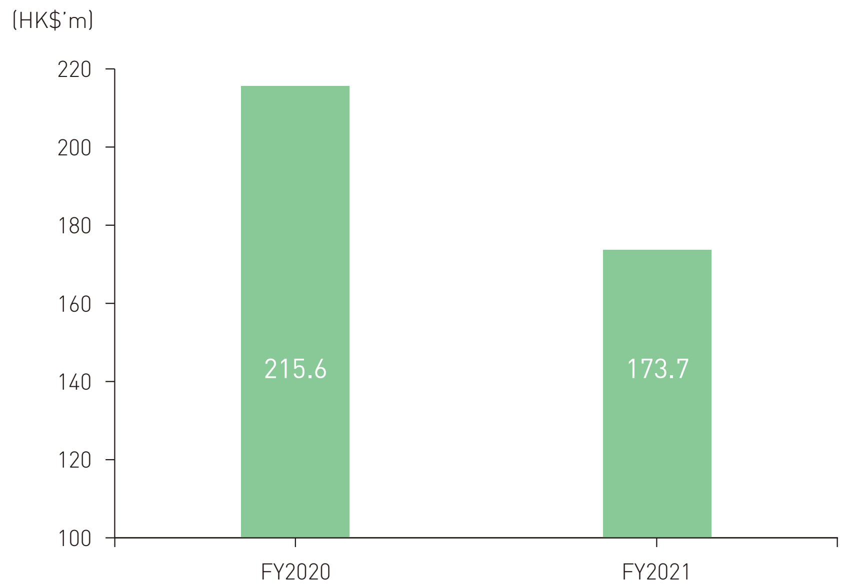
Finance Costs

The decrease in finance costs was mainly attributable to the reduction of amortisation costs resulted from the early redemption of the Convertible Notes in July and August 2019 and the decrease in average interest rates on bank loans during the Reporting Period.

Income Tax

The decrease in income tax primarily reflected the lower profit before taxation generated during the Reporting Period. The slight decrease in the effective tax rate was mainly attributable to the non-taxable Employment Support Scheme subsidy recognised during the Reporting Period.

Profit Attributable to Equity Shareholders



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

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$424.0 million mainly through the acquisition of a pharmaceutical manufacturing company and properties occupied by a pharmaceutical manufacturing company of the Group, offset partially by the depreciation of HK$151.8 million and disposals with a net book value of HK$9.8 million.

Intangible assets

The increase in intangible assets principally reflected the additions of HK$75.5 million mainly arising from the goodwill and licence from the acquisition of a pharmaceutical manufacturing company, the distribution rights from in-licensed branded healthcare products along with the capitalisation of development costs, which were offset partially by amortisation of HK$40.0 million.

Inventories

The decrease in inventories mainly reflected the lower stock level resulting from the overall decline in sales.

Cash and cash equivalents

As at 31 March 2021, approximately 93.7% of cash and cash equivalents were denominated in Hong Kong dollars (as at 31 March 2020: 88.4%), while the remaining balances were mainly denominated in United States dollars, Renminbi, Singapore dollars and Taiwan dollars.

Liabilities

Bank loans

The bank loans as at 31 March 2021 generally maintained at the same level as that of 31 March 2020. As at 31 March 2021, 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**"). 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 2020 and 31 March 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$'000*	As at 31 March 2020 Actual utilised amount *HK$'000*	Unutilised amount *HK$'000*	**As at 31 March 2021 Actual utilised amount** ***HK$'000***	**Unutilised amount** ***HK$'000***	**Expected timeline for utilising the remaining IPO Proceeds**
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	90,288	14,043	**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	56,510	37,821	**68,241**	**26,090**	On or before 31 March 2023
Establishment of a new joint R&D centre with HKIB	10,000	3,920	6,080	**5,156**	**4,844**	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
Total	695,540	637,596	57,944	**664,606**	**30,934**	

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 ("**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**").

The table below sets forth the status of utilisation of the Subscription Proceeds as at 31 March 2020 and 31 March 2021 respectively.

		As at 31 March 2020		**As at 31 March 2021**	
Use of Subscription Proceeds as set out in the Subscription Announcement	**Proposed application** *HK$'000*	Actual utilised amount *HK$'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	127,251	78,578	**205,829**	**-**
Acquisition, expansion and upgrading of operating facilities	164,663	164,663	–	**164,663**	**-**
General working capital	41,166	41,166	–	**41,166**	**-**
Total	411,658	333,080	78,578	**411,658**	**-**

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. The solid capital structure and financial strength continue to provide a sound foundation for the Group's future development.

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 and bank borrowings.

CHARGE ON GROUP ASSETS

The carrying value of assets pledged against bank loans increased from HK$751.4 million as at 31 March 2020 to HK$1,042.2 million as at 31 March 2021, which was mainly attributable to fixed assets pledged for a new bank loan obtained during the Reporting Period.

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 43.6% as at 31 March 2020 to 38.4% as at 31 March 2021. The decrease in net gearing ratio was mainly attributable to cash generated from operations and cash proceeds from the issuance of new shares by JBM Healthcare, a subsidiary of the Group that was spun off and separately listed on the Main Board, 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 31 March 2021, the Group did not have any significant contingent liabilities.

NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On 23 February 2021, the Group has entered into a sales and purchase agreement with an external party to acquire certain units in an industrial building in Hong Kong at a consideration of HK$23,140,000. The acquisition is expected to be completed on 30 June 2021.

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 generic drugs and proprietary medicines, 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 standards of corporate governance 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 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.

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 Wong Chi Kei, Ian and one non-executive Director namely 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. The Audit Committee, together with the management of the Company, has reviewed the annual results of the Group for 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.

FINAL DIVIDEND

The Board recommends to declare a final dividend of HK1.5 cents per share for FY2021 (FY2020: final dividend of HK2.5 cents per share), subject to the approval of shareholders at the 2021 AGM to be held on 23 September 2021 (Thursday), which is expected to be paid on 19 October 2021 (Tuesday) to shareholders whose names appear on the register of members of the Company on 8 October 2021 (Friday), being the record date for determining shareholders' entitlement to the proposed final dividend. In additional to an interim dividend of HK0.8 cent per share paid on 6 January 2021, a special interim dividend was made by the Company on 5 February 2021 in the form of distribution in specie of 241,777,625 shares in JBM Healthcare on the basis of 1 JBM Healthcare Share for every 8 shares held by shareholders of the Company whose names appear on the register of members of the Company on 29 January 2021. Based on the price of HK$1.20 per JBM Healthcare Share on 5 February 2021, the special interim dividend represented a distribution of approximately HK15.0 cents per share. The total dividend for FY2021 amounts to HK17.3 cents per share (FY2020 total dividend: HK4.5 cents per share). The details of final dividend of the Company are set out in note 10 of this announcement.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement of shareholders of the Company to attend and vote at the 2021 AGM, the register of members of the Company will be closed from 16 September 2021 (Thursday) to 23 September 2021 (Thursday), 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 15 September 2021 (Wednesday) for registration.

In order to determine the entitlement of shareholders of the Company to receive the final dividend, the register of members of the Company will be closed from 7 October 2021 (Thursday) to 8 October 2021 (Friday), both days inclusive, during which period no transfer of shares of the Company will be registered. All transfer documents, accompanied by the relevant share certificate, 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 6 October 2021 (Wednesday) for registration.

PUBLICATION OF THIS 2021 ANNUAL RESULTS ANNOUNCEMENT AND THE 2021 ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and of the Company (www.jacobsonpharma.com). The 2021 Annual 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, 29 June 2021

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 Lam Sing Kwong, Simon as non-executive Director, and Dr. Lam Kwing Tong, Alan, Mr. Young Chun Man, Kenneth and Professor Wong Chi Kei, Ian as independent non-executive Directors.

GLOSSARY

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

"2021 AGM"	the forthcoming 2021 annual general meeting of the Company
"2021 Annual Report"	the annual report of the Company for the year ended 31 March 2021
"AIM Atropine Eye Drops"	refers to AIM Atropine 0.01% Eye Drops and AIM Atropine 0.125% Eye Drops procured from Aseptic Innovative Medicine Co. Ltd., an anticholinergic agent as a sterile topical preservative-free ophthalmic solution that is commonly used in the treatment of myopia, mydriasis and cycloplegia
"associate(s), chief executive(s), controlling shareholder(s)"	each has the meaning as described in the Listing Rules
"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 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
"Convertible Notes"	convertible notes in an aggregate principal amount of HK$500 million which carried a coupon interest rate of 3.5% p.a. were issued by the Company on 3 October 2017 and were supposed to be due in October 2020
"COVID-19"	Coronavirus disease 2019
"Director(s)"	the director(s) of the Company
"Fosun Pharma"	Shanghai Fosun Pharmaceutical (Group) Co., Ltd.
"Fosun Pharma Group"	Fosun Pharma and its subsidiaries
"FY2020"	the year ended 31 March 2020

"FY2021" or "Reporting Period"	the year ended 31 March 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
"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 were listed on the Main Board on 5 February 2021, an indirect non-wholly owned subsidiary of the Company (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 Transaction by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"mRNA"	messenger ribonucleic acid
"Mr. Sum"	Mr. Sum Kwong Yip, Derek, our chairman, executive Director, chief executive officer and our controlling shareholder
"Orizen"	Orizen Capital Limited, a company with limited liability incorporated under the laws of the British Virgin Islands on 6 June 2018 which is an indirect non-wholly owned subsidiary of the Company

"Orizen Group"	Orizen and its subsidiaries
"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
"Share Award Scheme"	the share award scheme adopted by our Company on 16 October 2018, the principal terms of which were summarised in the announcement of the Company dated 16 October 2018
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"WHO"	World Health Organisation