JBM (HEALTHCARE) LIMITED
健倍苗苗(保健)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2161)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2022

FINANCIAL HIGHLIGHTS

- The revenue for the financial year ended 31 March 2022 amounted to approximately HK$406.1 million, representing an increase of about 2.2% as compared to that of approximately HK$397.2 million for the corresponding year of 2021.

- Profit from operations for the same year amounted to approximately HK$38.9 million, representing a decrease of about 22.7% as compared to that of approximately HK$50.3 million for the corresponding year of 2021.

- Profit attributable to equity shareholders of the Company for the same year amounted to approximately HK$24.6 million, representing an increase of about 8.8% as compared to that of approximately HK$22.6 million for the corresponding year of 2021.

- The Board does not recommend the payment of a final dividend in respect of the year ended 31 March 2022.

The Board is pleased to announce the audited consolidated annual results of the Group for the year ended 31 March 2022, together with the comparative figures for the corresponding year of 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 March	
		2022	2021
	Note	***HK$'000***	*HK$'000*
Revenue	*4*	**406,139**	397,158
Cost of sales		**(244,629)**	(198,725)
Gross profit		**161,510**	198,433
Other net income	*5*	**2,582**	11,371
Selling and distribution expenses		**(81,225)**	(85,705)
Administrative and other operating expenses		**(43,924)**	(41,816)
Listing expenses		**–**	(32,007)
Profit from operations		**38,943**	50,276
Finance costs	*6(a)*	**(6,407)**	(7,409)
Share of loss of an associate		**(1,578)**	(1,054)
Share of losses of joint ventures		**(213)**	(132)
Profit before taxation	*6*	**30,745**	41,681
Income tax	*7*	**(7,417)**	(11,062)
Profit for the year		**23,328**	30,619
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		**–**	(10,720)
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		**(126)**	1,194
Other comprehensive income		**(126)**	(9,526)
Total comprehensive income for the year		**23,202**	21,093

	Note	Year ended 31 March **2022** ***HK$'000***	2021 *HK$'000*
Profit attributable to:			
Equity shareholders of the Company		**24,620**	22,600
Non-controlling interests		**(1,292)**	8,019
Total profit for the year		**23,328**	30,619
Total comprehensive income attributable to:			
Equity shareholders of the Company		**24,494**	13,074
Non-controlling interests		**(1,292)**	8,019
Total comprehensive income for the year		**23,202**	21,093
		HK cents	*HK cents*
Earnings per share			
Basic and diluted	*8*	**2.75**	2.78

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 March	
		2022	2021
	Note	***HK$'000***	*HK$'000*
Non-current assets			
Property, plant and equipment		**179,960**	190,070
Intangible assets		**828,834**	851,750
Interest in an associate		**15,327**	16,905
Interests in joint ventures		**4,334**	4,036
Other non-current assets		**11,192**	6,741
Other financial assets		**25,321**	25,321
Deferred tax assets		**2,783**	2,062
		1,067,751	1,096,885
Current assets			
Inventories		**47,874**	48,016
Trade and other receivables	*10*	**144,465**	141,248
Current tax recoverable		**2,556**	668
Cash and cash equivalents		**69,843**	94,376
		264,738	284,308
Current liabilities			
Trade and other payables and contract liabilities	*11*	**47,762**	56,970
Bank loans		**60,000**	60,000
Lease liabilities		**15,890**	12,882
Current tax payable		**4,961**	7,290
		128,613	137,142
Net current assets		**136,125**	147,166
Total assets less current liabilities		**1,203,876**	1,244,051

		As at 31 March	
		2022	2021
	Note	***HK$'000***	*HK$'000*
Non-current liabilities			
Bank loans		**115,000**	175,000
Lease liabilities		**22,204**	20,036
Deferred tax liabilities		**97,482**	102,072
		234,686	297,108
NET ASSETS		**969,190**	946,943
CAPITAL AND RESERVES			
Share capital	*12*	**8,937**	8,937
Reserves		**920,265**	895,771
Total equity attributable to equity shareholders of the Company		**929,202**	904,708
Non-controlling interests		**39,988**	42,235
TOTAL EQUITY		**969,190**	946,943

NOTES TO THE FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

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

2 BASIS OF PREPARATION

The financial results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 March 2022 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 2021, except for the changes in accounting policies 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 investments measured as financial assets at fair value through other comprehensive income ("**FVOCI**") which are stated at fair values.

3 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to HKFRSs issued by the HKICPA to its financial statements for the current accounting period:

- Amendment to HKFRS 16, *Covid-19-related rent concessions beyond 30 June 2021*
- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest rate benchmark reform – phase 2*

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

Amendment to HKFRS 16, *COVID-19-related rent concessions beyond 30 June 2021 (2021 Amendment)*

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

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest rate benchmark reform – phase 2*

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

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are manufacturing and trading of proprietary medicines and distributing health and wellness products. All the revenue for the years ended 31 March 2022 and 2021 was recognised in accordance with HKFRS 15, *Revenue from contracts with customers*. The Group has applied practical expedient in paragraph 121 of HKFRS 15 to its sales contracts and does not disclose information about remaining performance obligations that have original expected duration of one year or less.

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

(b) Segment reporting

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

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

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

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

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

The measure used for reporting segment profit is gross profit.

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

No inter-segment sales have occurred during the years ended 31 March 2022 and 2021.

(i) ***Segment revenue and results***

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

	Branded medicines		**Proprietary Chinese medicines**		**Health and wellness products**		**Total**	
	Year ended 31 March		**Year ended 31 March**		**Year ended 31 March**		**Year ended 31 March**	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers and reportable segment revenue recognised at a point in time	**134,330**	134,484	**232,908**	210,851	**38,901**	51,823	**406,139**	397,158
Reportable segment gross profit	**83,675**	88,805	**62,556**	90,069	**15,279**	19,559	**161,510**	198,433

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

	Year ended 31 March	
	2022	2021
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue and consolidated revenue	**406,139**	397,158
Profit		
Reportable segment gross profit	**161,510**	198,433
Other net income	**2,582**	11,371
Selling and distribution expenses	**(81,225)**	(85,705)
Administrative and other operating expenses	**(43,924)**	(41,816)
Listing expenses	**–**	(32,007)
Finance costs	**(6,407)**	(7,409)
Share of loss of an associate	**(1,578)**	(1,054)
Share of losses of joint ventures	**(213)**	(132)
Consolidated profit before taxation	**30,745**	41,681
Interest income	**(18)**	(175)
Finance costs	**6,407**	7,409
Depreciation and amortisation	**47,783**	43,602
Impairment loss of intangible assets	**2,500**	–
Listing expenses	**–**	32,007
Share of loss of an associate	**1,578**	1,054
Share of losses of joint ventures	**213**	132
Adjusted EBITDA*	**89,208**	125,710

* Represents "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 loss of an associate, share of losses of joint ventures and non-recurring items not attributable to the operations of individual segments.

(iii) ***Geographic information***

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

	Year ended 31 March	
	2022	2021
	HK$'000	*HK$'000*
Revenue from external customers		
Hong Kong (place of domicile)	**284,610**	300,249
Macau	**35,867**	46,594
Mainland China	**61,012**	27,810
Singapore	**12,379**	4,883
Others	**12,271**	17,622
	406,139	397,158

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

	As at 31 March	
	2022	2021
	HK$'000	*HK$'000*
Specified non-current assets		
Hong Kong (place of domicile)	**1,022,693**	1,050,959
Mainland China	**16,954**	18,543
	1,039,647	1,069,502

(iv) ***Information about major customer***

For the year ended 31 March 2022, the Group's customer base includes one (2021: one) customer of proprietary Chinese medicines and branded medicines segments with whom transactions have exceeded 10% of the Group's revenue. Revenue from sales of proprietary Chinese medicines and branded medicines to this customer amounted to approximately HK$78,604,000 (2021: HK$132,843,000).

5 OTHER NET INCOME

	Year ended 31 March	
	2022	2021
	HK$'000	*HK$'000*
Commission income	**1,621**	1,285
Interest income from bank deposits	**18**	175
Government grants *(Note)*	**–**	10,117
Net foreign exchange gain/(loss)	**133**	(1,182)
Net loss on disposals of property, plant and equipment	**(13)**	(197)
Others	**823**	1,173
	2,582	11,371

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:

	Year ended 31 March	
	2022	2021
	HK$'000	*HK$'000*
(a) Finance costs		
Interest on bank loans	**5,400**	2,241
Interest expense on amount due to the immediate holding company	**–**	4,550
Interest on lease liabilities to:		
– third parties	**183**	272
– fellow subsidiaries	**824**	346
	1,007	618
	6,407	7,409
(b) Other items		
Depreciation		
– owned property, plant and equipment	**13,180**	12,979
– right-of-use assets	**14,187**	11,911
	27,367	24,890
Amortisation of intangible assets	**20,416**	18,712
Impairment loss of intangible assets	**2,500**	–
Auditors' remuneration		
– audit services	**1,980**	5,960
– other services	**852**	1,355
Cost of inventories	**244,629**	198,725

7 INCOME TAX

	Year ended 31 March	
	2022	2021
	HK$'000	*HK$'000*
Current tax		
Provision for the year	**12,545**	17,001
Under/(over)-provision in respect of prior years	**183**	(147)
	12,728	16,854
Deferred tax		
Origination and reversal of temporary differences	**(5,311)**	(5,792)
	7,417	11,062

The provision for Hong Kong Profits Tax for the year is calculated at 16.5% of the estimated assessable profits for the year. Income tax for entities incorporated in other jurisdictions is charged at the appropriate rates of taxation ruling 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 of HK$24,620,000 for the year ended 31 March 2022 (2021: HK$22,600,000), and the weighted average ordinary shares in issue calculated as follows:

	Year ended 31 March	
	2022	2021
	'000	*'000*
Weighted average number of ordinary shares:		
Shares of the Company issued at the beginning of the year	**893,686**	722,000
Effect of shares issued	**–**	85,247
Effect of shares issued under initial public offering	**–**	6,734
Weighted average number of ordinary shares in issue during the year	**893,686**	813,981

The weighted average number of ordinary shares in issue during the year ended 31 March 2021 was calculated based on the assumption that 722,000,000 shares were in issue at the beginning of the year, taking into consideration the effect of the Capitalisation Issue (see note 12(i)).

(b) Diluted earnings per share

Diluted earnings per share for the years ended 31 March 2022 and 2021 were the same as the basic earnings per share as there were no potential dilutive ordinary shares in existence during both years.

9 DIVIDENDS

The Board does not recommend the payment of a final dividend in respect of the year ended 31 March 2022 (2021: Nil).

10 TRADE AND OTHER RECEIVABLES

	As at 31 March	
	2022	2021
	HK$'000	*HK$'000*
Trade receivables		
– third parties	**126,639**	132,306
– fellow subsidiaries	**1,505**	1,506
	128,144	133,812
Other receivables	**417**	747
Amounts due from joint ventures	**6,505**	–
Deposits and prepayments	**9,399**	6,689
	144,465	141,248

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	
	2022	2021
	HK$'000	*HK$'000*
Less than 1 month	**50,995**	64,578
1 to 6 months	**30,448**	43,404
Over 6 months	**46,701**	25,830
	128,144	133,812

11 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	As at 31 March	
	2022	2021
	HK$'000	*HK$'000*
Trade payables		
– third parties	**22,295**	13,013
Salary and bonus payables	**4,810**	5,690
Other payables and accruals	**15,114**	33,460
Amount due to a joint venture	**2,000**	2,000
Amounts due to fellow subsidiaries	**883**	1,104
Contract liabilities	**2,660**	1,703
	47,762	56,970

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 31 March	
	2022	2021
	HK$'000	*HK$'000*
Less than 1 month	**13,682**	9,231
1 to 6 months	**8,536**	3,671
Over 6 months	**77**	111
	22,295	13,013

12 SHARE CAPITAL

	Note	**Number of shares** *'000*	**Amount** *HK$'000*
Authorised:			
Ordinary shares of HK$0.01 each at 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022		**5,000,000**	**50,000**
Issued:			
At 1 April 2020		**1,000**	**10**
Capitalisation Issue	*(i)*	**721,000**	**7,210**
Issuance of ordinary shares	*(ii)*	**127,000**	**1,270**
Shares issued under initial public offering	*(iii)*	**44,686**	**447**
At 31 March 2021, 1 April 2021 and 31 March 2022		**893,686**	**8,937**

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

Notes:

(i) On 24 July 2020, the Company allotted and issued a total of 721,000,000 shares by way of capitalisation of share premium of the Company to JBM Group (BVI) Limited ("**Capitalisation Issue**").

(ii) On 27 July 2020, Sampan Development Limited ("**Sampan**"), an indirect wholly-owned subsidiary of the Company, Ms. Yang Hua ("**Ms. Yang**") who is a connected person of the Company at subsidiary level and the Company entered into a share purchase agreement under which Sampan agreed to purchase 10% of the total issued share capital of Orizen Group at the consideration of HK$30,000,000, which shall be satisfied by way of an allotment and issuance of 30,000,000 shares by the Company to Ms. Yang. The difference between the consideration and the 10% of net assets in Orizen Group amounted to approximately HK$10,642,000 was recognised by the Group in capital reserve.

On the same date, the Company and JBM Group (BVI) Limited entered into the Strategic Investment Agreements with certain strategic investors who are independent third parties. The Company agreed to issue a total of 97,000,000 shares to the strategic investors for an aggregate consideration of HK$97,000,000, representing a subscription price of HK$1.00 per share.

(iii) On 5 February 2021, the Company issued 44,686,000 ordinary shares with a par value of HK$0.01 each, at price of HK$1.20 per share by way of a public offering to Hong Kong investors. Net proceeds from such issue amounted to HK$48,253,000 (after deducting share issuance expenses of HK$5,370,000) of which HK$447,000 and HK$47,806,000 were recorded in share capital and share premium respectively.

13 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 2022 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 STATEMENT

Dear Partners and Shareholders,

Delivering Growth with Resolve and Resilience

JBM's spin-off from the parent group and its transformation into a pure-play consumer self-care company has come a long way in two years' time. Albeit the challenges and headwinds in 2021, we have delivered topline growth, streamlined our portfolio of businesses alongside a focused drive on seizing new business opportunities in the burgeoning China market. These drives would have a significant bearing on our strategic position and growth impetus in the future. We remain optimistic that the team will be able to see their immense efforts come to fruition in the coming months.

On the business development front, I am also gratified to see that our people have risen to the challenges of the pandemic, which have had an impact on business sentiments and consumers' buying behavior. Being able to maintain a reliable supply of our branded healthcare products to meet the needs of healthcare professionals and consumers is a testament to the resilience of our operations and the agility of our people, especially those working in manufacturing and logistics operations. Our business team, with their continued efforts, has successfully launched a number of new products under proprietary Chinese medicines and made sound progress on the cross-border e-commerce platform. At JBM, our people are determined to live up to our company purpose – enabling better health through self-care as a trusted partner. I am proud that we are making a positive impact on the delivery of quality healthcare solutions to those in need.

Delivering Strategic Transformation by Prioritising People, Performance and Product

I firmly believe JBM should be a company where people can thrive. Creating the right culture and delivering performance aspirations is a priority for the management team. We have an enormous responsibility to inspire and support our people to grow with the company. Going forward, we set out three strategic priorities – to deliver more from our robust foundation, build a portfolio that anticipates market needs, and inspire and enable our people to excel.

JBM has a compelling product portfolio comprising an array of leading brands with a solid market position. Performance is driven by investing effectively in our business and people and executing competitively. Our ability to build a market-driven portfolio, launch new products effectively and grow sales progressively from the existing portfolio is key to our commercial success. Strengthening the pipeline remains the company's priority strategy for growth. This initiative can be facilitated through close collaboration with our partners from around the world. Our network of partnerships enables us to provide a broad array of products with differentiated and competitive propositions. In 2021, we entered into new partnerships and built on existing branded medicines and health supplement categories. Some of these opportunities will contribute in the near term, while others will drive long term growth.

Our Commitment to Living Up to Our Purpose

Operating responsibly is core to JBM. We are guided by a deep sense of purpose – we enable better health through self-care. To us, "bettering health" not only represents our commitment to supplying quality medicines and providing healthcare solutions, but also elevating our people and communities in which we operate, and delivering meaningful values on environmental, social and governance stewardship. While we recognise the need and importance of providing tangible ESG performance to investors and other stakeholders, we have enhanced measures and reporting mechanism with oversight and validation undertaken by external professional parties. I trust this would demonstrate the commitment to our future ESG performance.

There is much work for us to do in creating values and bringing returns to our stakeholders. Our people are the reasons why JBM will succeed in years to come. I would like to thank them all for what they achieved in 2021 and the momentum they are delivering. Stakeholders like you play an important role in our growth trajectory. We will continue to count on your trust and support as we prepare for our exciting future.

Sum Kwong Yip, Derek
Chairman
JBM (Healthcare) Limited

Hong Kong, 29 June 2022

CHIEF EXECUTIVE OFFICER’S STATEMENT

Dear Shareholders,

Resilience amid Challenges

FY2022 was another turbulent year for Hong Kong as the COVID-19 epidemic continued to cast a shadow over the city. The recovery traction of the domestic economy presented throughout 2021 was drastically disrupted by the dire spread of the fifth epidemic outbreak at the beginning of 2022. The retail market thus suffered a downturn starting in February this year following a protracted period of growth, posing tempered sentiment in the market.

As I reflect on our performance, I am thankful to our teams for their tremendous teamwork, dedication and professionalism, which they continued to demonstrate in the demanding and dynamic market environment under the epidemic. Despite the ongoing challenges, we have persevered and maintained a resilient performance for our business through the alignment, agility and tenacity of our people.

We have remained steadfast in driving our growth strategies and advancing our competitive market position while actively maintaining our nimbleness to respond to the evolving market dynamics. We were able to uphold a sound operating position with optimised resources, sharpened commercial execution and prudent cost disciplines in navigating the turbulent market conditions.

Notwithstanding the modest growth of our overall revenue, the strong performances of some category-leading brands in our healthcare portfolio, such as AIM Atropine Eye Drops, Oncotype DX® Breast Cancer Recurrence Score Test, our CCMG brand, have been encouraging and demonstrating a robust momentum. However, under the lingering pandemic-related restrictive measures, the subdued retail sector continued to put pressure on the sales and price of some branded medicines and proprietary Chinese medicines, which are expecting a recovery to be bed by the lifting of cross border travel restrictions, especially with the Mainland China.

Robust Performances of Category Leading Brands

Among the notable performers demonstrating a strong growth impetus, AIM Atropine Eye Drops is the first commercially available atropine with clinical research support in Hong Kong and has established a leading brand position in myopia control for young-aged children through our continuing vision care education programs, professional sales channel penetration efforts and ophthalmologists’ recommendations. We believe AIM Atropine Eye Drops will be well-positioned in catering to the uprising demand for children’s myopia control as we actively drive its expansion into targeted markets in Asia and Greater China, where we have the exclusive marketing right.

We are also pleased with the growing recognition of Oncotype DX® Breast Cancer Recurrence Score Test among early-stage breast cancer patients, which helps individual patients predict the associated benefit of adjuvant chemotherapy, allowing for more targeted, personalised medical treatments. Our team’s dedicated efforts are praise-worthy in successfully promoting the awareness and acceptance of the genomic diagnostic score test through ongoing public education programs and the patient support financial assistance project in collaboration with the Hong Kong Breast Cancer Foundation.

There was a surged demand for traditional Chinese medicines among the public during the fifth wave of COVID-19 outbreak with the government's advocacy of their collaborative use with western medications for enhanced efficacy in COVID-19 cases treatment by drawing on clinical practices in both Mainland China and Hong Kong. The growing trend for the popularity of traditional Chinese medicines due to its natural, holistic and complementary healing benefits has been developing, which will be further boosted by the government's strategic development support for the traditional Chinese medicines industry in Hong Kong and the Greater Bay Area. Our well-established CCMG brand which cements a leading position among Chinese medicine practitioners in Hong Kong, will be well-placed to capitalise on the continued growth of the traditional Chinese medicines market, as evidenced by its sustained performance.

Enhanced Pipeline and Strengthened Execution

The enrichment of our portfolio and pipeline has been the strategic priority we relentlessly pursue with robust execution in fortifying our competitive position as a dynamic forward looking branded healthcare company.

In the strategic alliance with Kin Fung Weisen-U Company Limited, we have successfully launched Weisen-U Digestive Enzyme, the first line extension of the Weisen-U brand, with an encouraging response from the market while having more new product extensions in the pipeline.

Through the marketing joint venture with Tycoon Group to tap into the evolving market trend and consumer demand, we have developed and launched an own-branded nutrition a series of nutritional products in the bones health and nicotinamide mononucleotide (NMN) supplement categories. This strategic collaboration exemplifies the effective leveraging of both parties' complementing expertise and capabilities.

Our continued drive in the strategic enhancement of our branded healthcare portfolio was also demonstrated by, among others, the formulation upgrade of Smartfish Omega 3 nutrition line, broadening of Dr. Freeman® home diagnostics series, and the expansion in medical consumables which carry a market niche.

Headway in Cross-Border E-commerce Development

The PRC cross-border e-commerce platform in rapid growth represents a strategic avenue for JBM to tap into the massive online consumption of Mainland China consumers. The ability to gain direct access through the e-commerce platform to sell our select branded healthcare products to end consumers in China constitutes a strategic deployment for JBM to drive product penetration into the Mainland China market.

Our strategy in forging the cross-border e-commerce platform entry continued to make headway with our sustained efforts to drive expansion in product offerings, platform foothold and consumer traffic. Encouraging performance has been seen in our platform operation and business growth which is supported by our dedicated operation and customer service team in Shenzhen, PRC. An illustrative example is our well-recognised household brand Ho Chai Kung, which has become the No. 3 leading brand in the pain killer category at Tmall cross-border platform with a hit-purchase conversion rate of around 15%, outperforming the average of 8%.

We have currently a listing of over 55 and 35 products at our Tmall and JD cross-border flagship stores respectively, in addition to over 60 products at Tmall, JD and AliHealth business-to-business (B2B) platforms, of which we will continually expand to capture PRC consumers' demand for quality imported healthcare products of reputable brands.

Looking Ahead

Operating a vertically integrated business encompassing brand management and marketing, sourcing, development and manufacturing, sales and distribution of brand products, JBM has established its eminent market position as a branded healthcare operator with a proven track record.

We are committed to building a strong operating position and sound commercial platform to accelerate our development and bring more effective and differentiated healthcare solutions to consumers by robustly delivering on our multi-pronged growth strategies.

Riding on our broad and differentiated portfolio and proven execution capabilities, we are well positioned to leverage the promising opportunities presented by the consumer healthcare markets spanning Hong Kong, Greater China and Asia.

Our forward momentum will carry over to 2022 and beyond, allowing us to emerge from the COVID-19 challenges stronger with the backing of our solid and strengthening foundation.

Appreciation

I want to express my deep gratitude to our dedicated team for their hard work, adaptability and contributions in surmounting the continual challenges to our business and operation posed by the epidemic, which underscores the strength and resilience of our performance.

I would also like to thank our partners, customers and stakeholders for their continued trust and support throughout the challenging times and look forward to an exciting and thriving year ahead.

WONG Yat Wai, Patrick
Chief Executive Officer

Hong Kong, 29 June 2022

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

FY2022 was another challenging year under the continual impact of the pandemic. Albeit a gradual improvement in market conditions throughout 2021, the rampant spread of COVID-19 variants continued to pose new challenges and undermined the recovery. Hong Kong's retail sales fell in February 2022 after 12 straight months of growth when the latest wave of local epidemic swept the city, leading to COVID-19 cases in record highs and the severe anti-epidemic measures which weighed on consumption sentiment and posed renewed pressures on the retail sector. First quarter domestic retail sales manifested the notable decline at a seasonally adjusted provisional estimate of –14.9% as compared to the same period of last year.

Notwithstanding the market and operation challenges, the Group delivered a resilient performance on its branded healthcare portfolio, and remained adaptive and nimble in navigating the COVID-19 impact with strengthened commercial execution, while staying focused on its long term development strategies.

Results

Amid the COVID-19 impact on retail consumption, the Group's branded healthcare business, which comprises branded medicines, proprietary Chinese medicines and health and wellness products, posted a total revenue of HK$406.1 million during the Reporting Period, delivering a modest growth of 2.2% over the previous period.

Gross profit, however, presented a decrease of 18.6% to HK$161.5 million for the FY2022, mainly due to the considerable slow-down of Po Chai Pills sales, alongside the pandemic impact on consumption sentiment and selling price of certain products of the Group, despite strong growth contributions from CCMG and certain branded medicines and health & wellness products during the Reporting Period.

The Group's profit attributable to equity shareholders for the FY2022 amounted to HK$24.6 million, representing an increase of 8.8%, taking into account the base effect of the one-off pandemic impact relief subsidy from the Hong Kong government in the amount of about HK$10.1 million and the listing expense of HK$32.0 million during the previous period, with the offset by the drop in gross profit.

Mitigating the impact from the distressed retail sector, the Group spared no effort in seizing and realising business opportunities in the market. During the Reporting Period, the Group launched a number of new products in both the proprietary Chinese medicines and health and wellness products segments and made sound progress on building up our PRC cross-border e-commerce platform. Furthermore, the Group has continued to optimise its resources to drive steadfastly its growth strategies whilst pragmatically strive for strong disciplines in cost saving.

Operation Performance

The adverse impact of COVID-19 continued to pose pressure to the Group's business as a result of the sluggish consumer demand in both domestic and certain overseas markets during the Reporting Period.

In spite of the challenge, the Group has achieved an overall resilient performance, boosted by its branded healthcare portfolio which comprises broad and yet targeted product offerings of notable brands in segments of branded medicines, proprietary Chinese medicines, and health and wellness products including health supplements, personal care products, and diagnostic kits. It was also bolstered by our brand management capability and established sales network in Hong Kong.

Furthermore, the Group has been making headway with its PRC cross-border e-commerce platform bridging access of our products with target consumers in Mainland China.

Branded Medicines

Affected by the negative retail sentiment due to the lingering social distancing and travel restriction measures, the revenue of the branded medicines segment basically maintained the same over the previous period.

This was mainly attributed to the decrease in sales of Ho Chai Kung, one of our household brands well-recognised in the analgesics OTC category, yet offset by the robust sales performance of AIM Atropine Eye Drops, along with obvious growth in some notable branded products such as Pantogar Capsules (瑞士倍髮加) and Rowatanal Cream (諾華痔瘡膏).

Enjoying a leading brand position in children's myopia control, AIM Atropine Eye Drops continued to enhance its market penetration in Hong Kong, Mainland China and Asia, with a strong increase of 38.4% in sales during the Reporting Period.

Owing to the increasing time that children spend on computer screens and online devices for learning, socialisation or entertainment in general, the exacerbation of myopia problem has been a prevailing eye health issue that requires prompt attention from both children and their parents. To educate on the importance of prevention of myopia and early control of progression among young children, we have rolled out successful online and offline programs in collaboration with eye care professionals and social organisations to reach out to primary school students for eye health and protection messages.

Proprietary Chinese Medicines

The sales revenue of the proprietary Chinese medicines segment of the Group delivered notable growth of 10.4% over the previous period, driven by the encouraging performance of its CCMG business, in addition to some third party products.

Amid the slow recovery of the retail and distribution markets in Hong Kong, the segment's overall performance has benefited from the robust growth of its CCMG revenue owing to the strong growth of public demand in traditional Chinese medicine services. The demand has been further promoted through the government's endorsement on the benefits of integrating western and traditional Chinese medicines in treatment and recuperation of mildly ill COVID-19 patients during the latest widespread fifth wave of outbreak of local epidemic. Enjoying a leading market position that carries and distributes more than 700 single-flavor and compound CCMG products to an extensive network of Chinese medicine practitioners in Hong Kong, our CCMG brand is well positioned to capitalise on the increasing demand.

As we sell most of our branded proprietary Chinese medicine products through retail channels, the pandemic has continued to impact local sales due to the deep plunge of tourists from China with the ongoing travel restrictions. For instance, sales of Po Chai Pills, one of our household heritage brands, witnessed a significant slowdown during the Reporting Period because local trade and retailers were cautious about the dampened market demand and responded with a reduced inventory level. However, with the resumption of social and economic activities in most Asian countries, sales of Po Chai Pills in Indonesia, Malaysia, and Singapore rebounded during the Reporting Period. This also applied to sales of Shiling Oil in key Caribbean markets with a robust growth over the previous period.

Health and Wellness Products

The health and wellness products segment of the Group encountered a decrease of 24.9% in sales, which was mainly attributed to the overall receded consumer demand for infection prevention products during the Reporting Period as opposed to the upsurge in demand at the onset of the COVID-19 pandemic.

Nevertheless, the business of Oncotype DX® Breast Cancer Recurrence Score Test maintained its robust growth, posting a 25.8% increase during the Reporting Period.

Amongst early-stage breast cancer patients, the popularity and share of patients of Oncotype DX® Breast Cancer Recurrence Score Test continued to grow, driven by our collaborated product education and patient financial assistance programs. Our ongoing collaboration with Hong Kong Breast Cancer Foundation (HKBCF) that leverages its financial assistance program in supporting patients of government hospitals to obtain the diagnostic score test has continued to drive notable growth for the test. We also actively promote the product education and financial assistance program through targeted online, social platform and outdoor advertisements to enhance patient awareness and understanding in the benefits of the test.

Encouraging growth also came from Smartfish Cream, a well-established brand in Omega 3 supplement among young children in Hong Kong, which was upgraded in formulation and volume with enhanced propositions for consumers. Integrated marketing activities, including online and offline brand building, product education, sampling and sales promotion, along with channel expansion strategy in key chain and general trade, have formed strong support to drive growth for the well-received nutrition supplement within the toddlers market.

Business Development

While we strive to maintain the resilience of our business, we continue to drive our growth strategies to cement our competitive position on the business development front.

Our ability to continuously identify products that satisfy evolving consumer preferences, expand the variety of quality products in our portfolio, manage the brands effectively, and deliver strong commercial execution to realise market opportunities are key to our future growth and success.

New Product Offerings

We have made steady progress in enriching our portfolio and launching of new products during the Reporting Period.

An example was Weisen-U Digestive Enzyme, the first line extension of the Weisen-U brand, which was pilot-launched through our cross-border e-commerce channels followed by offline listing in major chain stores and general trade outlets, with good response generated from the consumers. The new product will also roll out in Singapore later this year, where Weisen-U was successfully relaunched in the market at earlier time.

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

Pursuing our strategy of enhancing our portfolio with medical consumables that carry a market niche, we have signed an exclusive agreement with DEBx Medical B.V. from Netherlands to launch a novel desiccant agent for chemical debridement, DEBRICHEM®, in Asia. DEBRICHEM® is an innovative product transforming the treatment option for chronic infection wounds. It is a patented acidic gel certified as a single-use topical medical device for effectively and efficiently eliminating the biofilm and infection through debridement chemically instead of surgically. Besides, we have made good progress on formalising in-licensing arrangements with reputable manufacturers, among which is a well-established brand in medical consumables for infusion.

To cater for the evolving trend of market and consumer demand, we have also planned to introduce a health supplement series under our marketing joint venture with Tycoon Group. A number of new products in the bones health and nicotinamide mononucleotide (NMN) supplement categories under the brand SEASONS have been launched into the market through distribution in major chain outlets backed by above-the-line advertising and in-store promotor support.

As for home diagnostics, our Dr. Freeman® COVID-19 Antibodies Rapid Test Kit, unlike most of the antigen tests in market, provided a reliable rapid test option for people who cannot perform the nasal swab method, in helping the fight against the recent COVID-19 variant outbreak. Striving to establish a strong branded position in home diagnostic kits market, Dr. Freeman® has broadened its portfolio with the successful launch of the H.pylori Antigen Rapid Test into different chain pharmacy and online retail channels. Dr. Freeman® will continue to expand its product range to offer comprehensive home test kit options for consumers.

Acceleration on E-commerce Development

Our strategy of making a foray into the fast growing PRC cross-border e-commerce business continued to gain traction as a result of our sustained efforts to drive expansion in product offerings, platform footholds and customer traffic.

Contrary to the sluggish performance of the physical retail market impacted by the pandemic, the growth and development in our e-commerce business have accelerated during the Reporting Period. In addition to our two self-operated flagship stores on Tmall Global Marketplace (天貓賣場型旗艦店) and JD Worldwide (京東國際), we have opened another flagship store for Po Chai Pills at Tmall International (天貓國際).

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

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

We have seen encouraging performance in our platform operation and business growth which is supported by our dedicated operation and customer service team in Shenzhen, PRC. For example, Ho Chai Kung has become the No. 3 leading brand in the pain killer category at Tmall cross-border platform with a hit-purchase conversion rate at about 15%, outperforming the average of 8%.

Currently, we have an expanding product listing of over 55 and 35 items respectively at our Tmall and JD cross-border flagship stores, in addition to over 60 items at AliHealth, JD and Tmall B2B platforms.

Capturing Growth Potential in Chinese Medicines

The popularity and acceptance of proprietary Chinese medicines among consumers have greatly developed over the years as a result of their complementary healing benefits, cultural heritage and favorable government policies in promoting the development of traditional Chinese medicines, amid the growing health concerns of the public. The role of Chinese medicines has been further boosted by advocacy of the Hong Kong government and Mainland experts on the enhanced efficacy of collaborative use of Western and Chinese medicines in treatment of COVID-19 patients as the fifth wave of coronavirus infections raged at the city.

The push for Chinese medicine is demonstrated by two undergoing flagship projects funded by the government for supporting traditional Chinese medicine development in Hong Kong, namely the city's first Chinese Medicine Hospital at Tseung Kwan O and the Government Chinese Medicines Testing Institute.

The Chinese Medicine Hospital, to be completed in 2025, will provide outpatient and inpatient services, as well as an important base for Chinese medicine teaching, clinical training and scientific research. The Government Chinese Medicines Testing Institute will aim to support the research on Chinese medicine identification and testing methods for promoting the standardisation and internationalisation of Chinese medicines.

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

Our proprietary Chinese medicine business also benefits from the collaborative support of the Hong Kong and Mainland governments in facilitating the entry of Hong Kong traditional proprietary Chinese medicines in the Greater Bay Area. Streamlined procedures have been announced which allow holders of any traditional proprietary Chinese medicines for external use, registered and marketed for more than five years in Hong Kong, to apply for registration with the Guangdong Provincial Medical Products Administration (GDMPA). Leveraging the measure with our proprietary Chinese medicines portfolio, we have proceeded with the registration for our renowned heritage brand Shiling Oil, followed by other selected household brands of medicated oils we carry.

Outlook

Although we have a bumpy start of 2022 raged by the fifth wave of local COVID-19 outbreak, we believe Hong Kong's economy, backed by its strong fundamentals, will resume its recovery path with the easing of the local epidemic situation. The Hong Kong government has rolled out various relief measures, with the aim of energising the economy and paving way for a speedy recovery. The disbursal of the new round of electronic consumption vouchers in April 2022 should also provide some support to the retail sector.

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

COVID-19 has hastened the shift in consumers' purchasing habits, driving them increasingly from shopping offline to online, as evidenced by the strong year-on-year growth of 39% in Hong Kong's online retail sales in 2021, alongside the 15% increase in retail e-commerce for Mainland China.

We believe that the trend of the at-home economy will continue to spur rapid growth of the online business across the markets, as reflected in the positive development of the Group's e-commerce business amidst the pandemic. As most of the e-commerce revenue was derived from Mainland China, the Group will continue to capitalise on the trend and leverage its competitive strengths to realise the growth potential for our PRC cross-border e-commerce business.

We are excited with the business opportunities opened up under the fast-track regional development strategy by the Mainland China government in the Greater Bay Area. Given the favorable policy support on the development of traditional Chinese medicines in the region, the Group, as a key proprietary Chinese medicine and CCMG market player in Hong Kong, is well poised to tap on the potential of the burgeoning market with a sizable population of over 70 million in the Greater Bay Area.

The COVID-19 pandemic has also accelerated the consumer shift towards greater proactivity in managing their health and wellness. This will shore up further the growth momentum of the consumer healthcare market which is set against the backdrop of the aging population, improved living standard, the sedentary lifestyle, and growth in health consciousness.

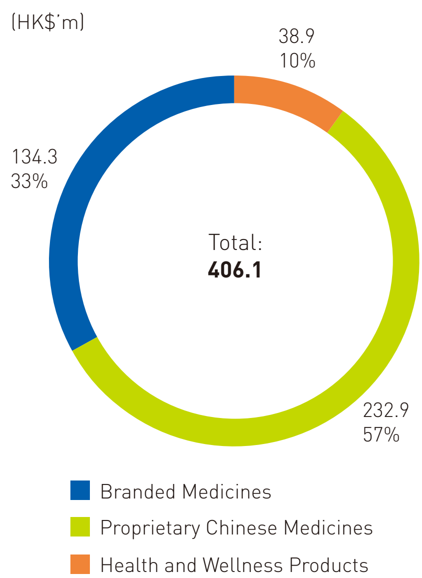
Going forward, the Group will remain steadfastly focused to build on its growth strategies and capitalise on the market opportunities by helping consumers better manage their health with quality and well-trusted branded healthcare products – the mission of enabling better health through self-care.

FINANCIAL REVIEW

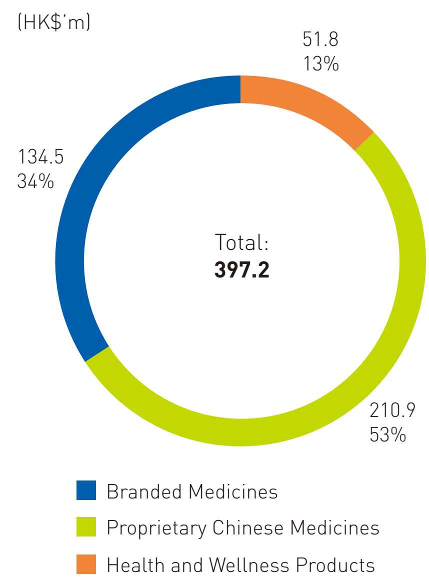
Revenue

Revenue by Operating Segments

FY2022



FY2021



The growth in the Group's total revenue of HK$8.9 million, or 2.2% compared to FY2021, was mainly attributable to the increase in revenue of HK$22.0 million in the proprietary Chinese medicines segment, which was partly offset by the decrease of HK$0.2 million in the branded medicines segment and HK$12.9 million in the health and wellness products segment respectively. The revenue split of the three segments was at the ratio of 57%, 33% and 10%.

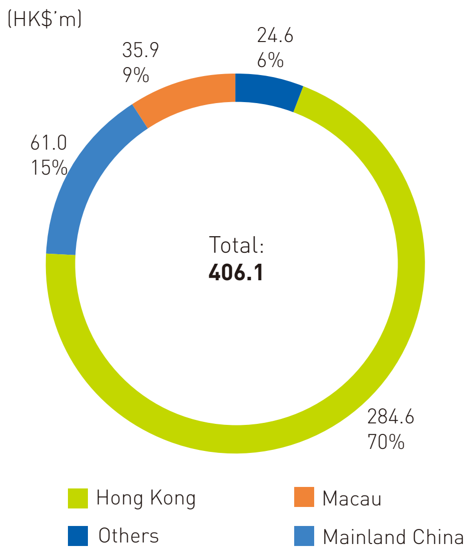
The proprietary Chinese medicines segment delivered a notable growth of 10.4%, which was benefited by the strong growth of the sales revenue of CCMG business due to the increased popularity of traditional Chinese medicines driven by the epidemic, on back of the growing acceptance by the public of their complementing healing benefits. It was also contributed by the significant increase in sales generated from our cross-border e-commerce platforms. However, the increase was mainly offset by the sluggish consumer demand of Po Chai Pills due to lingering travel restrictions across the region caused by the COVID-19 pandemic.

The branded medicines segment maintained the similar revenue level as the previous period. However, category-leading brand AIM Atropine Eye Drops continued to deliver promising growth amid the potential demand among young children for control of myopia progression. Ho Chai Kung brand products, on the other hand, sustained a moderate decline in sales revenue during the Reporting Period under the adverse impact by the pandemic on retail consumption in general.

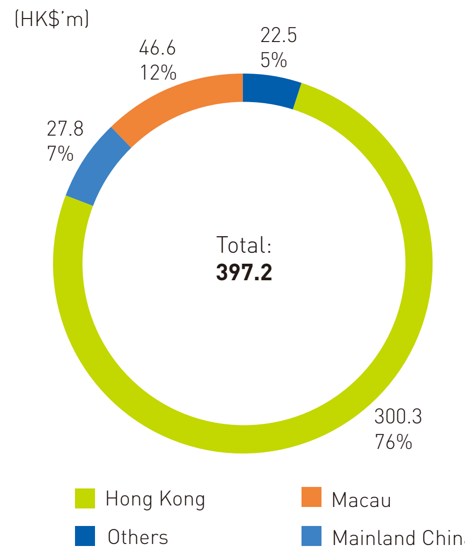
For the health and wellness products segment, a considerable decrease of 24.9% in revenue was registered as compared to the previous period, attributed to the significant decrease in sales of personal hygiene and infection control products following the stabilisation of COVID-19 pandemic in Hong Kong. The decrease, however, was partly compensated by the robust growth of Oncotype DX® Breast Cancer Recurrence Score Test during the Reporting Period.

Revenue by Geographic Location

FY2022

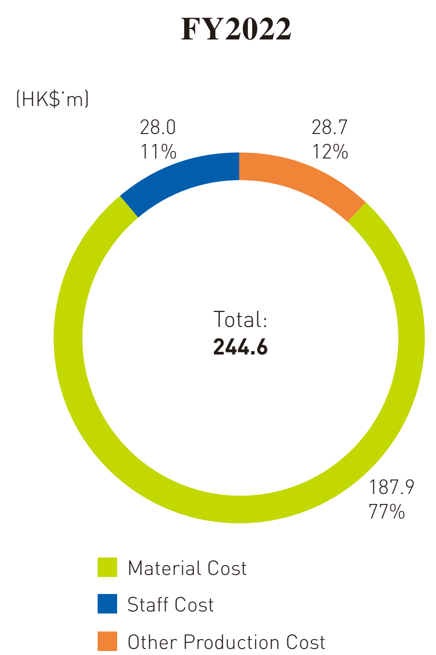


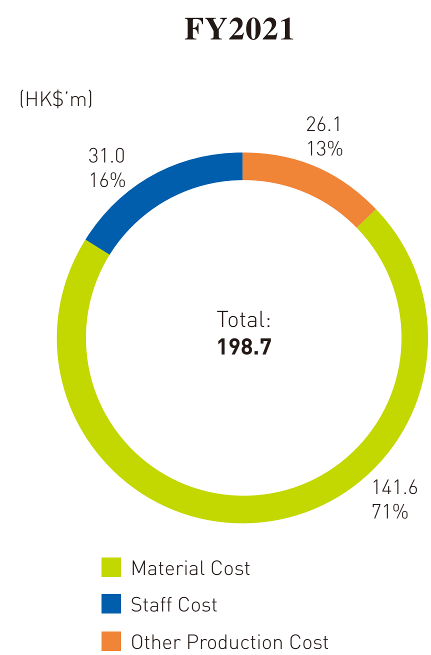
FY2021



Hong Kong continued to be the major revenue stream, representing 70% of the total revenue with a decrease in revenue of HK$15.7 million from FY2021 to FY2022, which was mainly due to the significant decrease in sales of Po Chai Pills and personal hygiene and infection control products. The revenue in Mainland China increased significantly by HK$33.2 million from FY2021 to FY2022, mainly due to the significant increase in sales via cross-border e-commerce platforms during the Reporting Period. The decrease in revenue in Macau by HK$10.7 million from FY2021 to FY2022 was mainly contributed by the decrease in sales of Po Chai Pills and Ho Chai Kung brand products, partly compensated by the increase in sales of AIM Atropine Eye Drops. The slight increase in revenue from other overseas markets by HK$2.1 million from FY2021 to FY2022 was mainly due to the increase in sales in Singapore, partly offset by the decrease in sales in Ireland.

Cost of Sales



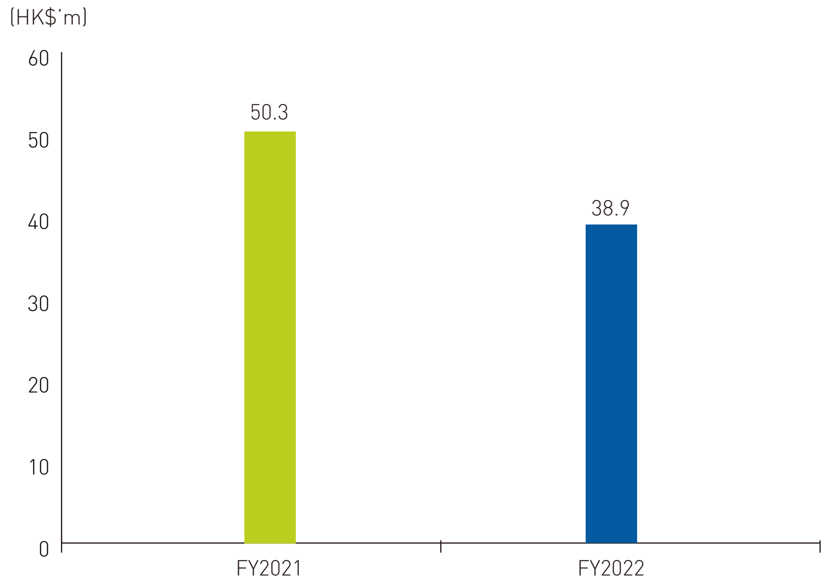


Material cost continued to be the major component which constituted approximately 77% of the total cost of sales for the FY2022. The increase in material cost of HK$46.3 million or 32.7% from FY2021 to FY2022 was mainly due to procurement of third party brand products for sale to cross-border e-commerce platforms with relatively low margin compared to existing products of the Group.

The decrease in staff cost of HK$3.0 million or 9.7% from FY2021 to FY2022 was mainly attributed to the implementation of optimisation program and cost control measures by the Group during COVID-19 pandemic.

The increase in other production cost of HK$2.6 million or 10.0% from FY2021 to FY2022 was because the Group entered into a lease agreement in second half of FY2021 for use of a GMP accredited production facility.

Profit from Operations



The profit from operations dropped by HK$11.4 million or 22.7% to HK$38.9 million from FY2021 to FY2022, which was mainly attributable to the decrease in gross profit and the one-off Employment Support Scheme subsidy from the Hong Kong government, that was offset partially by the one-off spin-off listing expenses of HK$32.0 million incurred in FY2021.

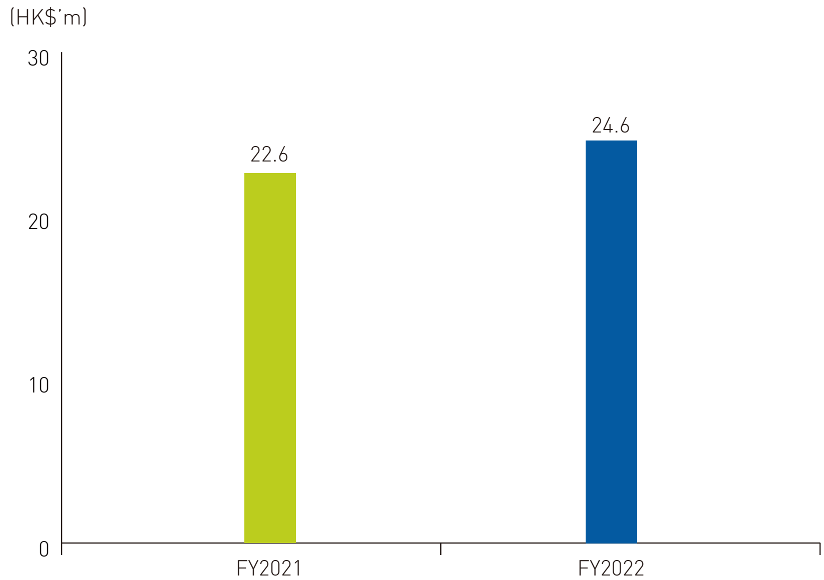
Finance Costs

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

Income Tax

The decrease in income tax and effective tax rate from FY2021 to FY2022 primarily reflected the lower profit before taxation generated during the Reporting Period and the non-taxable Employment Support Scheme subsidy recognised in FY2021, partly compensated by the non-deductible spin-off listing expenses in FY2021.

Profit Attributable to Equity Shareholders



The increase in profit attributable to equity shareholders of HK$2.0 million or 8.8% from FY2021 to FY2022 was mainly contributed by the decrease in profit attributable to non-controlling interests, partly offset by the reduction in profit from operations.

Assets

Property, Plant and Equipment

The decrease in property, plant and equipment from FY2021 to FY2022 principally reflected the depreciation of HK$27.4 million and disposals of property, plant and equipment with net book value of HK$0.6 million, offset partially by the additions of HK$17.9 million.

Intangible Assets

The decrease in intangible assets from FY2021 to FY2022 was principally attributable to amortisation of HK$20.4 million and an impairment loss of HK$2.5 million.

Inventories

The inventory level remained stable with a slightly decrease of HK$0.1 million from FY2021 to FY2022.

Cash and Cash Equivalents

Approximately 90.1% of cash and cash equivalents as at 31 March 2022 were denominated in Hong Kong dollars (2021: 90.5%), while the remaining balance was denominated mainly in Euros, United States dollars, Renminbi and Singapore dollars.

Liabilities

Bank Loans

The decrease in bank loans from HK$235.0 million as at 31 March 2021 to HK$175.0 million as at 31 March 2022 solely represented partial repayment of bank loans. As at 31 March 2022, the bank loan of the Group was denominated in Hong Kong dollars.

Use of Proceeds

Use of IPO Proceeds

Net proceeds of HK$10,523,000 were raised from the initial public offering of the Company (after the deduction of underwriting fees, commissions and expenses paid by the Company in connection with the initial public offering) (the "**IPO Proceeds**"). As at the date of this announcement, there has not been any change to the intended use of the IPO Proceeds or the allocated amount as disclosed in the Prospectus whereas the expected timeline of the use of the unutilised IPO Proceeds has been extended from 31 March 2022 to 31 March 2024, as disclosed in the announcement of the Company dated 9 March 2022.

The table below sets forth the status of utilisation of the IPO Proceeds as at 31 March 2022 and the expected timeline of the use of the unutilised IPO Proceeds:

		As at 31 March 2022		
Use of IPO Proceeds as set out in the Prospectus	**Proposed application** *HK$'000*	**Actual utilised amount** *HK$'000*	**Unutilised amount** *HK$'000*	**Expected timeline for utilising the remaining IPO proceeds**
Portfolio development and brand management of proprietary Chinese medicines	5,000	3,104	1,896	On or before 31 March 2024
Payments for obtaining additional distribution rights from third-party brand owners	4,523	4,523	–	N/A
General working capital	1,000	1,000	–	N/A
Total	10,523	8,627	1,896	

The Group intends to apply the remaining IPO Proceeds according to the plans disclosed in the Prospectus and supplemented by the announcement of the Company dated 9 March 2022 as shown above.

Liquidity, Capital Resources and Capital Structure

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

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

Charge on Group Assets

The carrying value of assets pledged against bank loans decreased from HK$79.0 million as at 31 March 2021 to HK$76.5 million as at 31 March 2022.

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 14.9% as at 31 March 2021 to 10.9% as at 31 March 2022. The decrease in net gearing ratio was attributable to repayment of bank loans.

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 2022, the Group did not have any significant contingent liabilities.

Significant Events After the Reporting Period

No significant event has taken place subsequent to 31 March 2022 and up to the date of this announcement.

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

The Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 March 2022. The Group had no significant investments held during the Reporting Period.

Future Plans for Material Investment or Capital Assets

As at the date of this announcement, the Group did not have any plans for material investment and capital assets in the coming financial year.

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

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

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

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

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

COMPLIANCE WITH LAWS AND REGULATIONS

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

CORPORATE GOVERNANCE HIGHLIGHTS

The Board is committed to maintaining high corporate governance standards.

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

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

The Company has complied with all the code provisions of the CG Code and adopted most of the best practices set out therein throughout the Reporting Period.

The CG Code and code provisions specified above refer to the CG Code and code provisions prior to their amendments effective on 1 January 2022.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

AUDIT COMMITTEE

The Audit Committee currently consists of all three independent non-executive Directors, namely Mr. Chan Kam Chiu, Simon (chairman of the Audit Committee), Mr. Luk Ting Lung, Alan and Mr. Lau Shut Lee, Tony. The primary duties of the Audit Committee shall be to assist the Board in its oversight of the completeness, accuracy and fairness of the financial statements of the Company, of the effectiveness and adequacy of risk management and internal control systems, of the independence of the external auditor and of the performance of the Company's internal audit and compliance function. 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 does not recommend the payment of a final dividend for the year ended 31 March 2022.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement of shareholders of the Company to attend and vote at the 2022 AGM, the register of members of the Company will be closed from 19 September 2022 (Monday) to 23 September 2022 (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 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 16 September 2022 (Friday) for registration.

PUBLICATION OF THIS 2022 ANNUAL RESULTS ANNOUNCEMENT AND THE 2022 ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and of the Company (www.jbmhealthcare.com.hk). The 2022 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
JBM (Healthcare) Limited
Wong Yat Wai, Patrick
Executive Director and Chief Executive Officer

Hong Kong, 29 June 2022

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

GLOSSARY

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

"2022 AGM"	the forthcoming 2022 annual general meeting of the Company
"2022 Annual Report"	the annual report of the Company for the year ended 31 March 2022
"AIM Atropine Eye Drops"	refers to AIM Atropine 0.01% Eye Drops and AIM Atropine 0.125% Eye Drops procured from Aseptic Innovative Medicine Co. Ltd., an anticholinergic agent as a sterile topical preservative-free ophthalmic solution that is commonly used in the treatment of myopia, mydriasis and cycloplegia
"Audit Committee"	audit committee of the Company
"Board"	the board of directors of the Company
"BVI"	the British Virgin Islands
"CCMG"	concentrated Chinese medicine granule, traditional Chinese herbal medicines processed through modern extraction and concentration technologies to arrive at a granular form for easy dispensary and administration
"China", "Mainland China", "PRC" or "the PRC"	the People's Republic of China excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan
"Company", "our Company" or "the Company"	JBM (Healthcare) Limited, an exempted company incorporated in the Cayman Islands with limited liability on 7 January 2020
"connected person"	has the meaning as ascribed to it under the Listing Rules
"COVID-19"	Coronavirus disease 2019
"Director(s)"	the director(s) of the Company
"ESG"	environmental, social and governance
"FY2021"	the year ended 31 March 2021
"FY2022" or "Reporting Period"	the year ended 31 March 2022

"GMP"	Good Manufacturing Practice, a set of detailed guidelines on practices governing the production of pharmaceutical products designed to protect consumers by minimising production errors and the possibility of contamination
"Greater Bay Area"	the "Guangdong-Hong Kong-Macau Greater Bay Area", referring to the region linking two special administrative regions, namely Hong Kong and Macau, and the nine cities in Guangdong Province, namely Guangzhou, Shenzhen, Zhuhai, Foshan, Zhongshan, Dongguan, Huizhou, Jiangmen and Zhaoqing and forming an integrated economic and business hub under PRC government's scheme
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"JBM", "Group", "our Group", "the Group", "we", "us" or "our"	the Company and its subsidiaries
"Listing"	the listing of our Shares on the Main Board
"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
"Orizen"	Orizen Capital Limited, a company with limited liability incorporated under the laws of the BVI on 6 June 2018 which is an indirect non-wholly owned subsidiary of the Company
"Orizen Group"	Orizen and PCCH
"OTC"	a term used to describe medicines that can be sold directly to a consumer without a prescription from a healthcare professional, as compared to prescription drugs, which are sold only to consumers possessing a valid prescription
"PCCH"	Hong Kong Premier Concentrated Chinese Herbs Limited, a company with limited liability incorporated under the laws of Hong Kong on 26 March 2003, which is a subsidiary of our Company
"Prospectus"	the prospectus issued by the Company dated 26 January 2021

"Share(s)"	ordinary share(s) in the capital of the Company with nominal value of HK$0.01 each
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Tycoon"	Tycoon Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability on 14 June 2017, the issued shares of which are listed on the Main Board on 15 April 2020 (stock code: 3390)
"Tycoon Group"	Tycoon and its subsidiaries