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 2023

FINANCIAL HIGHLIGHTS

- The revenue for the financial year ended 31 March 2023 amounted to approximately HK$520.3 million, representing an increase of about 28.1% as compared to that of approximately HK$406.1 million for the corresponding year of 2022.

- Profit from operations for the same year amounted to approximately HK$87.0 million, representing an increase of about 123.7% as compared to that of approximately HK$38.9 million for the corresponding year of 2022.

- Profit attributable to equity shareholders of the Company for the same year amounted to approximately HK$57.1 million, representing an increase of about 132.1% as compared to that of approximately HK$24.6 million for the corresponding year of 2022.

- The Board recommends payment of a final dividend for the year ended 31 March 2023 of HK2.5 cents per Share for a total amount of approximately HK$22.8 million (2022: Nil). Including interim dividend of HK0.5 cent per share, the total dividend for the year ended 31 March 2023 amounts to HK3.0 cents per Share (2022: Nil).

The Board is pleased to announce the audited consolidated annual results of the Group for the year ended 31 March 2023, together with the comparative figures for the corresponding year of 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 March	
		2023	2022
	Note	***HK$'000***	*HK$'000*
Revenue	*4*	**520,323**	406,139
Cost of sales		**(314,814)**	(244,629)
Gross profit		**205,509**	161,510
Other net income	*5*	**19,269**	2,582
Selling and distribution expenses		**(83,961)**	(81,225)
Administrative and other operating expenses		**(53,777)**	(43,924)
Profit from operations		**87,040**	38,943
Finance costs	*6(a)*	**(8,209)**	(6,407)
Share of loss of an associate		**(1,215)**	(1,578)
Share of losses of joint ventures		**(718)**	(213)
Profit before taxation	*6*	**76,898**	30,745
Income tax	*7*	**(13,570)**	(7,417)
Profit for the year		**63,328**	23,328
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		**(10,041)**	–
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		**(382)**	(126)
Other comprehensive income		**(10,423)**	(126)
Total comprehensive income for the year		**52,905**	23,202

		Year ended 31 March	
		2023	2022
	Note	***HK$'000***	*HK$'000*
Profit attributable to:			
Equity shareholders of the Company		**57,093**	24,620
Non-controlling interests		**6,235**	(1,292)
Total profit for the year		**63,328**	23,328
Total comprehensive income attributable to:			
Equity shareholders of the Company		**46,670**	24,494
Non-controlling interests		**6,235**	(1,292)
Total comprehensive income for the year		**52,905**	23,202
		HK cents	*HK cents*
Earnings per share:			
Basic and diluted	*8*	**6.41**	2.75

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 March	
		2023	2022
	Note	***HK$'000***	*HK$'000*
Non-current assets			
Property, plant and equipment		**164,330**	179,960
Intangible assets		**857,915**	828,834
Interest in an associate		**14,112**	15,327
Interests in joint ventures		**3,616**	4,334
Other non-current assets		**13,096**	11,192
Other financial assets		**16,103**	25,321
Deferred tax assets		**2,829**	2,783
		1,072,001	1,067,751
Current assets			
Inventories		**54,563**	47,874
Trade and other receivables	*10*	**123,426**	144,465
Current tax recoverable		**829**	2,556
Cash and cash equivalents		**152,266**	69,843
		331,084	264,738
Current liabilities			
Trade and other payables and contract liabilities	*11*	**82,459**	47,762
Bank loans		**91,200**	60,000
Lease liabilities		**11,624**	15,890
Current tax payable		**9,381**	4,961
		194,664	128,613
Net current assets		**136,420**	136,125
Total assets less current liabilities		**1,208,421**	1,203,876

		As at 31 March	
		2023	2022
	Note	***HK$'000***	*HK$'000*
Non-current liabilities			
Bank loans		**63,800**	115,000
Lease liabilities		**13,473**	22,204
Deferred tax liabilities		**100,158**	97,482
		177,431	234,686
NET ASSETS		**1,030,990**	969,190
CAPITAL AND RESERVES			
Share capital	*12(a)*	**9,076**	8,937
Reserves		**976,433**	920,265
Total equity attributable to equity shareholders of the Company		**985,509**	929,202
Non-controlling interests		**45,481**	39,988
TOTAL EQUITY		**1,030,990**	969,190

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 2023 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 2022, 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:

- Amendments to HKAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract*

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:

Amendments to HKAS 16, *Property, plant and equipment: Proceeds before intended use*

The amendments prohibit an entity from deducting the proceeds from selling items produced before that asset is available for use from the cost of an item of property, plant and equipment. Instead, the sales proceeds and the related costs should be included in profit and loss. The amendments do not have a material impact on these financial statements as the Group does not sell items produced before an item of property, plant and equipment is available for use.

Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract*

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

Previously, the Group included only incremental costs when determining whether a contract was onerous. In accordance with the transitional provisions, the Group has applied the new accounting policy to contracts for which it has not yet fulfilled all its obligations at 1 April 2022, and has concluded that none of them is onerous.

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 2023 and 2022 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 2023 and 2022.

(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	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	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	**124,040**	134,330	**359,765**	232,908	**36,518**	38,901	**520,323**	406,139
Reportable segment gross profit	**72,692**	83,675	**119,271**	62,556	**13,546**	15,279	**205,509**	161,510

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

	Year ended 31 March	
	2023	2022
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue and consolidated revenue	**520,323**	406,139
Profit		
Reportable segment gross profit	**205,509**	161,510
Other net income	**19,269**	2,582
Selling and distribution expenses	**(83,961)**	(81,225)
Administrative and other operating expenses	**(53,777)**	(43,924)
Finance costs	**(8,209)**	(6,407)
Share of loss of an associate	**(1,215)**	(1,578)
Share of losses of joint ventures	**(718)**	(213)
Consolidated profit before taxation	**76,898**	30,745
Interest income	**(272)**	(18)
Finance costs	**8,209**	6,407
Depreciation and amortisation	**43,632**	47,783
Impairment loss of intangible assets	**–**	2,500
Gain on deemed disposal of equity interest in a joint venture	**(8,900)**	–
Share of loss of an associate	**1,215**	1,578
Share of losses of joint ventures	**718**	213
Adjusted EBITDA*	**121,500**	89,208

* Represents "adjusted earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including interest income from bank deposits and finance costs 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 gain on deemed disposal of equity interest in a joint venture, share of loss of an associate and share of losses of joint ventures.

(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	
	2023	2022
	HK$'000	*HK$'000*
Revenue from external customers		
Hong Kong (place of domicile)	**331,887**	284,610
Mainland China	**135,253**	61,012
Macau	**26,420**	35,867
Singapore	**9,768**	12,379
Others	**16,995**	12,271
	520,323	406,139

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, non-current prepayments for distribution rights and other non-current prepayments and the location of operations, in the case of interests in an associate and joint ventures.

	As at 31 March	
	2023	2022
	HK$'000	*HK$'000*
Specified non-current assets		
Hong Kong (place of domicile)	**1,037,919**	1,022,693
Mainland China	**15,150**	16,954
	1,053,069	1,039,647

(iv) Information about major customers

For the year ended 31 March 2023, the Group's customer base includes one (2022: 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$68,747,000 (2022: HK$78,604,000).

5 OTHER NET INCOME

	Year ended 31 March	
	2023	2022
	HK$'000	*HK$'000*
Commission income	**2,153**	1,621
Interest income from bank deposits	**272**	18
Government grants *(Note)*	**5,091**	–
Net foreign exchange gain	**2,426**	133
Net loss on disposals of property, plant and equipment and intangible assets	**(126)**	(13)
Gain on deemed disposal of equity interest in a joint venture	**8,900**	–
Others	**553**	823
	19,269	2,582

Note: During the year ended 31 March 2023, the Group successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Hong Kong Special Administrative Region Government. The purpose of the funding is to provide financial support to employers to retain their current employees or hire more employees when the business revives. Under the terms of the grant, the Group is required to employ a sufficient number of employees with reference to its proposed employee headcounts in each subsidy month.

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Year ended 31 March	
	2023	2022
	HK$'000	*HK$'000*
(a) Finance costs		
Interest on bank loans	**5,842**	5,400
Interest expense on loan from a fellow subsidiary	**1,555**	–
Interest on lease liabilities to:		
– third parties	**191**	183
– fellow subsidiaries	**621**	824
	812	1,007
	8,209	6,407
(b) Other items		
Depreciation		
– owned property, plant and equipment	**12,926**	13,180
– right-of-use assets	**13,117**	14,187
	26,043	27,367
Amortisation of intangible assets	**17,589**	20,416
Impairment loss of intangible assets	**–**	2,500
Auditors' remuneration		
– audit services	**2,180**	1,980
– other services	**699**	852
Cost of inventories	**314,814**	244,629

7 INCOME TAX

	Year ended 31 March	
	2023	2022
	HK$'000	*HK$'000*
Current tax		
Provision for the year	**17,816**	12,545
(Over)/under-provision in respect of prior years	**(205)**	183
	17,611	12,728
Deferred tax		
Origination and reversal of temporary differences	**(4,041)**	(5,311)
	13,570	7,417

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$57,093,000 for the year ended 31 March 2023 (2022: HK$24,620,000), and the weighted average ordinary shares in issue calculated as follows:

	Year ended 31 March	
	2023	2022
	'000	*'000*
Weighted average number of ordinary shares:		
Shares of the Company issued at the beginning of the year	**893,686**	893,686
Effect of shares held for Share Award Scheme *(note 12(b)(i))*	**(2,853)**	–
Effect of shares issued under acquisition of subsidiaries *(note 12(b)(ii))*	**493**	–
Weighted average number of ordinary shares in issue during the year	**891,326**	893,686

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of HK$57,093,000 for the year ended 31 March 2023 (2022: HK$24,620,000), and the weighted average ordinary shares calculated as follows:

	Year ended 31 March	
	2023	2022
	'000	*'000*
Weighted average number of ordinary shares at 31 March	**891,326**	893,686
Effect of share award granted under the Share Award Scheme	**33**	–
	891,359	893,686

9 DIVIDENDS

Dividends payable to equity shareholders attributable to the year

	Year ended 31 March	
	2023	2022
	HK$'000	*HK$'000*
Interim dividend declared and paid of HK0.5 cent per share (2022: Nil)	**4,468**	–
Final dividend proposed after the end of the Reporting Period of HK2.5 cents per share (2022: Nil) *(Note)*	**22,842**	–
	27,310	–

Note: 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.

10 TRADE AND OTHER RECEIVABLES

	As at 31 March	
	2023	2022
	HK$'000	*HK$'000*
Trade receivables		
– third parties	**107,827**	126,639
– fellow subsidiaries	**2,829**	1,505
	110,656	128,144
Other receivables	**1,359**	417
Amount due from a fellow subsidiary	**196**	–
Amounts due from joint ventures	**–**	6,505
Deposits and prepayments	**11,215**	9,399
	123,426	144,465

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	
	2023	2022
	HK$'000	*HK$'000*
Less than 1 month	**48,079**	50,995
1 to 6 months	**57,752**	30,448
Over 6 months	**4,825**	46,701
	110,656	128,144

11 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	As at 31 March	
	2023	2022
	HK$'000	*HK$'000*
Trade payables		
– third parties	**29,988**	22,295
Salary and bonus payables	**20,874**	4,810
Other payables and accruals	**25,961**	15,114
Amount due to a joint venture	**2,000**	2,000
Amounts due to fellow subsidiaries	**707**	883
Contract liabilities	**2,929**	2,660
	82,459	47,762

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	
	2023	2022
	HK$'000	*HK$'000*
Within 1 month	**21,255**	13,682
1 to 6 months	**8,589**	8,536
Over 6 months	**144**	77
	29,988	22,295

12 CAPITAL AND RESERVES

(a) Share capital

	Note	**Number of shares** *'000*	**Amount** *HK$'000*
Authorised:			
Ordinary shares of HK$0.01 each at 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023		**5,000,000**	**50,000**
Issued:			
At 1 April 2021, 31 March 2022 and 1 April 2022		**893,686**	**8,937**
Shares acquired for Share Award Scheme	*(i)*	**(6,100)**	**(61)**
Issuance of ordinary shares	*(ii)*	**20,000**	**200**
At 31 March 2023		**907,586**	**9,076**

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.

(b) Equity-settled share-based transactions

(i) Share Award Scheme

On 18 January 2021, the Share Award Scheme was adopted by the Company. Pursuant to the Share Award Scheme, the directors of the Company are authorised, at their discretion to determine individuals, including directors and employees of any companies in the Group, for granting them the Company's shares. The Share Award Scheme will be valid and effective for a period of 10 years commencing from 18 January 2021.

The Company's shares to be granted under the Share Award Scheme will be purchased and held by a trustee. The maximum of purchases by the trustee in any financial year will be fixed by the Company's board of directors but such purchases will not result the trustee holding at any time more than 5% of the total issued shares of the Company.

In addition, unless approved by the Company's board of directors, no awarded shares will be granted to any individual if the granting of such awarded shares would result in the total number of shares granted to the individual during any 12-month period exceeding 1% of the total issued shares of the Company (0.1% of the total issued shares of the Company in case for an independent non-executive director of the Company).

During the year ended 31 March 2023, the Share Award Scheme acquired 6,100,000 shares through purchases on the open market. The total amount paid to acquire the shares during the period was approximately HK$5,348,000. During the year ended 31 March 2022, the Share Award Scheme did not acquire any shares through purchases on the open market.

During the year ended 31 March 2023, the Company has granted a total of 6,000,000 shares to an eligible grantee. There was no share award granted under the Share Award Scheme during the year ended 31 March 2022.

	Number of shares					
Date of grant	**As at 1 April 2022**	**Granted during the period**	**Vested during the period**	**Lapsed during the period**	**As at 31 March 2023**	**Vesting date**
30 March 2023	–	6,000,000	–	–	6,000,000	18 May 2023

(ii) On 17 March 2023, JBM (BVI) Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party (the "**Vendor**"), pursuant to which JBM (BVI) Limited conditionally agreed to purchase and the Vendor conditionally agreed to sell, a 50% equity interest in a joint venture company and the shareholder's loan at a consideration of allotment and issue of 20,000,000 shares and the transaction was completed on 23 March 2023 (details of which were set out in the announcement of the Company dated 17 March 2023).

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 2023 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 draft 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 assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on the preliminary announcement.

CHAIRMAN'S STATEMENT

Dear Partners and Shareholders,

Creating a Focused, Pure-Play Consumer Healthcare Company

FY2023 was a year of continued transformation and consolidation for JBM after its demerger from its parent holding to become a pure-play consumer healthcare company. The immense challenges and headwinds in the first half of the year undermined our sales drive and posed a strain on our operational performance. Nonetheless, I am gratified to witness that our teams have once again demonstrated a high level of resilience and agility in helping the Company navigate through the difficult times.

The progress was particularly impressive on our proprietary medicine brands, namely Po Chai Pills and Ho Chai Kung. As the pandemic eventually stabilised in the last quarter of the financial year, the relaxation of the restrictive and control measures facilitated a gradual rebound of economic activity and tourist visits to Hong Kong. This in turn has given an uplifting on the consumer confidence hence better market sentiment. During the period, we witnessed a significant surge in demand for our proprietary brands, notably Po Chai Pills and Ho Chai Kung. This is a testament to the tremendous commercial execution carried out by our team. On this premise, we enter the new financial year with strong momentum and as a pure-play consumer healthcare company with the ambition and purpose to unite people's talents, science, and commercial network to get ahead of the competition.

Scaling Up Productivity and Building a Performance Culture as Two Critical Levers for Value Creation

Operational performance in FY2023 was promising, with strong growth in sales of proprietary Chinese medicines. Total revenue was posted at HK$520.3 million in FY2023, up 28.1%. Adjusted EBITDA grew by 36.2%, and profit attributable to equity shareholders for the period was up by 132.1%. This is a start of a new, sustained period of growth for JBM, with sales and operating profit forecast to grow by a decent margin in 2023/24. The Board is confident in the delivery of growth across the business, underpinned by the improvement that we are seeing in operating efficiency and commercial execution. Scaling up productivity and building a performance culture are two critical levers of value creation for the company.

I firmly believe JBM is a company where people's talents can thrive. Creating the right culture of performance is a priority for the management team in order to instill it in the day-to-day practice. We do not adopt this performance aspiration lightly. This commitment is an important demonstration of our confidence in the business and our determination to be held accountable for the delivery of performance. We have an enormous responsibility to inspire and support our people to advance their pathway alongside the growth of the Company business. Going forward, we set out three fundamental priorities – to build a performance culture that rewards performers, to invest in our business for enhanced productivity, and to generate sustained delivery of shareholder value.

Building Trust and Delivering Positive Social Impact

We undertake significant efforts to run a business embedded with a strong sense of corporate social responsibility. As we set out earlier in this statement, we are making progress in building a trust and performance-driven culture, which is central to how we deliver our ambition and purpose. We are committed to making JBM a place where talented people can thrive.

The Board is pleased to see continued progress in many ESG initiatives in FY2023, and we are committed to ensuring ESG considerations are properly embedded into our strategy. Our approach encompasses priority areas including product responsibility, people development, environmental stewardship, societal engagement, and corporate governance duty. I truly appreciate our employees' dedicated efforts in helping JBM deliver well on our ESG commitments. I am also pleased to report that our performance in FY2023 is on track with the objectives set out in the ESG report.

Looking Ahead with Confidence

JBM has a compelling product portfolio consisting of leading brands and science-based technology. While we are taking strides forward in strengthening our core competencies, I am excited about the foundation we have forged over the years and the opportunities we have created for the future. There is still much work ahead for us in terms of creating value and bringing returns to our stakeholders. I remain adamantly confident in our people, who are the reasons why JBM can thrive in years to come.

I thank you all for the trust and support you have bestowed upon us. I am optimistic about the future and am excited by what we can accomplish together as we move forward.

JBM (Healthcare) Limited
Sum Kwong Yip, Derek
Chairman

Hong Kong, 15 June 2023

CHIEF EXECUTIVE OFFICER'S STATEMENT

Dear Partners and Shareholders,

FY2023 has proven to be a challenging period for our Company as we navigated the impact of the fifth wave of the local epidemic and external market pressures. Despite these challenges, I am delighted to witness JBM's notable resilience and commendable performance in our branded healthcare business.

Key Performance

In terms of sales and financial performance, our branded healthcare business achieved a total revenue of HK$520.3 million, marking a promising growth of 28.1%. This accomplishment was accompanied by a 27.2% increase in gross profit, reaching HK$205.5 million. Furthermore, our consolidated profit attributable to equity shareholders experienced a substantial rise of 132.1%, resulting in a total of HK$57.1 million. The considerable increase in consolidated profit was primarily attributed to the progressive rebound of retail spending sentiment alongside a phased relaxation of COVID-19 restrictive measures.

Furthermore, our continued focus on brand management, coupled with strong commercial execution on our leading brands, played a pivotal role in driving growth.

Notable Resilience and Adaptability amid Market Challenges

In FY2023, JBM showcased notable resilience and adaptability in the face of market challenges. Despite the decline in Hong Kong's total retail sales value and gross domestic product ("**GDP**") contraction, our branded healthcare portfolio overall managed to sustain growth throughout the fiscal year. Notably, our proprietary Chinese medicines segment experienced strong growth, while our branded medicines and health and wellness products segments faced modest declines.

In the proprietary Chinese medicines segment, our CCMG business sustained remarkable growth of 23.3%, driven by increased public demand for traditional Chinese medicines ("**TCM**"). In addition, Po Chai Pills experienced significant growth, while Shiling Oil witnessed considerable growth in the Caribbean region.

In the branded medicines segment, we witnessed a moderate softening of sales. However, our well-recognised household brand, Ho Chai Kung, showcased promising performance on our PRC cross-border e-commerce platform, gaining popularity among Chinese consumers. Similarly, our leading brand for children's myopia control, AIM Atropine Eye Drops, faced temporary challenges due to COVID-19 restrictions on consultation visits. However, we anticipate increased demand for AIM Atropine Eye Drops following a recent study conducted by The Chinese University of Hong Kong, which emphasised its effectiveness in preventing myopia.

Within our health and wellness products segment, Oncotype DX Breast Cancer Recurrence Score Test ("**Oncotype DX**") continued to perform well, gaining traction in revenue growth in both the hospital and private oncologist sectors. Our strategic focus on education programs and collaborations with organisations played a significant role in promoting and expanding the recognition of Oncotype DX. Notably, we have observed an impressive improvement in the utilisation of Oncotype DX in the public sector, which is encouraging given that the majority of breast cancer cases are managed in these healthcare facilities.

Strategies for Capitalising on Growth Opportunities

JBM's strengths lie in our resilient branded healthcare portfolio of well-known brands, our effective brand management, robust commercial execution, and adaptability to market changes. These factors have played a crucial role in our achievements, and they provide a solid foundation for future growth.

To capitalise on market opportunities and cater to evolving consumer needs, we have implemented various business development strategies. Our cross-border e-commerce business has gained strong momentum, with our flagship stores on Tmall Global Marketplace (天貓國際賣場型旗艦店) and JD Worldwide (京東國際) experiencing accelerated growth. We have expanded our product offerings and actively sourced popular products from trusted brands, further enhancing our healthcare offerings.

Furthermore, we are capitalising on the growth opportunities in the proprietary Chinese medicine segment and leveraging policy shifts to expand our CCMG portfolio and strengthen our distribution network. Additionally, the complete acquisition of a joint venture company specialising in health and wellness product brands has enriched our portfolio and positioned us to tap into the thriving consumer healthcare market in the Greater Bay Area.

Moving forward, we will leverage these strengths to explore new growth opportunities. Our strategies continue to center on expanding both local and cross-border e-commerce platforms, capitalising on the potential of proprietary Chinese medicine in the Greater Bay Area, adapting our product portfolio to meet evolving consumer needs and strengthening our commercial execution.

Empowering Vision with a Performance-driven Culture

While we have made noteworthy strides, it is imperative that we maintain vigilance and adaptability in the face of challenges. We have unwavering confidence that our strong foundation, strategic approach, and empowered team driven by a performance culture will enable us to overcome these hurdles.

Looking ahead, JBM's ambitions are centered around solidifying our position as a forward-looking branded healthcare player in Asia. We aim to further strengthen our market position, expand our product offerings, and capitalise on emerging trends and opportunities. Our priorities include building a performance culture, investing in business productivity, and generating sustained shareholder value. Our commitment to delivering quality products and value to our customers remains steadfast.

Through these endeavors, we aim to support consumers in effectively managing their health by providing them with high-quality and trusted branded healthcare products, advancing our mission of Enabling Better Health Through Self-Care.

Appreciation

In conclusion, I would like to express my heartfelt gratitude to our shareholders, customers, and team members for their unwavering support during these challenging times as we navigate the evolving landscape of the branded healthcare market and strive to deliver sustainable value in the long term. Together, let us embark on this exciting journey towards a healthy future for all.

JBM (Healthcare) Limited
WONG Yat Wai, Patrick
Chief Executive Officer

Hong Kong, 15 June 2023

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Hong Kong's economic activity in FY2023 began under pressure due to the impact of the fifth wave of the local epidemic in early 2022, compounded by a worsening external environment and tightening financial conditions. However, economic recovery gained momentum in the last quarter of FY2023, driven by the gradual easing of COVID-19 containment measures and travel restrictions. This led to improvements in retail market sentiments and consumer consumption, supported by a stabilised local epidemic situation, enhanced labor market conditions, and the HKSAR Government's disbursement of consumption vouchers. Nevertheless, Hong Kong's total retail sales value for 2022 experienced a 0.9% decline compared to 2021, and the city's GDP contracted by 3.5% over the same period.

Notwithstanding the significant market challenges, the Group demonstrated resilience in its branded healthcare portfolio throughout the fiscal year. The Group remained adaptive and nimble in navigating the COVID-19 impact with strengthened operation and cost discipline. By staying focused on its growth strategies, the Group has fostered its competitive strengths and established a robust growth platform. This strategic approach has adeptly positioned the Group to seize market opportunities and deliver sustainable value in the long term.

Results

During the Reporting Period, the Group's branded healthcare business, encompassing branded medicines, proprietary Chinese medicines, and health and wellness products, generated a total revenue of HK$520.3 million, reflecting a remarkable growth of 28.1%. The Group's gross profit amounted to HK$205.5 million, an increase of 27.2%, while the consolidated profit attributable to equity shareholders amounted to HK$57.1 million, delivering a significant increase of 132.1%.

The considerable increase in consolidated profit was primarily attributable to the progressive enhancement of retail spending sentiment, driven by the phased relaxation of COVID-19 restrictive measures throughout the fiscal year in Hong Kong. This development fostered a gradual recovery in the Group's overall sales, leading to a noteworthy surge in revenue, which was coupled with the strong sales growth of its PRC cross-border e-commerce platforms.

The Group maintained a healthy financial position with disciplined cost management. Backed by a healthy cash balance, we remain well-equipped to sustain ongoing operations and fuel future growth.

Operation Performance

Despite market challenges shaped by COVID-19, our branded healthcare portfolio continued to sustain resilience during the fiscal year. While the phased lifting of social and travel restrictions supported the recovery of the retail market, sales performance remained steady across segments.

Carrying a range of well-known brands spanning branded medicines, proprietary Chinese medicines, health supplements and diagnostics, our portfolio is poised to meet diverse customer needs. Our revenue growth was driven primarily by strong performance in proprietary Chinese medicines, though moderated by certain declines in branded medicines and health & wellness products.

Branded Medicines

The branded medicines segment experienced a modest decline of 7.7% overall during the Reporting Period, primarily due to softening of sales on AIM Atropine Eye Drops. However, this decline was partially offset by robust growth on the PRC cross-border e-commerce platform and favorable performance of the leading scar treatment brand, Contractubex.

Even though sales were impacted by spikes in COVID-19 infection cases in Macau, Ho Chai Kung, a well-recognised household brand in the painkiller and fever-alleviating OTC category, has shown promising performance on our PRC cross-border e-commerce platform, backed by our dedicated operation and customer service team. The brand has gained popularity among Chinese consumers and consistently ranked high in the painkiller category on the Tmall cross-border platform.

To further enhance brand recognition and reinforce its leadership position, Ho Chai Kung has initiated a series of advertising and promotional activities across print, outdoor, and social media platforms, targeting consumers in the Greater Bay Area. We also leveraged the TV popular program Scoop (東張西望) as a promotional and educational platform, showcasing Ho Chai Kung brand's unique product potency and educating consumers on verifying authenticity.

AIM Atropine Eye Drops, a leading brand for children's myopia control in Hong Kong, experienced a negative impact on its performance during the second and third quarters of the financial year due to the quarantine control measures implemented during the fifth wave of the COVID-19 outbreak. This situation affected consultation visits to eyecare professionals, resulting in reduced demand for eye care services.

In addition, a recent study by The Chinese University of Hong Kong, published in The Journal of the American Medical Association, emphasised the outstanding efficacy of atropine 0.05% in preventing myopia. This research finding is anticipated to help enhance demand for our AIM Atropine Eye Drops 0.05%. In response to this study, we have developed an education-oriented strategy encompassing online communications and educational initiatives in schools, aiming to drive sales and further strengthen our brand's leadership position in the market for myopia control solutions.

Myopia is a growing public concern with increasing prevalence in recent decades. An American Academy of Ophthalmology study estimates that by 2050, nearly half of the world's population will be myopic, with Asia, including Hong Kong, being the most affected region. In Hong Kong, the COVID-19 pandemic has led to a surge in myopia among school children due to school closures and social distancing measures. As a result, developing strategies to prevent myopia onset and slow its progression has become increasingly important.

Proprietary Chinese Medicines

The Group's proprietary Chinese medicines segment experienced robust growth of 54.5% during the Reporting Period, as the stabilised pandemic situation led to a gradual recovery in retail sentiment and increased demand for Chinese medicine services. This growth was primarily driven by the strong momentum of the CCMG business, along with significant sales increases in Po Chai Pills.

During the Reporting Period, the Group's CCMG business maintained its robust momentum, achieving growth of 23.3%. This growth was driven by increased public demand for traditional Chinese medicines, backed by the HKSAR Government's promotion of its efficacy in preventing and treating COVID-19 infections as well as aiding in the rehabilitation of "long-COVID-19" symptoms.

Our CCMG brand holds a strong market position, offering and distributing over 700 single-formula and combo-formula CCMG products to a vast network of Chinese medicine practitioners in Hong Kong. As a result, the Group is well-positioned to capitalise on the growing demand for CCMG products, bolstered by the rising consumer acceptance of TCM and its complementary healing benefits to Western medicine.

Po Chai Pills, one of our leading household heritage brands in the TCM gastrointestinal category, has experienced significant growth of 126% compared to the corresponding period of last year. This growth was attributed to the improvement in retail sentiment following the gradual easing of COVID-19 measures in Hong Kong and Macau, and the lifting of such restrictions in overseas markets. Additionally, our effective execution of brand marketing and sales drive strategies has contributed to this strong performance.

Continuing to raise brand exposure through TV advertisements, Po Chai Pills emphasised its expertise in addressing the five major gastrointestinal issues, reinforcing its positioning as a gastrointestinal specialist. The brand also increased product placement in travel feature shows, promoting itself as an essential medicine for both home and travel. Additionally, we stepped up promotion efforts in our Tmall Global Po Chai Pills flagship store to deepen consumer understanding and boost market share and competitiveness. Going forward, we will continue strengthening the brand with creative advertising and promotional strategies and efforts.

In addition, the Group's Shiling Oil has witnessed notable growth compared to the previous year, owing to robust demand in the Caribbean region. Sales during the Reporting Period have already exceeded pre-pandemic benchmarks.

Health & Wellness Products

The health and wellness products segment of the Group experienced a modest decline of 6.2% in sales during the Reporting Period. This decrease was primarily due to reduced sales of certain products in Hong Kong's retail sector. However, the stable growth from Oncotype DX helped partly offset this decline.

Oncotype DX sustained considerable growth during the Reporting Period, bolstered by our continuous education program for physicians and early-stage breast cancer patients, focusing on the clinically-proven reliability of Oncotype DX in the genomic score test for chemotherapy treatment susceptibility. Nevertheless, the growth was impeded by interruptions to our extensive product education initiatives owing to social distancing measures resulting from the fifth wave of the COVID-19 outbreak.

Oncotype DX has garnered significant recognition among hospitals and healthcare professionals, as evidenced by our remarkable growth in service accounts. Our strategic focus centered on nurturing a close partnership with the Hong Kong Breast Cancer Foundation to elevate public awareness and understanding, and establish collaborations with non-governmental organisations (NGOs) to advance our patient education initiatives. In terms of patient engagement, we have expanded our product education program to above-the-line media while vigorously maintaining our online product detailing efforts.

Business Development

In our business development efforts, we consistently implemented growth strategies to align with consumer demand and capitalise on market opportunities, reinforcing our competitive position as a forward-looking branded healthcare player in Asia. Our strategic focus included expanding local and cross-border e-commerce platforms, tapping into the potential of TCM in Hong Kong and the growing Greater Bay Area market, adapting our product portfolio to evolving consumer needs, and enhancing commercial execution to maximise results.

Accelerating E-commerce Development

The growth of our cross-border e-commerce business in the PRC continued to gain momentum, thanks to our ongoing efforts to expand product offerings, strengthen platform presence, and increase customer traffic and base. This progress reflects our commitment to enhancing our market reach and meeting the evolving needs of our customers.

Continuing the positive sales trend in the first half of FY2023, the Group's PRC cross-border e-commerce business maintained its strong momentum, achieving encouraging growth compared to the previous period.

Our two self-operated flagship stores on Tmall Global Marketplace and JD Worldwide have demonstrated accelerating growth with strong expansion in market share and customer base during the Reporting Period, bolstered by the robust operation and customer service support of our dedicated cross-border e-commerce team.

Due to the robust performance of the Group's leading brand product, Ho Chai Kung Tji Thung San, our flagship store achieved a high ranking at Tmall and secured the No. 1 position in the "OTC-International" and "OTC-Pain Killer" categories during the Double 12 Event.

In collaboration with leading platforms in China, our continued business development yielded positive results during the Double 11 shopping event in 2022. We have strategically extended our skincare and beauty product offerings to Tmall B2B (business to business) platform, following the successful launch of our skincare and beauty products on VIP Shop (唯品會), a prominent cross-border e-commerce platform for branded lifestyle products in China.

The Group's well-established procurement network enables us to forge strong ties with local and overseas suppliers, providing a diverse selection of high-quality overseas products for our platforms and Mainland consumers. By leveraging sales data from major e-commerce platforms, we continuously sourced popular products from overseas that answer to consumers' needs. Alongside our focus on OTC and beauty products, we are actively expanding our efforts in the medical device category on our PRC cross-border e-commerce platforms to further enhance our healthcare offerings.

To further drive our e-commerce business development, we will continue collaborating with new and existing e-commerce platforms to leverage their customer pools for expanded market opportunities, which will be backed by an enhanced e-commerce team in Mainland China and Hong Kong.

Capturing Growth Potential in Chinese Medicines

Driven by public recognition of its complementary healing benefits and supportive government policies promoting its heritage and development, consumer demand for TCM has significantly evolved over the years. In addition, the collaboration between Hong Kong and Mainland authorities in facilitating the use of TCM products in the Greater Bay Area is anticipated to create substantial opportunities for manufacturers and market practitioners in Hong Kong.

The prominence of Chinese medicine has been further reinforced by the HKSAR Government and Mainland experts advocating for the combined use of Western and Chinese medicines in treating COVID-19 patients during the severe fifth wave of the epidemic. This support for Chinese medicine is also evident in two ongoing flagship projects backed by the HKSAR Government to promote TCM development in Hong Kong, namely the city's first Chinese Medicine Hospital in Tseung Kwan O and the Government Chinese Medicines Testing Institute.

To capitalise on the anticipated growth of the Chinese medicines market, we have expanded our CCMG portfolio with newly developed products and registered Chinese medicine-based healthcare offerings, which will be progressively launched through our extensive distribution network of Chinese medicine practitioners. To enhance customer support, we have successfully introduced an online service platform, enabling our TCM physician customers to place orders around the clock.

Our proprietary Chinese medicine business also benefits from the joint support of the Hong Kong and Mainland authorities in facilitating the entry of proprietary Chinese medicines into the Greater Bay Area. Streamlined procedures have been introduced, allowing holders of proprietary Chinese medicines for external use, registered and marketed for over 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 successfully secured the approval of the registration for our medicated oil brands, Shiling Oil and Konsodona Medicated Oil, in the Greater Bay Area. We anticipate launching these products in the market in the near term.

Outlook

Strict COVID-19 controls have weighed heavily on Hong Kong's economy since 2020. By late 2022, we were pleased to see easing restrictions and border measures in Hong Kong and Mainland China, allowing some return to normality and release of pent-up demand, benefiting businesses to varying degrees. As positive momentum built in 2022's second half continued into 2023, retail was poised to gain from recovering consumer spending and tourism. Nonetheless, we believe that the macro market environment remains volatile that it warrants prudence in the midst of optimism.

However, healthcare's outlook continues to inspire optimism. COVID-19 intensified health awareness and consumer urgency to proactively manage well-being. This shift, along with aging populations, sedentary lifestyles and growing health-consciousness amid rising living standards, fuels the growth momentum of the consumer healthcare market.

COVID-19 has accelerated consumers' shift from physical to digital retail. For instance, Hong Kong online sales rose 20.8% year over year in 2022, signaling e-commerce's rapid growth may endure beyond pandemic constraints. We believe that the trend of the at-home economy will continue to foster rapid growth of the online business across the markets, supporting the momentum of the Group's domestic and cross-border e-commerce business developments.

Considering the favorable policy support for the development of TCM in the region, we are enthusiastic about the business opportunities arising in the Greater Bay Area. As a prominent player in the proprietary Chinese medicines and CCMG market in Hong Kong, the Group is well-positioned to capitalise on the potential of the thriving market, which boasts a substantial population of over 70 million in the Greater Bay Area.

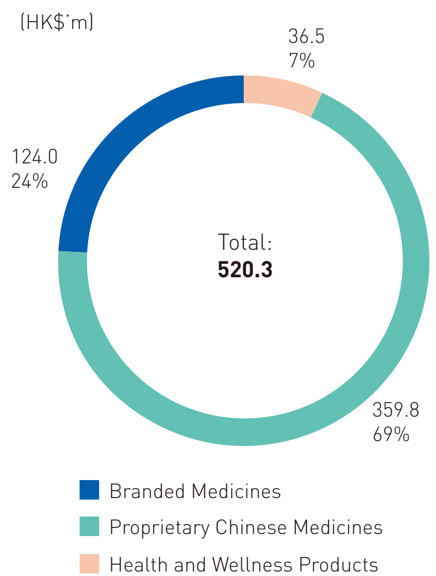
Nonetheless, our focus will remain on fostering operational excellence as we continue to pursue our growth strategies, which center on enriching our offerings, sharpening commercial execution, and broadening geographic reach. Through these efforts, we aim to support consumers in better managing their health with high-quality and trusted branded healthcare products, in line with advancing our mission of "Enabling Better Health Through Self-care".

FINANCIAL REVIEW

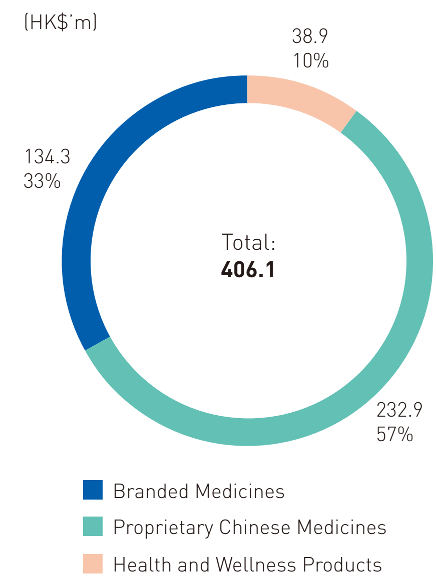
Revenue

Revenue by Operating Segments

FY2023



FY2022



The substantial increase in the Group's total revenue of HK$114.2 million, or 28.1% compared to FY2022, was mainly attributable to the significant increase in revenue of HK$126.9 million in the proprietary Chinese medicines segment, which was partly offset by the decrease of HK$10.3 million in the branded medicines segment and HK$2.4 million in the health and wellness products segment respectively. The revenue split of the three segments was at the ratio of 69%, 24% and 7%.

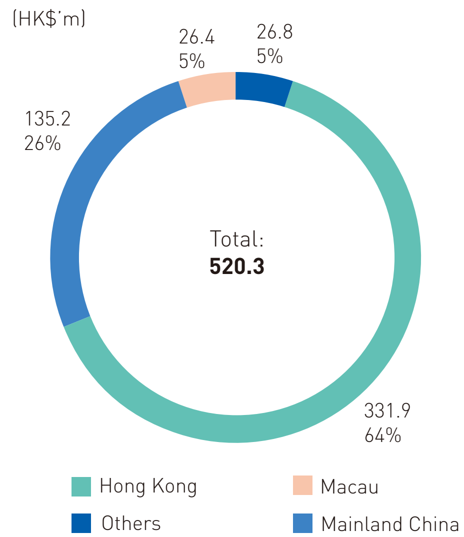
The proprietary Chinese medicines segment delivered a robust growth of 54.5% from FY2022 to FY2023, which benefited from the significant increase in sales of Po Chai Pills, strong sales growth of select third-party products generated from our PRC cross-border e-commerce platforms and the sustained momentum of CCMG business. The stabilisation of the pandemic situation has contributed to a gradual recovery in retail sentiment, leading to increased demand for Chinese medicine services.

The revenue in branded medicines segment was reduced by 7.7% over the previous financial year, primarily due to decreased sales of Ho Chai Kung brand products and AIM Atropine Eye Drops under the adverse impact of the pandemic.

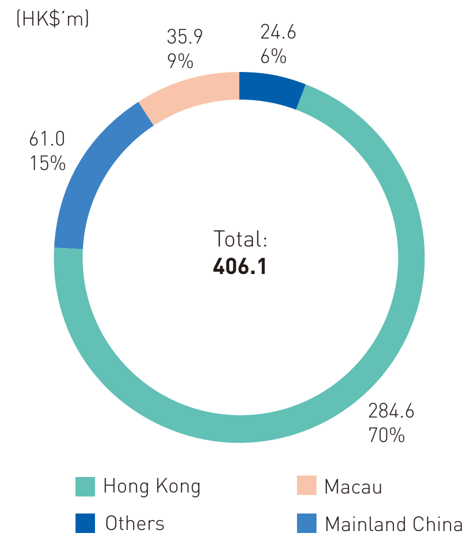
For the health and wellness products segment, a decrease of 6.2% in revenue in FY2023 was registered compared to the previous period, attributed to the reduction of sales of various products in the retail sector in Hong Kong. The decrease, however, was partly compensated by the stable growth of Oncotype DX during the Reporting Period.

Revenue by Geographic Location

FY2023



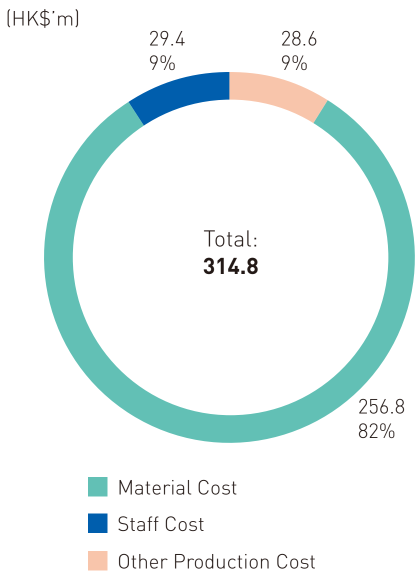
FY2022



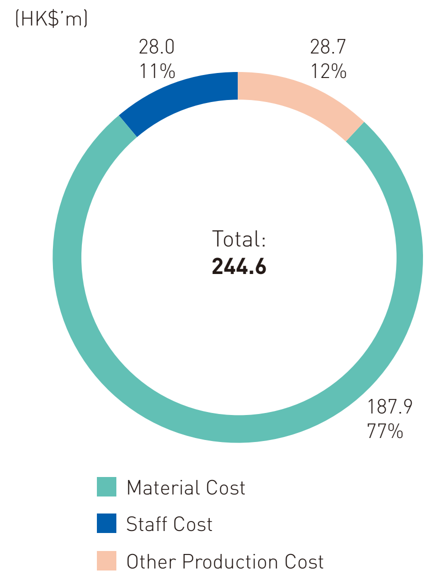
Hong Kong continued to be the major revenue stream, representing 64% of the total revenue with an increase in revenue of HK$47.3 million in the Reporting Period, mainly due to the strong growth in sales of Po Chai Pills and CCMG business. The revenue in Mainland China also increased significantly by HK$74.2 million, mainly attributable to the robust sales performance via PRC cross-border e-commerce platforms during the Reporting Period. The drop in Macau's revenue by HK$9.5 million was primarily due to the spikes in COVID-19 infection cases during the Reporting Period. The modest growth in revenue from other overseas markets by HK$2.2 million was mainly attributable to the increase in sales of Shiling Oil in key Caribbean markets.

Cost of Sales

FY2023



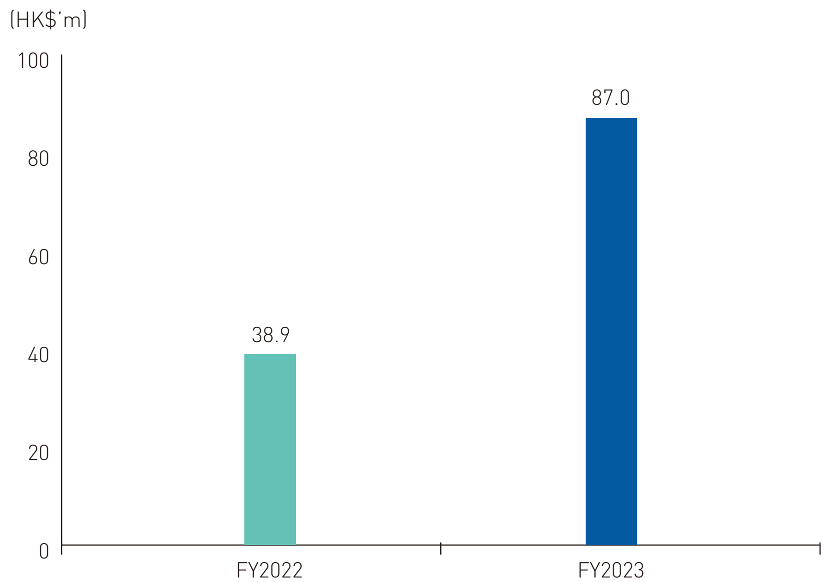
FY2022



Material cost continued to be the major component, constituting approximately 82% of the total cost of sales for FY2023. The increase in material cost of HK$68.9 million or 36.7% from FY2022 to FY2023 was mainly due to the procurement of third party brand products for sale to various cross-border e-commerce platforms with relatively low margins compared to existing products of the Group.

The staff cost increased slightly by HK$1.4 million or 5.0% from FY2022 to FY2023, while other production costs were maintained at a similar level.

Profit from Operations



The profit from operations increased by HK$48.1 million or 123.7% to HK$87.0 million from FY2022 to FY2023, which was mainly attributable to the increase in gross profit, the gain from the deemed disposal of equity interest in a joint venture company in a step acquisition (details of which were set out in the announcement of the Company dated 17 March 2023) and the recognition of a one-off Employment Support Scheme subsidy from the HKSAR Government during the Reporting Period.

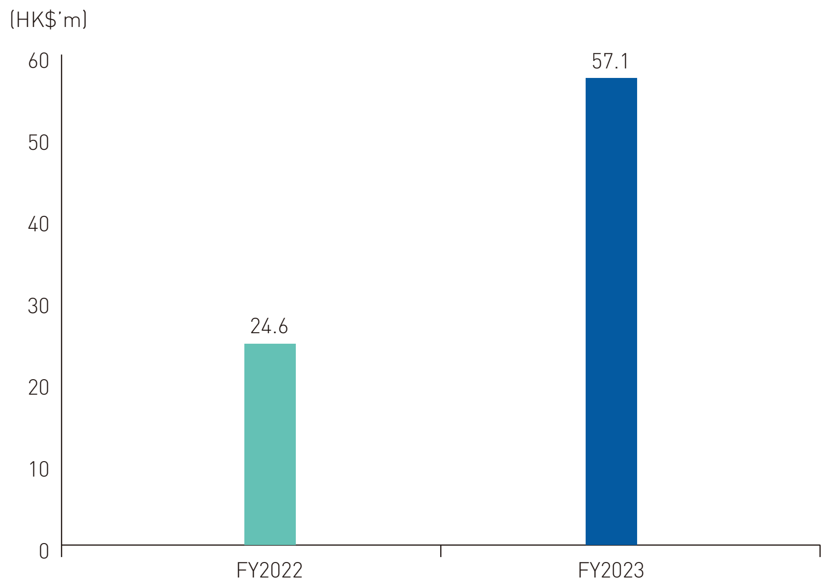
Finance Costs

The finance costs in FY2023 were mainly attributed to a committed banking facility and loan facility from a fellow subsidiary, while the finance costs in FY2022 mainly represented interest expenses from a committed banking facility. The increase in finance costs was primarily attributed to an increase in interest rates during the Reporting Period.

Income Tax

The increase in income tax from FY2022 to FY2023 primarily reflected the higher profit before taxation generated during the Reporting Period. The decrease in the effective income tax rate from FY2022 to FY2023 was mainly attributable to the increase in non-taxable income.

Profit Attributable to Equity Shareholders



The significant increase in profit attributable to equity shareholders of HK$32.5 million or 132.1% from FY2022 to FY2023 was primarily driven by the rise in profit from operations.

Assets

Property, Plant and Equipment

The decrease in the value of property, plant and equipment as at 31 March 2023, compared with 31 March 2022, principally reflected the depreciation of HK$26.0 million, offset partially by the additions of HK$10.5 million.

Intangible Assets

The increase in intangible assets from FY2022 to FY2023 was principally attributable to recognition of intangible assets arising from the acquisition of remaining 50% of equity interests of a joint venture (details of which were set out in the announcement of the Company dated 17 March 2023), partly compensated by the amortisation of HK$17.6 million.

Inventories

As at 31 March 2023, the inventory level increased by HK$6.7 million, primarily to meet the demand on various cross-border e-commerce platforms in the second quarter of 2023.

Cash and Cash Equivalents

As at 31 March 2023, approximately 94.7% of cash and cash equivalents denominated in Hong Kong dollars (2022: 90.1%), while the remaining balance was denominated mainly in Euros, United States dollars, Renminbi and Singapore dollars.

Liabilities

Bank Loans

The reduction in bank loans from HK$175.0 million as at 31 March 2022 to HK$155.0 million as at 31 March 2023 represented a partial repayment of bank loans. As at 31 March 2023, the bank loans of the Group were 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**"). Since Listing, 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 had 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 31 March 2023:

		As at 31 March 2022		**As at 31 March 2023**	
Use of IPO Proceeds as set out in the Prospectus	**Proposed application** *HK$'000*	Actual utilised amount *HK$'000*	Unutilised amount *HK$'000*	**Actual utilised amount** ***HK$'000***	**Unutilised amount** ***HK$'000***
Portfolio development and brand management of proprietary Chinese medicines	5,000	3,104	1,896	**1,896**	**–**
Payments for obtaining additional distribution rights from third-party brand owners	4,523	4,523	–	**–**	**–**
General working capital	1,000	1,000	–	**–**	**–**
Total	10,523	8,627	1,896	**1,896**	**–**

The IPO Proceeds were used according to the intended use being set out in the Prospectus.

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, bank borrowings and other borrowings.

Charge on Group Assets

The carrying value of assets pledged against bank loans decreased from HK$76.5 million as at 31 March 2022 to HK$73.9 million as at 31 March 2023.

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 10.9% as at 31 March 2022 to 0.3% as at 31 March 2023. The decrease in net gearing ratio was attributable to increase in net cash generated from operating activities and 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 2023, 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 2023 and up to the date of this announcement.

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

Saved for the acquisition of 50% shareholding in a joint venture company as disclosed in the announcement of the Company dated 17 March 2023, the Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 March 2023. 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.

– 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 throughout the Reporting Period.

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 recommends to declare a final dividend of HK2.5 cents per Share for FY2023 (FY2022: Nil), subject to the approval of shareholders of the Company at the 2023 AGM to be held on 1 August 2023 (Tuesday), which is expected to be paid on 1 September 2023 (Friday) to shareholders whose names appear on the register of members of the Company on 18 August 2023 (Friday), being the record date for determining shareholders' entitlement to the proposed final dividend. Including the interim dividend of HK0.5 cent per Share paid on 29 December 2022, the total dividend for FY2023 amounts to HK3.0 cents per Share (FY2022: Nil). The details of final dividend of the Company are set out in note 9 of this annual results announcement.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement of shareholders of the Company to attend and vote at the 2023 AGM, the register of members of the Company will be closed from 26 July 2023 (Wednesday) to 1 August 2023 (Tuesday), both days inclusive, during which period no transfer of shares of the Company will be registered. All transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on 25 July 2023 (Tuesday) 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 17 August 2023 (Thursday) to 18 August 2023 (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, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on 16 August 2023 (Wednesday) for registration.

PUBLICATION OF THIS 2023 ANNUAL RESULTS ANNOUNCEMENT AND THE 2023 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 2023 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, 15 June 2023

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:

"2023 AGM"	the forthcoming 2023 annual general meeting of the Company
"2023 Annual Report"	the annual report of the Company for the year ended 31 March 2023
"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
"COVID-19"	Coronavirus disease 2019
"Director(s)"	the director(s) of the Company
"ESG"	environmental, social and governance
"FY2022"	the year ended 31 March 2022
"FY2023" or "Reporting Period"	the year ended 31 March 2023

"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
"HKSAR Government"	the Government of Hong Kong
"Hong Kong" or "HKSAR"	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
"OTC"	a term used to describe medicines that can be sold directly to a consumer without a prescription from a healthcare professional, as compared to prescription drugs, which are sold only to consumers possessing a valid prescription
"Prospectus"	the prospectus issued by the Company dated 26 January 2021
"Share(s)"	ordinary share(s) in the capital of the Company with nominal value of HK$0.01 each
"Share Award Scheme"	the share award scheme adopted by our Company on 18 January 2021, a summary of the principal terms of which is set forth in the Prospectus
"Stock Exchange"	The Stock Exchange of Hong Kong Limited