

[For Immediate Release]



## Jacobson Pharma Announces 2017 Annual Results

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**Revenue Increases 15.9% to HK\$1,256.0 Million**  
**Adjusted Net Profit Up by 30.7% to HK\$201.9 Million**

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**Recommends a Final Dividend of HK1.4 Cents per Share**

(Hong Kong, 23 June 2017) **Jacobson Pharma Corporation Limited** (“**Jacobson Pharma**” or the “**Group**”; **Stock Code: 2633**), a leading company engaged in the research, development, production, marketing and sale of generic drugs and proprietary medicines, has today announced its annual results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 March 2017 (“**FY 2017**”). These annual results are the first since the company’s listing in Hong Kong in September last year.

During the year under review, the Group’s revenue solidly increased by 15.9% to HK\$1,256.0 million (FY2016: HK\$1,083.9 million). Gross profit rose by 14.2% to HK\$556.9 million (FY2016: HK\$487.8 million), with gross profit margin at about 44.3%. Excluding the one-off listing expenses of HK\$22.6 million, the adjusted profit attributable to the shareholders of the Company would have risen by 30.7% to HK\$201.9 million. The profit attributable to the shareholders of the Company rose by 23.1% to HK\$179.3 million (FY2016: HK\$145.6 million). Basic and diluted earnings per share were HK11.39 cents (FY2016: HK11.13 cents).

The Group maintains a strong financial position with cash and cash equivalents of HK\$359.7 million at the end of FY2017. The Board has recommended a payment of a final dividend of HK1.4 cents per share for the year ended 31 March 2017 (FY2016: not applicable). Together with an interim dividend for the six months ended 30 September 2016 of HK0.8 cent per share (30 September 2015: not applicable), total dividend for the year is HK2.2 cents (FY2016: not applicable), representing a payout ratio of approximately 19.3%.

### **Business Review**

#### **Generic Drugs**

Revenue of generic drugs, the Group’s principal income generator, achieved a solid increase of 16.2% to HK\$1,097.6 million, mainly attributable to the expanded sales and customer base in both the public and private sectors and the enhanced production capacity of its new manufacturing plants. Revenue from the public sector registered a steady growth of 13.6% over the previous year to HK\$344.7 million whilst the revenue from the private sector posted an even stronger 17.4% growth to HK\$752.9 million.

The robust performance of the core Generic Drug Segment was also attributable to the strong sales of respiratory and cardiovascular products which saw a promising growth of 34% and 28% in sales respectively.

The strategic focus on developing premium and difficult-to-make generics helps strengthen the market position of the Group. Leading the way in this strategic direction, a number of clinically-substantiated products under the anti-viral, cardiovascular and gastro-intestinal therapeutic categories have been approved for marketing in FY2017.

As for other operations, manufacturing units were operating effectively with a steady rise in production output. There were over 2,608 million of tablets and capsules, over 2,719 thousand litres of oral liquid and over 217 tonnes of cream product produced, representing a respective increase of 20.4%, 25.6% and 33.8% versus FY2016.

### **Proprietary Medicines**

Revenue from the Proprietary Medicine segment recorded a year-on-year growth of 13.9% to HK\$158.4 million. The sales of Po Chai Pills in Hong Kong, in particular, surged 22.3% to HK\$74.2 million. The Group is committed to the strategy of building a proprietary medicine portfolio with regional recognition and an expandable sales platform to penetrate further into the over-the-counter (“OTC”) drug markets in Hong Kong, China and other strategically selected markets in Asia Pacific.

From January to March 2017, the Group acquired popular household brands Saplingtan (「十靈丹」), as well as the manufacturer of proprietary medicines under the heritage brand Ho Chai Kung (「何濟公」), respectively. As a result, the Group’s proprietary medicine portfolio now comprises well-known brands including the iconic Po Chai Pills, Ho Chai Kung Tji Thung San (「何濟公止痛退熱散」), Tong Tai Chung Woodlok Oil (「唐太宗活絡油」), Flying Eagle Wood Lok Medicated Oil (「飛鷹活絡油」), Saplingtan and Shiling Oil.

Furthermore in March 2017, the Group announced its acquisition of 70% interest in the retail and wholesale operator Hong Ning Hong Group, a strategic move in advancing sales channels for wider distribution of its proprietary medicine brands.

With the newly secured OTC classification status of Puji Pills in China, the Group has entered into strategic distribution agreements with two well-established distributors in China in November 2016. A subsidiary of Yunnan Baiyao Group Co., Limited (「雲南白藥集團股份有限公司」) has been appointed as distributor of Puji Pills in Yunnan province whilst Zhuhai Jinming Medicine Co., Limited (「珠海市金明醫藥有限公司」) has also been engaged as distributor in Guangdong province.

### **Product Development**

The Group has achieved encouraging progress in its product development during FY2017, highlighted by one of its on-going collaboration research project with Nano & Advanced Materials Institute ( “NAMI” ) on innovative nanoparticles for diagnosis of Alzheimer’s disease winning the prestigious Gold Medal Award at the 45th International Exhibition of Inventions of Geneva. With the additions of 22 newly-selected products during the year, the Group has a total of 91 products in its research and development pipeline.

The Group's commitment to new product development and advancing research and technology continues to deliver promising results. Aiming for the enhancement of product quality and manufacturing process efficiency, the project on real-time monitoring and end-point determination of pharmaceutical powder blending using near infrared spectroscopic ("NIRS") technology has had an encouraging start with approved funding from the Innovation and Technology Fund. Another project on dry powder coating technology has also been progressing steadily. This platform technology aims to use a patented electrostatic coating technique to develop a cost effective solution for sophisticated coating formulation of a number of premium generics as opposed to conventional techniques.

**Mr. Derek Sum, Chairman and Chief Executive Officer** of Jacobson Pharma said, "Making the fundamentals right is crucial, which includes maintaining a broad portfolio, introducing new and updated products and entering early with off-patent molecules, whilst other steps are imperative. To remain competitive, we must be well geared up to build a portfolio of strong product brands and ramp up the sophistication of our sales and marketing operations.

Cultivating strong brands is a key factor of success in a market in flux. We are poised to leverage our current premier positions of popular brands, realign the marketing resources and create a dedicated brand management team to better share expertise and ensure optimal resources allocation. The ultimate goal is to build a portfolio of proprietary medicine brands that offers a robust sales revenue stream not only in Hong Kong and China but also in other strategic markets in Asia Pacific."

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**About Jacobson Pharma Corporation Limited (雅各臣科研製藥有限公司 ; Stock Code: 2633)**

Jacobson Pharma is the largest generic drug company in Hong Kong with over 30% share of the total generic drug market for each year since 2012. The Group's proprietary medicines, notably being Po Chai Pills (「保濟丸」), Tong Tai Chung Woodlok Oil (「唐太宗活絡油」), Ho Chai Kung Tji Thung San (「何濟公止痛退熱散」), Contractubex Scar Gel (「秀碧除疤膏」) Doan's Ointment (「兜安氏藥膏」), Flying Eagle Wood Lok Medicated Oil (「飛鷹活絡油」), Saplingtan (「十靈丹」), Shiling Oil (「十靈油」) and Col-gan Tablet (「傷風克」) have been widely recognized by the market. Jacobson Pharma has been a constituent stock of MSCI Hong Kong Micro Cap Index since 1 June 2017. For more details about Jacobson Pharma, please visit the Group's website: <http://www.jacobsonpharma.com>

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