



## Jacobson Pharma Announces FY2018 Interim Results

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### Realizing Growth Strategies With Both Revenue and Net Profit Up Declares Interim Dividend of HK0.9 cent per share

(Hong Kong, 22 November 2017) **Jacobson Pharma Corporation Limited** (“**Jacobson Pharma**” or the “**Company**”; **Stock Code: 2633**), a leading company engaged in the research, development, production, marketing and sale of generic drugs and proprietary medicines, today announced its unaudited interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2017 (the “Reporting Period”).

During the Reporting Period, the Group’s revenue increased by 29.1% to HK\$743.0 million (1H2016: HK\$575.4 million). Gross profit and profit from operations rose by 14.0% to HK\$278.9 million (1H2016: HK\$244.6 million) and 43.9% to HK\$112.7 million (1H2016: HK\$78.3 million) respectively. Profit attributable to the shareholders of the Company surged by 40.6% to HK\$80.3 million (1H2016: HK\$57.1 million). Basic and diluted earnings per share were HK4.42 cents.

The Group maintains a healthy financial position with cash and cash equivalents of HK\$326.3 million at the end of the Reporting Period. The Board has declared payment of an interim dividend for the six months ended 30 September of HK0.9 cent per share (1H2016: HK0.8 cent).

#### **Business Review**

##### **Generic Drugs**

During the Reporting Period, the Group’s generic drugs business achieved revenue of HK\$542.2 million, up by 7.0% compared with the same period last year. Revenue from the public sector segment grew 7.9% to HK\$184.2 million, primarily attributed to the rise in demand for oral anti-diabetic and cardiovascular products along with contributions from newly awarded tenders. Private sector business posted a revenue growth of 6.6% to HK\$358.0 million, attributing to organic growth as well as revenue contribution from the business of Medipharma that the Group acquired in November 2016.

The Group is a market leader in a number of therapeutic categories and its research and development (“R&D”) team has been progressively enriching the product pipeline to help fuel the Group’s growth momentum in those categories. A noteworthy example is the recent launch of losartan which witnessed a robust sales growth of 87.5% during the Reporting Period.

In terms of productivity, the Group's manufacturing operations continued to perform well affording a steady rise in production output. The total output of the three major product dosage forms – solid, semi-solid and liquid – grew respectively by 17.3% to 1,341 million tablets and capsules, 37.0% to 135 tons and 4.9% to 1,373 kilo-liters as compared to corresponding period of 2016.

### **Proprietary Medicines**

Revenue from the Proprietary Medicine segment witnessed a significant 76.2% growth to HK\$121.2 million, attributable to the robust sales performance of Ho Chai Kung, a long-standing household brand that the Group acquired in January 2017, which contributed HK\$45.2 million to the segmental revenue, plus the strengthening sales of Po Chai Pills (「保濟丸」) and Tong Tai Chung Woodlok Oil (「唐太宗活絡油」).

The Group continues to contemplate geographical expansion into strategic markets in the Asia Pacific, such as Taiwan and certain ASEAN countries. It has put in place a dedicated business development team to pursue market evaluations and to expedite market entry and regulatory clearance.

### **Wholesale and Retail**

In April 2017, the Group completed the acquisition of 70% interest in the retail and wholesale operator Hong Ning Hong Group which has a well-established commercial infra-structure and customer network. The acquisition was a strategic move by the Group to expand sales channels and boost distribution of products of its proprietary medicine brands. The Wholesale and Retail segment contributed revenue of HK\$79.6 million, accounting for 11.0% of the Group's total revenue.

### **Product Development**

During the Reporting Period, the Group has an addition of 18 newly selected products to supplement the Group's R&D pipeline and successfully registered 8 products during the Reporting Period which are ready for launch and supply in Hong Kong. Furthermore, the Group finished the formulation development process of another 22 products, which are currently undergoing stability program.

The Group also made good progress on collaboration projects with various R&D institutions. Derived from the collaboration with Nano & Advanced Materials Institute Limited (NAMI), a commercialized product being trademarked as "NanoAZD™" was launched in April 2017. The product was first introduced at the Alzheimer's Association International Conference in London in July 2017 and received encouraging feedback as well as recognition for its potential in subsequent clinical application.

**Mr. Derek Sum, Chairman and Chief Executive Officer** of Jacobson Pharma, said, "We are delighted that Jacobson Pharma maintained healthy business momentum and executed the necessary growth strategies in line with our original plans and schedule for the first half of FY2018. Underpinning the financial results in the period under review is a continued focus on the key growth drivers, encompassing first-to-opportunity generics, such as losartan and mesalazine and proprietary brands, including Po Chai Pills, Ho Chai Kung (「何濟公」) and Shiling Oil (「十靈油」).

Looking ahead, we will continue to take measured and disciplined approach to R&D investment and capital allocation whilst expecting further progress with its development pipeline, offering potential value through multiple licensing opportunities on both generic drugs as well as biopharmaceuticals. We will continue to pursue expanding our footprint in certain strategic markets in Asia with a view to creating sustainable values for our shareholders.”

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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>

**For media enquiries, please contact:  
Strategic Financial Relations Limited**

Vicky Lee           Tel: (852) 2864 4834  
Angela Ng           Tel: (852) 2864 4855  
Angel Li             Tel: (852) 2864 4859

Email: vicky.lee@sprg.com.hk  
Email: angela.ng@sprg.com.hk  
Email: angelok.li@sprg.com.hk