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Jacobson Pharma Corporation Limited

雅各臣科研製藥有限公司

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

Stock Code : 2633

CONNECTED TRANSACTION IN RELATION TO THE TRANSFER OF 100% BENEFICIARY INTEREST IN A KEY MAN INSURANCE POLICY

THE AGREEMENT

The Board announces that on 27 March 2017 (after trading hours of the Stock Exchange), Jean-Marie, an indirect wholly-owned subsidiary of the Company, and Mr. Sum, the chairman, executive Director and one of the controlling shareholders of the Company, entered into the Beneficiary Interests Transfer Agreement, pursuant to which Jean-Marie agreed to transfer 100% share of beneficiary interests in the Key Man Insurance Policy to Mr. Sum for a consideration of HK\$20,494,660. Upon Completion, Jean-Marie will cease to be the sole beneficiary and Mr. Sum will be the sole beneficiary under the Key Man Insurance Policy.

As Mr. Sum is an executive Director and one of the controlling shareholders and hence is a connected person of the Company, the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the Transaction is more than 0.1% but less than 5%, the Transaction is subject to the reporting and announcement requirements but exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND

The Board announces that on 27 March 2017 (after trading hours of the Stock Exchange), Jean-Marie, an indirect wholly-owned subsidiary of the Company, and Mr. Sum, the chairman, executive Director and one of the controlling shareholders of the Company, entered into the Beneficiary Interests Transfer Agreement, pursuant to which Jean-Marie agreed to transfer 100% beneficiary interests in the Key Man Insurance Policy to Mr. Sum for a consideration of HK\$20,494,660. Upon Completion, Jean-Marie will cease to be the sole beneficiary and Mr. Sum will be the sole beneficiary under the Key Man Insurance Policy.

PRINCIPAL TERMS OF THE BENEFICIARY INTERESTS TRANSFER AGREEMENT

Date:	27 March 2017
Parties:	Jean-Marie Mr. Sum
Interests to be disposed of:	100% beneficiary interests in the Key Man Insurance Policy
Consideration:	HK\$20,494,660 payable in cash
Conditions precedent:	The Transaction is conditional upon the fulfillment of the following conditions from the date of the Beneficiary Interests Transfer Agreement: (i) Jean-Marie having provided a duly executed request for change of beneficiary to Mr. Sum; (ii) the Insurer having consent to the Transaction; and (iii) each of the Company and Jean-Marie having obtained its board approval approving the Beneficiary Interests Transfer Agreement and consummation thereof.
Completion:	Expected to be within three (3) calendar days from the date of the Beneficiary Interests Transfer Agreement

INFORMATION ABOUT THE PARTIES AND THE GROUP

Jean-Marie is an indirect wholly-owned subsidiary of the Company, and Mr. Sum is the chairman, executive Director and one of the controlling shareholders of the Company.

The Group is principally engaged in manufacturing, marketing and sale of generic drugs and proprietary medicines.

INFORMATION ABOUT THE KEY MAN INSURANCE POLICY

Mr. Sum is the life insured under the Key Man Insurance Policy provided by the Insurer, with sum insured of US\$10 million. Jean-Marie is currently the sole beneficiary of the Key Man Insurance Policy, with 100% beneficiary interests therein. A one-time premium in the amount of approximately US\$1.75 million was paid to obtain the Key Man Insurance Policy in 2009.

As of 30 September 2016, the unaudited book value of the Key Man Insurance Policy was approximately HK\$16,796,620. The net profits (both before and after taxation) attributable to the Key Man Insurance Policy were HK\$778,838 and HK\$815,828 for the years ended 31 March 2015 and 31 March 2016 respectively.

As of the Valuation Date, the account value and surrender value of the Key Man Insurance Policy were approximately HK\$16,796,620 and HK\$20,494,660, respectively.

FINANCIAL IMPLICATIONS OF THE TRANSACTION AND USE OF PROCEEDS

Based on the unaudited book value of the Key Man Insurance Policy of approximately HK\$16,796,620 as of 30 September 2016, it is estimated that the Company will realize a gain from the Transaction of approximately HK\$3,698,040, being the difference between the consideration for the Transaction to be received and the unaudited book value of the Key Man Insurance Policy as of 30 September 2016.

The net proceeds of the Transaction to be received by the Group are intended to be used for general working capital.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The consideration is agreed by the parties on an arm's length basis and on normal commercial terms, with reference to the Key Man Insurance Policy's account value and surrender value, being HK\$16,796,620 and HK\$20,494,660 respectively as of the Valuation Date, as confirmed by the Insurer, as well as the book value recorded in the account of the Company.

At Completion, the Group will receive cash of HK\$20,494,660 and hence improve its cash flow position. Furthermore, based on the unaudited book value of the Key Man Insurance Policy of approximately HK\$16,796,620 as of 30 September 2016, it is estimated that the Company will realize a gain from the Transaction of approximately HK\$3,698,040.

The Directors (including the independent non-executive Directors) are of the view that the Transaction entered into by Jean-Marie is on an arm's length basis, on normal commercial terms or better and fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Mr. Sum, being the chairman, executive Director and one of the controlling shareholders of the Company, has abstained from voting on the Board resolutions for approving the Transaction. Save as disclosed above, none of the other Directors has a material interest in the Transaction and has to abstain from voting on the relevant Board resolutions.

LISTING RULES IMPLICATIONS

As Mr. Sum is an executive Director and one of the controlling shareholders and hence is a connected person of the Company, the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the Transaction is more than 0.1% but less than 5%, the Transaction is subject to the reporting and announcement requirements but exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Beneficiary Interests Transfer Agreement”	the agreement dated 27 March 2017 entered into between Jean-Marie and Mr. Sum in respect of the transfer of 100% beneficiary interests in the Key Man Insurance Policy from Jean-Marie to Mr. Sum
“Board”	the board of Directors
“Company”	Jacobson Pharma Corporation Limited (雅各臣科研製藥有限公司), an exempted company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 2633)
“Completion”	completion of the Transaction in accordance with the terms of the Beneficiary Interests Transfer Agreement
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“Insurer”	HSBC Life (International) Limited
“Jean-Marie”	Jean-Marie Pharmacal Company Limited (正美藥品有限公司), a limited liability company incorporated under the laws of Hong Kong on February 21, 1978, which is a wholly-owned subsidiary of the Company
“Key Man Insurance Policy”	HSBC Jade Global Universal Life Plan (Policy Number: 28000042-50) provided by the Insurer, under which Mr. Sum is the life insured with sum insured of US\$10 million
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Mr. Sum”	Mr. Sum Kwong Yip Derek, the chairman, executive Director, chief executive officer and one of the controlling shareholders of the Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the transfer of 100% beneficiary interests in the Key Man Insurance Policy from Jean-Marie to Mr. Sum in accordance with the terms and conditions of the Beneficiary Interests Transfer Agreement
“Valuation Date”	28 February 2017
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent

By Order of the Board
Jacobson Pharma Corporation Limited
Wong Wai Ming
Company Secretary

Hong Kong, 27 March 2017

As at the date of this announcement, the Board comprises Mr. Sum Kwong Yip, Derek (also as Chief Executive Officer), Ms. Pun Yue Wai and Mr. Yim Chun Leung as executive Directors, Professor Lam Sing Kwong, Simon as non-executive Director, and Professor Chow Hee Lum, Albert, Dr. Lam Kwing Tong, Alan and Mr. Young Chun Man, Kenneth as independent non-executive Directors.