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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

PROPOSED SPIN-OFF AND SEPARATE LISTING OF JBM (HEALTHCARE) LIMITED ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED

THE PROPOSED SPIN-OFF

The Company proposes to spin-off and separately list the branded healthcare business of the Group on the Main Board of the Stock Exchange by way of a distribution in specie to the Qualifying Shareholders of a portion of the shares of JBM, a subsidiary of the Company, and a public offer in Hong Kong of new JBM Shares. The separate listing of the JBM Shares constitutes a spin-off of JBM by the Company under PN15. The Company has submitted a spin-off proposal to the Stock Exchange pursuant to PN15 and the Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off.

On 23 September 2020, JBM submitted a listing application form (Form A1) to the Stock Exchange to apply for the listing of, and permission to deal in, the JBM Shares on the Main Board of the Stock Exchange.

As at the date of this announcement, the Company indirectly holds 85.04% of JBM Shares and it is intended that upon completion of the Proposed Spin-off, the Company will hold not less than 50% in JBM which will remain as a subsidiary of the Company.

The Spin-off Group is principally engaged in the manufacturing and trading of branded healthcare products, comprising consumer healthcare products and proprietary Chinese medicines.

LISTING RULES IMPLICATIONS

The Proposed Spin-off will be effected by way of a distribution in specie of a portion of the JBM Shares and a public offer in Hong Kong of new JBM Shares. The distribution in specie does not constitute a transaction for the Company under Chapter 14 of the Listing Rules and the public offer, if materialized, will constitute a deemed disposal of the interest in a subsidiary of the Company under Rule 14.29 of the Listing Rules. As each of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the Proposed Spin-off is under 5%, the Proposed Spin-off does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules. This announcement is published pursuant to PN15.

GENERAL

Shareholders and other investors are reminded that there is no assurance that the Listing Committee will approve the Proposed Spin-off. The Company will make further announcement(s) in relation to the Proposed Spin-off as and when appropriate.

As the Proposed Spin-off is subject to, among other things, the approval by the Listing Committee, the approval by the Board of the distribution in specie, market conditions and other considerations, the Proposed Spin-off may or may not materialize and the distribution in specie may or may not be made. Shareholders and other investors are reminded to exercise caution when dealing in the securities of the Company.

Reference is made to the Company's announcement dated 20 January 2020 in relation to the potential spin-off listing of the branded healthcare business of the Company.

THE PROPOSED SPIN-OFF

The Company further announces that it proposes to spin-off and separately list the shares of JBM, a subsidiary of the Company, on the Main Board of the Stock Exchange by way of a distribution in specie to the Qualifying Shareholders of a portion of the JBM Shares and a public offer in Hong Kong of new JBM Shares. The separate listing of the JBM Shares constitutes a spin-off of JBM by the Company under PN15. The Company has submitted a spin-off proposal to the Stock Exchange pursuant to PN15 and the Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off.

JBM submitted a listing application form (Form A1) to the Stock Exchange to apply for the listing of, and permission to deal in, the JBM Shares on the Main Board of the Stock Exchange.

Details of the Proposed Spin-off have yet to be finalised. As at the date of this announcement, the Company indirectly holds 85.04% of JBM Shares and it is intended that upon completion of the Proposed Spin-off, the Company will hold not less than 50% in JBM which will remain as a subsidiary of the Company.

THE SPIN-OFF GROUP

JBM is a Hong Kong-based branded healthcare company with product footprint across Greater China, Southeast Asia and other select countries. The Spin-off Group is principally engaged in the manufacturing and trading of branded healthcare products, comprising consumer healthcare products and proprietary Chinese medicines.

REASONS FOR AND BENEFITS OF THE PROPOSED SPIN-OFF

The Board considers that the Proposed Spin-off will be in the interests of the Company and the Shareholders taken as a whole and the Proposed Spin-off will better position each of the Remaining Group and the Spin-off Group for further growth in their respective businesses and deliver clear benefits to both for the following reasons:

- (1) *Enhanced strategic and management focus*: The nature of products offered under the Remaining Group's generic drug business and the Spin-off Group's branded healthcare business is distinct and different and as such the two businesses require different business plans and strategic and management focus. The Proposed Spin-off will enable the Spin-off Group to focus on sustaining its competence and competitiveness in brand and marketing management, as well as creating values through product portfolio management, while the Remaining Group will focus on strengthening its technical competence and in-licensing capabilities in pursuing first-to-file or first-to-market generic drugs. The Proposed Spin-off will allow the Spin-off Group and the Remaining Group to better dedicate resources towards their distinct operating priorities and strategies, and focus on the unique opportunities and business collaborations in their respective markets for long-term growth and profitability of both businesses;
- (2) *Creation of a more nimble branded healthcare company*: Market demands and consumer preferences for branded healthcare products evolve rapidly. The Proposed Spin-off will allow the Spin-off Group to become more focused and nimble with the ability to quickly focus on consumer-preferred branded healthcare products to meet the changing needs of the market;
- (3) *Distinct investment identity*: The Proposed Spin-off will provide the opportunity for the enhancement of the overall value of the Group as a whole. It can unlock the value of the branded healthcare business of the Spin-off Group and also allow investors to separately value the retained business of the Remaining Group based on their distinct investment identities. The Proposed Spin-off will also enable the Remaining Group to benefit from the potential strategic values of the Spin-off Group as its majority shareholder after the Proposed Spin-off and may have the effect of enhancing the overall value of the Group as a whole;
- (4) *Direct access to capital markets*: The Proposed Spin-off will provide the Spin-off Group with its own listing platform, and as a result create an independent equity structure that will allow the Spin-off Group to have direct and independent access to the capital markets for debt and equity fund raising to support its business growth, identify strategic partners and also facilitate its ability to capitalize on unique growth opportunities and to pursue potential merger and acquisitions with its own resources;

- (5) *Risk management*: In general, generic drugs and branded healthcare products have a different risk management profile and require different management skillsets and risk management systems. Challenges to the generic drug business are more related to regulatory compliance, quality control and pharmacovigilance monitoring, whereas for the branded healthcare business the potential challenges would be more related to issues on trade mark infringement, counterfeit products and effective brand management. The Proposed Spin-off will allow the separate management of the two companies to implement proper risk management tools and internal control procedures to safeguard their respective businesses and assets; and
- (6) *Geographical segregation*: Over the years, it has been the Group's strategy to enhance its portfolio of branded healthcare products by expanding its geographical reach, as well as accelerating its growth momentum in China and certain key markets in Asia. There is a solid demand from habitual end-users, especially from China and other Asian countries, for the Spin-off Group's branded healthcare products, owing to their proprietary or branded nature and associated customer loyalty. The Proposed Spin-off will enable the Spin-off Group to devote more focus, effort and resources in capturing the demand from these habitual and brand-loyal customers, in particular with well-strategized brand promotions through both online and offline advertising and marketing campaigns. Synergies in terms of sharing of marketing campaigns, research findings and regulatory resources are also expected to be realized among various products and markets, while the branded healthcare business seeks to expand in its size, market share and geographical coverage.

ASSURED ENTITLEMENT

In giving due regard to the interests of the Shareholders as required under PN15, the Company proposes to provide an assured pro-rata entitlement by effecting a distribution in specie of a portion of the JBM Shares to the Qualifying Shareholders as a special dividend to be declared by the Board, subject to among others the Proposed Spin-off becoming unconditional. Details of such assured entitlement and the special dividend have not yet been finalised and are subject to approval by the Board and the Company will make further announcement(s) in this regard as and when appropriate.

INFORMATION ON THE GROUP

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

LISTING RULES IMPLICATIONS

The Proposed Spin-off will be effected by way of a distribution in specie of a portion of the JBM Shares and a public offer in Hong Kong of new JBM Shares. The distribution in specie does not constitute a transaction for the Company under Chapter 14 of the Listing Rules and the public offer, if materialized, will constitute a deemed disposal of the interest in a subsidiary of the Company under Rule 14.29 of the Listing Rules. As each of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the Proposed Spin-off is under 5%, the Proposed Spin-off does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules. This announcement is published pursuant to PN15.

GENERAL

A redacted form of the Application Proof is expected to be available on the Stock Exchange's website at <http://www.hkexnews.hk/APP/SEHKAPPMMainIndex.htm>. The Application Proof contains, among other things, certain business and financial information relating to the Spin-off Group. Shareholders should note that the Application Proof is in draft form and the information contained in it is subject to change which may be material.

Shareholders and other investors are reminded that there is no assurance that the Listing Committee will approve the Proposed Spin-off. The Company will make further announcement(s) in relation to the Proposed Spin-off as and when appropriate.

As the Proposed Spin-off is subject to, among other things, the approval by the Listing Committee, the approval by the Board of the distribution in specie, market conditions and other considerations, the Proposed Spin-off may or may not materialize and the distribution in specie may or may not be made. Shareholders and other investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Application Proof”	the application proof of the listing document of JBM
“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 the shares of which are listed on the Main Board of the Stock Exchange (stock code: 02633)
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JBM”	JBM (Healthcare) Limited (健倍苗苗(保健)有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 7 January 2020, a subsidiary of the Company
“JBM Shares”	ordinary share(s) with nominal value of HK\$0.01 each in the share capital of JBM
“Listing Committee”	the Listing Committee of the Stock Exchange

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PN15”	Practice Note 15 to the Listing Rules
“PRC”	the People’s Republic of China
“Proposed Spin-off”	the proposed spin-off and separate listing of the JBM Shares on the Main Board of the Stock Exchange
“Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company on the Record Date, other than the non-qualifying Shareholders (being Shareholders whose names appear on the register of members of the Company on the Record Date and whose addresses as shown in such register are in certain excluded jurisdictions and any Shareholders or beneficial Shareholders at that time who are otherwise known by the Company to be resident in any of the excluded jurisdictions who will not receive JBM Shares pursuant to the distribution in specie)
“Record Date”	the record date for ascertaining the Qualifying Shareholders who shall be entitled to the distribution in specie
“Remaining Group”	the Company and its subsidiaries, excluding the Spin-off Group
“Shareholders”	shareholders of the Company
“Spin-off Group”	JBM and its subsidiaries
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percentage

By order of the Board
Jacobson Pharma Corporation Limited
YIM Chun Leung
Executive Director and Company Secretary

Hong Kong, 23 September 2020

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