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## **Jacobson Pharma Submits Form A1 to Spin-off Its Branded Healthcare Business**

(Hong Kong, September 23, 2020) **Jacobson Pharma Corporation Limited (“Jacobson Pharma” or the Group”; Stock Code: 2633.HK)**, a leading company engaged in the research, development, production, marketing and sale of essential medicines and branded healthcare products in Hong Kong, has today announced that its subsidiary, **JBM (Healthcare) Limited (“JBM”)**, has submitted the application (Form A1) to apply for the listing of and permission to deal in its shares on the Main Board of The Stock Exchange of Hong Kong Limited (HKEX). The separate listing of JBM constitutes a proposed spin-off of JBM by the Group under the Listing Rules.

JBM is a Hong Kong-based branded healthcare company with product footprint covering Greater China, Southeast Asia and certain other countries. It is principally engaged in the manufacturing and trading of branded healthcare products, comprising consumer healthcare products and proprietary Chinese medicines. Currently, Jacobson Pharma indirectly holds 85.04% of JBM Shares. Upon completion of the proposed spin-off, Jacobson Pharma intends to hold not less than 50% of the shares of JBM and that the Group will still consolidate its accounts.

Jacobson Pharma considers the proposed spin-off will be in the interest of the Group and its Shareholders as a whole. The Group also believes that the proposed spin-off will better position itself and JBM for further growth in their respective businesses and deliver clear benefits to both due to the following reasons:

### **Enhance strategic and management focus**

The nature of products offered under the Group’s generic drug business and JBM’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 JBM to focus on sustaining its competence and competitiveness in brand and marketing management, as well as creating values through product portfolio management, while Jacobson Pharma will focus on strengthening its technical competence and in-licensing capabilities in pursuing first-to-file or first-to-market generic drugs.

### **Nimble branded healthcare company**

Market demands and consumer preferences for branded healthcare products evolve rapidly. The proposed spin-off will allow JBM to become better focused and nimble, with the ability to quickly focus on and deliver consumer-preferred branded healthcare products.

### **Unlock value of branded healthcare business and enhance overall value of the Group**

The proposed spin-off will allow investors to separately value the branded healthcare business of JBM and the retained business of the Group based on their distinct investment identities. The proposed spin-off will also enable Jacobson Pharma to benefit from the potential strategic value of JBM as its majority shareholder after the proposed spin-off, and may have the effect of enhancing the value of the Group as a whole.

### **Direct access to capital markets for JBM**

The proposed spin-off will provide JBM with its own listing platform, and as a result, create an independent equity structure that will allow JBM 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 facilitate its ability to capitalize on unique growth opportunities, as well as pursue potential merger and acquisitions with its own resources.

### **Enhance risk management**

In general, generic drugs and branded healthcare products have different risk management profiles and require different management skillsets and risk management systems. The proposed spin-off will allow the management of the two companies to better utilize risk management tools and internal control procedures to safeguard their respective businesses and assets.

### **Geographical segregation**

The proposed spin-off will enable JBM to direct greater focus, effort and resources towards capturing demand from habitual and brand-loyal customers, especially from China and other Asian countries, in particular, through well-strategized brand promotions via 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.

**Mr. Derek Sum, Chairman and Chief Executive Officer** of Jacobson Pharma, said, "This spin-off initiative will act as a catalyst for resetting both our capabilities and cost base, as well as delivering value-creation opportunities to both businesses. It is also a significant step forward in terms of shaping Jacobson into a company comprising two distinct enterprises: one that is intently focused on its core generic drugs and specialty medicines business, while the other is principally focused on consumer health and wellness product offerings. We are confident that the proposed spin-off will create growth opportunities and value for the shareholders of Jacobson Pharma and JBM in the long term."

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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 a leading generic drug company in Hong Kong. The Group also carries a portfolio of proprietary brands, notably Po Chai Pills (「保濟丸」), Ho Chai Kung TjiThung San (「何濟公止痛退熱散」), Contractubex Scar Gel (「秀碧除疤膏」), Flying Eagle Woodlok Oil (「飛鷹活絡油」), Tong Tai Chung Woodlok Oil (「唐太宗活絡油」), Doan's Ointment (「兜安氏藥膏」), Saplingtan (「十靈丹」), Shiling Oil (「十靈油」) and Col-gan Tablet (「傷風克」), which have been widely recognised by the market. In the strategic expansion of its branded healthcare business platform, the Group has introduced health and wellness brands and products such as Dr. Freeman®Flu/RSV Combo (「Dr. Freeman 醫臣®流感 / 呼吸道合胞病毒家用式診斷套件」), SmartfishHealth Nutrition Products (「Smartfish 健康營養產品」), Dr.Freeman® Infection Control Product Series (「Dr. Freeman 醫臣®感染控制產品系列」) and Dr Freeman COVID-19 Rapid Test Kit (「Dr. Freeman 醫臣®COVID-19 快速測試套件」), among other reputable brands represented in overseas markets such as Excilor and Weisen-U.

The Group aims at the continued strategic enrichment of both of its generic drug and branded healthcare portfolios through the addition of high value-added products. With its corporate headquarters based in Hong Kong, the Group has also established its operating subsidiaries in China, Macau, Taiwan, Singapore and Cambodia forming a regional commercial platform to tap the market potential in the Asia Pacific and Greater China region. 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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