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Jacobson Pharma Corporation Limited

雅各臣科研製藥有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 2633)



JBM (Healthcare) Limited

健倍苗苗(保健)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2161)

JOINT ANNOUNCEMENT

CONNECTED TRANSACTION TRANSFER OF 19% EQUITY INTERESTS IN THE TARGET COMPANY

EQUITY TRANSFER AGREEMENT

On 3 October 2023, the Seller, an indirect wholly-owned subsidiary of JBM, entered into the Equity Transfer Agreement with the Purchaser, an indirect wholly-owned subsidiary of Jacobson, pursuant to which the Seller has agreed to sell, and the Purchaser has agreed to acquire, 19% equity interests in the Target Company at a cash consideration of RMB16,000,000.

As at the date of this announcement, the Seller is interested in 19% equity interests in the Target Company which is considered as an associate of JBM.

Immediately following completion of the Equity Transfer, (i) JBM Group will cease to hold any equity interests in the Target Company; and (ii) Jacobson Group will become interested in 19% equity interests in the Target Company which will be considered as an associate of Jacobson.

LISTING RULES IMPLICATIONS

As at the date of this announcement, (i) Mr. Sum, a director and a controlling shareholder of JBM, is interested in approximately 61.09% of the issued shares of Jacobson, and therefore, the Purchaser, being an indirect wholly-owned subsidiary of Jacobson and an associate of Mr. Sum, is a connected person of JBM; and (ii) Mr. Sum, a director and a controlling shareholder of Jacobson, is interested in approximately 56.22% of the issued shares of JBM, and therefore, the Seller, being an indirect wholly-owned subsidiary of JBM and an associate of Mr. Sum, is a connected person of Jacobson. Accordingly, the transaction contemplated under the Equity Transfer Agreement constitutes a connected transaction of both Jacobson and JBM under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios in respect of the Equity Transfer for both Jacobson and JBM are higher than 0.1% but less than 5%, the transaction contemplated under the Equity Transfer Agreement is subject to the reporting and announcement requirements but exempted from the circular and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

On 3 October 2023, the Seller, entered into the Equity Transfer Agreement with the Purchaser pursuant to which the Seller has agreed to sell, and the Purchaser has agreed to acquire, 19% equity interests in the Target Company at a cash consideration of RMB16,000,000.

EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are summarised as follows:

Date:	3 October 2023
Parties:	(1) the Seller (2) the Purchaser
Subject matter:	The Seller has agreed to sell, and the Purchaser has agreed to acquire, 19% equity interests in the Target Company.
Payment of the Consideration:	The Consideration shall be paid by the Purchaser to the Seller within one month after completion of the Equity Transfer (or the other date as agreed between the Seller and the Purchaser). The Purchaser intends to finance the Consideration by its internal resources.

Basis of the Consideration: The Consideration was arrived at after arm's length negotiations between the Seller and the Purchaser after taking into account, among other things, (i) the historical financial performance of the Target Company; (ii) the financial position of the Target Company; and (iii) the potential future prospect of the Target Company.

Completion: Completion of the Equity Transfer shall take place on the date of completion of the registration of the Equity Transfer at the Industrial and Commercial Bureau of the PRC.

INFORMATION ON THE TARGET COMPANY

The Target Company is a limited liability company established in the PRC and is principally engaged in the sales of medical devices and healthcare products in the PRC.

The Target Interests, being new equity interests, were subscribed by the Seller at the subscription price of RMB16,500,000 in 2018. As at the date of this announcement, JBM Group is interested in 19% equity interests in the Target Company which is considered as an associate of JBM.

Immediately following completion of the Equity Transfer, (i) JBM Group will cease to hold any equity interests in the Target Company; and (ii) Jacobson Group will become interested in 19% equity interests in the Target Company which will be considered as an associate of Jacobson.

Set out below is the financial information of the Target Company for the two financial years ended 31 December 2021 and 2022, based on its audited financial statements prepared in accordance with generally accepted accounting principles of the PRC:

	For the financial year ended 31 December 2021 RMB'000	For the financial year ended 31 December 2022 RMB'000
(Loss)/profit before taxation	(512)	981
(Loss)/profit after taxation	(512)	981

The unaudited net asset value of the Target Company as at 31 August 2023 was approximately RMB18,686,000.

FINANCIAL EFFECT OF THE DISPOSAL TO AND INTENDED USE OF PROCEEDS BY JBM GROUP

JBM Group is expected to recognise a gain of approximately HK\$3.9 million as a result of the Equity Transfer which is calculated with reference to the Consideration and the unaudited net book value of the Target Interests. The expected gain has not yet been audited or reviewed by the auditor of JBM and therefore the actual gain generated from the Equity Transfer may vary from the figure provided above.

JBM Group intends to use the net proceeds from the Equity Transfer, estimated to be approximately HK\$17,440,000, for its general working capital.

REASONS FOR AND BENEFITS OF THE EQUITY TRANSFER

Despite the initial challenges posed by the COVID-19 pandemic, the Target Company has demonstrated a steady recovery of business performance in 2022. Amidst the recovery, the Target Company has a growing need for manufacturing and packaging services to bolster the supply of its products to meet customer demands and harness the growth opportunities in the PRC healthcare market.

The management of the Target Company has initiated an exploration with Jacobson Group, with the aim of securing contract manufacturing and packaging support services from the latter through its manufacturing facilities in the PRC. Subject to further agreement, through this contract manufacturing and packaging support services to the Target Company, Jacobson Group would benefit from utilizing its current spare capacities and thereby achieving a better economy of scale.

On the other hand, the management of JBM considered that the Equity Transfer would represent an opportunity for JBM Group to realise the investment in the Target Company.

The terms of the Equity Transfer Agreement, including the Consideration, are arrived at after arm's length negotiations between the Seller and the Purchaser.

In view of the above, the directors (including independent non-executive directors) of both Jacobson and JBM are of the view that the terms of the Equity Transfer Agreement are fair and reasonable and the Equity Transfer Agreement is on normal commercial terms and in the interests of both Jacobson and JBM and their respective shareholders as a whole.

Mr. Sum, being a director and a controlling shareholder of both Jacobson and JBM, and Mr. Yim Chun Leung, being a director of both Jacobson and JBM, have abstained from voting on the resolutions of the respective boards of directors of Jacobson and JBM in relation to the Equity Transfer Agreement to avoid any potential conflict of interests. Save as disclosed above, no directors of Jacobson or JBM are considered to have a material interest in the transactions contemplated under the Equity Transfer Agreement or are required to abstain from voting on the corresponding board resolutions.

INFORMATION OF THE PARTIES

The Seller

The Seller is a limited liability company incorporated in Hong Kong and an indirect wholly-owned subsidiary of JBM. The Seller is principally engaged in investment holding.

JBM is an exempted company with limited liability incorporated in the Cayman Islands and an investment holding company, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 2161). JBM and its subsidiaries are principally engaged in the manufacturing and trading of proprietary medicines and distributing health and wellness products.

The Purchaser

The Purchaser is a limited liability company established in the PRC and an indirect wholly-owned subsidiary of Jacobson. The Purchaser is principally engaged in the manufacturing and sales of pharmaceutical products.

Jacobson is an exempted company with limited liability incorporated in the Cayman Islands and an investment holding company, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 2633). Jacobson and its subsidiaries are principally engaged in the manufacturing and trading of generic drugs.

LISTING RULES IMPLICATIONS

As at the date of this announcement, (i) Mr. Sum, a director and a controlling shareholder of JBM, is interested in approximately 61.09% of the issued shares of Jacobson, and therefore, the Purchaser, being an indirect wholly-owned subsidiary of Jacobson and an associate of Mr. Sum, is a connected person of JBM; and (ii) Mr. Sum, a director and a controlling shareholder of Jacobson, is interested in approximately 56.22% of the issued shares of JBM, and therefore, the Seller, being an indirect wholly-owned subsidiary of JBM and an associate of Mr. Sum, is a connected person of Jacobson. Accordingly, the transaction contemplated under the Equity Transfer Agreement constitutes a connected transaction of both Jacobson and JBM under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios in respect of the Equity Transfer for both Jacobson and JBM are higher than 0.1% but less than 5%, the transaction contemplated under the Equity Transfer Agreement is subject to the reporting and announcement requirements but exempted from the circular and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“associate”	has the meaning as prescribed in the Listing Rules
“connected person”	has the meaning as prescribed in the Listing Rules
“Consideration”	RMB16,000,000, being the consideration for the Equity Transfer
“controlling shareholder”	has the meaning as prescribed in the Listing Rules
“COVID-19”	Coronavirus disease 2019
“Equity Transfer”	refers to the transactions contemplated under the Equity Transfer Agreement for the transfer of the Target Interests from the Seller to the Purchaser
“Equity Transfer Agreement”	the agreement dated 3 October 2023 entered into between the Seller and the Purchaser relating to the transfer of the Target Interests
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jacobson”	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 on 16 February 2016 and the issued shares of which were listed on the Main Board of the Stock Exchange on 21 September 2016 (stock code: 2633)
“Jacobson Group”	Jacobson and its subsidiaries

“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 and the issued shares of which were listed on the Main Board of the Stock Exchange on 5 February 2021 (stock code: 2161)
“JBM Group”	JBM and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“Mr. Sum”	Mr. Sum Kwong Yip, Derek, (i) an executive director, chairman, chief executive officer and a controlling shareholder of Jacobson; and (ii) a non-executive director, chairman and a controlling shareholder of JBM
“percentage ratio(s)”	has the meaning as prescribed in the Listing Rules
“PRC”	the People’s Republic of China (for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan)
“Purchaser”	雅柏藥業(中國)有限公司 (APT Pharma (China) Co., Ltd.*), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of Jacobson
“RMB”	Renminbi, the lawful currency of the PRC
“Seller”	Mighty Century Limited, a limited liability company incorporated in Hong Kong and an indirect wholly-owned subsidiary of JBM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	北京欣樂佳國際健康科技有限公司 (Beijing Xinleja International Health Technology Co., Ltd.*), a limited liability company established in the PRC

“Target Interests” 19% equity interests in the Target Company which are the subject matter under the Equity Transfer Agreement

“%” per cent

* *for identification only*

By Order of the Board
Jacobson Pharma Corporation Limited
YU Chun Kau
Company Secretary

By Order of the Board
JBM (Healthcare) Limited
WONG Yat Wai, Patrick
Executive Director and Chief Executive Officer

Hong Kong, 3 October 2023

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

As at the date of this announcement, the board of directors of JBM comprises Mr. Sum Kwong Yip, Derek as the Chairman and non-executive director, Mr. Wong Yat Wai, Patrick (also as Chief Executive Officer) as executive director, Mr. Yim Chun Leung and Mr. Yeung Kwok Chun, Harry as non-executive directors, and Mr. Chan Kam Chiu, Simon, Mr. Luk Ting Lung, Alan and Mr. Lau Shut Lee, Tony as independent non-executive directors.