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## **JACOBIO PHARMACEUTICALS GROUP CO., LTD.**

**加科思藥業集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1167)**

### **CONNECTED TRANSACTION PURCHASE OF SERIES A SHARES IN HEBECCELL**

#### **THE INVESTMENT**

The Board is pleased to announce that on August 31, 2021, Jacobio Pharmaceuticals Group Co., Ltd. (the “**Company**”), among other investors, entered into the Share Purchase Agreement with Hebecell, pursuant to which the Company has agreed to purchase and subscribe for, and Hebecell has agreed to allot and issue, 1,321,257 Series A Shares, which represents approximately 19.74% of the issued share capital of Hebecell on a fully-diluted and as-converted basis upon completion of the third closing of the Share Purchase Agreement, at the total consideration of US\$25,000,000. A total of nine other subscribers, including the Company’s connected persons, are also involved in the Series A Investment in Hebecell and are parties to the Share Purchase Agreement.

#### **LISTING RULES IMPLICATIONS**

As further delineated in the section headed “Information on the Company and the parties to the Share Purchase Agreement”, certain other investors to the Share Purchase Agreement, namely Wordspharma Ltd., Ultimate Estate Limited, Treasure Partner International Limited and Olive Rise Holdings Limited, are associates of our executive Directors, namely Dr. Yinxiang WANG, Ms. Xiaojie WANG, Ms. Yunyan HU and Mr. Weidong LIN (a former director of Beijing Jacobio), respectively, and therefore each a connected person of the Company. Besides, Centerlab Investment Holding Limited is an associate of the substantial shareholder of the Company, namely Center Laboratories, Inc., and therefore is a connected person of the Company. Accordingly, the Series A Investment, which involves the Company and its connected persons participating in the same round of investment of Hebecell, constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Series A Investment exceed 0.1% but all the applicable percentage ratios are less than 5%, the Series A Investment is subject to the reporting and announcement requirements but is exempt from the independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules.

## INTRODUCTION

The Board is pleased to announce that on August 31, 2021, the Company, among other investors, entered into the Share Purchase Agreement with Hebecell, pursuant to which the Company has agreed to purchase and subscribe for, and Hebecell has agreed to allot and issue, 1,321,257 Series A Shares, which represents approximately 19.74% of the issued share capital of Hebecell on a fully-diluted and as-converted basis upon completion of the Third Closing, at the total consideration of US\$25,000,000. A total of nine other subscribers, which include the Company's connected persons, are also involved in the Series A Investment in Hebecell and are parties to the Share Purchase Agreement.

## THE SHARE PURCHASE AGREEMENT

A summary of certain principal terms of the Share Purchase Agreement is as follows:

Date	August 31, 2021 (after trading hours)
Parties	(1) Hebecell (as the issuer and seller) and Hebecell US; and (2) The Company, Connected Co-investors and Other Investors.
Purchase and sales of the Series A Shares and consideration	Hebecell shall allot and issue to each Series A Investor the corresponding Series A Shares at a purchase price of US\$18.9213 per Series A Share as set forth below. The aggregate purchase price for the Series A Shares to be allotted and issued amounts to US\$53,000,000 (including purchase price for the subscription of each batch of Series A Shares at the three closings).

Series A Investor	Number of Series A Shares to be Purchased under the First Closing (shares)	Consideration for the First Closing (US\$)	Number of Series A Shares to be Purchased under the Second Closing (shares)	Consideration for the Second Closing (US\$)	Number of Series A Shares to be Purchased under the Third Closing (shares)	Consideration for the Third Closing (US\$)
Company	132,125	2,500,000	528,503	10,000,000	660,629	12,500,000
Connected Co-investors	89,845	1,700,000	359,380	6,800,000	132,125	2,500,000
Other Investors	179,690	3,400,000	718,763	13,600,000	Nil	Nil
<b>Sub-Total</b>	<b>401,660</b>	<b>7,600,000</b>	<b>1,606,646</b>	<b>30,400,000</b>	<b>792,754</b>	<b>15,000,000</b>

Immediately after the Third Closing of the Series A Investment, the shareholding structure of Hebecell on a fully diluted and as-converted basis will be as follows:

<b>Series A Investor</b>	<b>Aggregate Number of Series A Shares to be Purchased (shares)</b>	<b>Shareholding Percentage (%)</b>
Aceso Biotech Venture Fund, L.P.	2,160,000	32.27
Hebecell's Management Team and Employees Company	1,733,309 1,321,257	25.89 19.74
Connected Co-investors	581,350	8.68
Other Investors	898,453	13.52
<b>Total</b>	<b><u>6,694,369</u></b>	<b><u>100.00</u></b>

*Note:*

The approximate percentages of the total issued share capital are rounded to the nearest two decimal places and may not add up to 100% due to rounding.

Closings and  
conditions  
precedent

The closings of the transactions under the Share Purchase Agreement are subject to the fulfillment or waiver of customary conditions precedent as set forth in the Share Purchase Agreement. In addition, the closings of the Share Purchase Agreement shall take place on the following dates upon the following conditions:

(i) The First Closing

Within five (5) days of the delivery of a written notice by the Company confirming that the cell samples produced by Hebecell have passed the Company's evaluation.

(ii) The Second Closing

Within fifteen (15) days of the delivery of a written notice by the Company confirming that the deliverables by Hebecell, including but without limitation to experimental data, and documents proving the successful reproduction of bioequivalent cells have passed the verification conducted by the Company.

(iii) The Third Closing

On or prior to the second anniversary of the First Closing, and within fifteen (15) days of receiving the IND approval from the U.S. FDA, the NMPA or the EMA for any product initiated by and primarily developed by Hebecell to which Hebecell controls the intellectual property rights.

Basis of determination of consideration      The consideration for the Series A Investment was arrived at after arm's length negotiations between Hebecell and the Series A Investors (including other institutional investors that are not the Company's connected persons), and was mainly based on an assessment of the overall commercial value of Hebecell's technology and pipeline products.

The payment of the purchase price payable by the Company will be in cash and funded by the internal financial resources of the Group.

## **THE SHAREHOLDERS AGREEMENT**

In connection with the Series A Investment, Hebecell, Hebecell US and the Series A Investors will enter into the Shareholders Agreement with respect to the rights and obligations of each of the Series A Investors. The Shareholders Agreement shall include the following principal terms, among others:

- (i) the number of directors of Hebecell shall be seven after the Third Closing, of which one director shall be nominated by the Company, Dr. Yinxiang WANG, shall be the chairman of the board of Hebecell;
- (ii) customary preferred shareholder protection rights including preemptive right, rights of first refusal, information and inspection rights, co-sale rights and consent rights over reserved matters.

## **REASONS FOR AND BENEFIT OF THE SERIES A INVESTMENT**

Hebecell, founded in Boston in 2016, is primarily engaged in developing universal, cost-effective and off-the-shelf NK cell therapeutics based on its proprietary 3D-induced pluripotent stem cell (iPSC) platform, which will be available to worldwide patients for the treatment of cancer, viral infectious and autoimmune diseases. While the Company has been focused on the in-house discovery and development of small molecule cancer drugs, it welcomes and also seeks collaboration and investment opportunities for the development of other drug modalities and the coverage of other therapeutic areas. For large molecule therapeutics such as those developed by Hebecell, the Company may leverage its existing expertise in cancer biology to facilitate their development and approval for treatment of various diseases with unmet needs. Through the Series A Investment in Hebecell and Dr. Yinxiang WANG being the chairman of the board of directors of Hebecell, the Group expects to pool its complementary expertise and resources with those of Hebecell, enrich its product pipeline through potential future collaborations, and broaden the coverage of its development programs in the fields of oncology and immunology.

The terms of the Share Purchase Agreement as well as the transactions contemplated thereunder were determined after arm's length negotiations between the parties thereto. The Directors (including the independent non-executive Directors) is of the view that the terms of the Share Purchase Agreement are executed on normal commercial terms and are fair and reasonable. Such terms are in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole.

The purchase and subscription of Series A Shares by the Company under the Share Purchase Agreement will be recorded as financial assets at fair value through profit or loss and Hebecell will not be consolidated into the Company's financial statement.

## INFORMATION ON THE COMPANY AND THE PARTIES TO THE SHARE PURCHASE AGREEMENT

As of the date of this announcement, the Company, the Connected Co-investors and Other Investors are the subscribers under the Share Purchase Agreement.

### The Company

The Company is a clinical-stage pharmaceutical company and is incorporated in the Cayman Islands with limited liability. The shares of the Company are listed on the Main Board of the Stock Exchange. The Group is focusing on the in-house discovery and development of innovative oncology therapies.

### The Connected Co-investors

Wordspharma Ltd. is a limited company incorporated in the BVI and is wholly-owned by Ms. Shen ZHU, the wife of Dr. Yinxiang WANG, the Company's executive Director and CEO. Wordspharma Ltd. is a connected person of the Company pursuant to Rule 14A.07(4) of the Listing Rules.

Ultimate Estate Limited is a limited company incorporated in the BVI and is ultimately controlled by Ms. Xiaojie WANG, the Company's executive Director. Ultimate Estate Limited is a connected person of the Company pursuant to Rule 14A.07(4) of the Listing Rules.

Treasure Partner International Limited is a limited company incorporated in the BVI and is ultimately controlled by Ms. Yunyan HU, the Company's executive Director. Treasure Partner International Limited is a connected person of the Company pursuant to Rule 14A.07(4) of the Listing Rules.

Olive Rise Holdings Limited ("**Olive Rise**") is a limited company incorporated in the BVI and is owned as to 99.99% by River Zone Group Limited, a limited company incorporated in the BVI, which is in turn wholly-owned by Wisdom Resources Trust, a trust established under the laws of Singapore. The trustee of Wisdom Resources Trust is Vistra Trust (Singapore) Pte. Limited and the beneficiary of Wisdom Resources Trust is the son of Mr. Weidong LIN, a former director of Beijing Jacobio who resigned in the past 12 months. The remaining 0.01% of Olive Rise is held by Emeraldpharma Ltd, a limited company incorporated in the BVI and wholly-owned by Ms. Yue WANG, the wife of Mr. Weidong LIN. Olive Rise is a connected person of the Company pursuant to Rule 14A.07(4) of the Listing Rules. As of the date of this announcement, Olive Rise holds approximately 1.25% total issued shares of the Company.

Centerlab Investment Holding Limited (“**Centerlab**”) is a private company incorporated in Hong Kong and is wholly-owned by Center Laboratories, Inc., a listed company under Taiwan Stock Exchange (stock code: 4123). Centerlab is principally engaged in investing securities or funds to startups, early-stage, and emerging companies that exhibit high growth potential in exchange for an equity stake. Center Laboratories, Inc. is deemed to be interested in the shares in which BioEngine Capital Holding Limited is interested since BioEngine Capital Holding Limited is an indirectly non wholly-owned subsidiary of Center Laboratories, Inc. In addition, since Center Laboratories, Inc. is interested in 33.23% of the interests in Fangyuan Growth SPC – PCJ Healthcare Fund SP, Center Laboratories, Inc. is also deemed to be interested in the Shares held by Fangyuan Growth SPC – PCJ Healthcare Fund SP. As of the date of this announcement, BioEngine Capital Holding Limited holds approximately 11.35% total issued shares of the Company while Fangyuan Growth SPC – PCJ Healthcare Fund SP holds approximately 1.42% total issued shares of the Company. As of the date of this announcement, Center Laboratories, Inc. holds approximately 12.77% total issued shares of the Company. Centerlab is a connected person of the Company pursuant to Rule 14A.07(4) of the Listing Rules.

### **Other Investors**

Time Sky Holdings Limited (“**Time Sky**”) is a limited company incorporated in the BVI and is owned as to 99.99% by Acornia Limited, a limited company incorporated in the BVI, which is in turn wholly-owned by Futai Trust, a trust established under the laws of Jersey, the United States. The trustee of Futai Trust is Vistra Trust (Singapore) Pte. Limited and the beneficiaries are Ms. Le MA and her family members. The remaining 0.01% of Time Sky is held by Dazzling Dragon Investment Limited, a limited company incorporated in the BVI and wholly-owned by Ms. Le MA. As of the date of this announcement, Time Sky holds approximately 1.98% of total issued shares of the Company.

Oceanpine Capital Inc (“**Oceanpine**”) is a limited company incorporated in the BVI and is ultimately controlled by Ms. Ng Hau Hung and Mr. Ng Man Hing Wesley. Oceanpine is principally engaged in investment in high-tech and healthcare enterprises. As of the date of this announcement, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Oceanpine is an Independent Third Party.

Fangyuan PCJ Fund II L.P. (“**Fangyuan**”) is an exempted limited partnership incorporated in the Cayman Islands and is managed by Fangyuan Capital (Hong Kong) Limited. Fangyuan is principally engaged in portfolio investment holding. As at the date of this announcement, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Fangyuan is an Independent Third Party.

Plaisance Venture Fund LP (“**Plaisance**”) is a biotechnology-focused venture capital fund incorporated in the State of Delaware, USA and is managed by Plaisance Capital Management LLC. Plaisance is principally engaged in portfolio investment holding. As at the date of this announcement, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Plaisance is an Independent Third Party.



## **INFORMATION ON HEBECCELL AND HEBECCELL US**

To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, Hebecell is incorporated in the Cayman Islands with limited liability while Hebecell US is incorporated under the laws of the State of Delaware, the United States. Hebecell, founded in Boston in 2016, is primarily engaged in developing universal, cost-effective and off-the-shelf NK cell therapeutics based on its proprietary 3D-induced pluripotent stem cell (iPSC) platform, which will be available to worldwide patients for the treatment of cancer, viral infectious and autoimmune diseases. As of the date of this announcement, Hebecell has yet recorded any profit.

## **LISTING RULES IMPLICATIONS**

As further delineated in the section headed "Information on the Company and the parties to the Share Purchase Agreement", certain other investors to the Share Purchase Agreement, namely Wordspharma Ltd., Ultimate Estate Limited, Treasure Partner International Limited and Olive Rise Holdings Limited, are associates of our executive Directors, namely Dr. Yinxiang WANG, Ms. Xiaojie WANG, Ms. Yunyan HU and Mr. Weidong LIN (a former director of Beijing Jacobio), respectively, and therefore each a connected person of the Company. Besides, Centerlab Investment Holding Limited is an associate of the substantial shareholder of the Company, namely Center Laboratories, Inc., and therefore is a connected person of the Company. Accordingly, the Series A Investment, which involves the Company and its connected persons participating in the same round of investment of Hebecell, constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Series A Investment exceed 0.1% but all the applicable percentage ratios are less than 5%, the Series A Investment is subject to the reporting and announcement requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Dr. Yinxiang WANG, Ms. Xiaojie WANG and Ms. Yunyan HU, being our executive Directors, have abstained from voting on the relevant Board resolution approving the Share Purchase Agreement. Save as aforementioned, none of the other Directors has a material interest in the Share Purchase Agreement as well as the transactions contemplated thereunder.

## **DEFINITIONS**

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

"associate"	has the meaning ascribed to it under the Listing Rules
"BVI"	the British Virgin Island
"Board"	the board of Directors

"Beijing Jacobio"	Jacobio Pharmaceuticals Co., Ltd. (北京加科思新藥研發有限公司), a limited liability company incorporated under the laws of PRC on July 17, 2015, being an indirect wholly-owned subsidiary of our Company
"Company" or "our Company"	JACOBIO PHARMACEUTICALS GROUP CO., LTD. (加科思藥業集團有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands on June 1, 2018, which was formerly known as JACOBIO (CAY) PHARMACEUTICALS CO., LTD., the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1167)
"Connected Co-investors"	Wordspharma Ltd., Ultimate Estate Limited, Treasure Partner International Limited, Olive Rise Holdings Limited and Centerlab Investment Holding Limited
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Directors"	director(s) of our Company
"EMA"	the European Medicines Agency
"Group", "our Group", "we", "us" or "our"	our Company and all of its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"Hebecell"	Hebecell Holding Limited, an exempted company incorporated with limited liability under the Laws of the Cayman Islands
"Hebecell US"	HebeCell Corp., a corporation organized under the laws of the State of Delaware
"Independent Third Party"	a person or entity who is not a connected person of our Company under the Listing Rules
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Other Investors"	Time Sky Holdings Limited, Oceanpine Capital Inc, Fangyuan PCJ Fund II L.P. and Plaisance Venture Fund LP
"NMPA"	the National Medical Product Administration of the PRC (國家藥品監督管理局), successor to the China Food and Drug Administration or CFDA (國家食品藥品監督管理總局)
"RMB"	Renminbi, the lawful currency of the PRC



“Series A Investment”	the purchase of Series A Shares pursuant to the Share Purchase Agreement
“Series A Investors”	investors who subscribed for Series A Shares pursuant to the Share Purchase Agreement
“Series A Share(s)”	the series A preferred share(s) of Hebecell of par value of US\$0.001 per share, with the rights and privileges as set forth in the memorandum and articles of Hebecell and/or in the Shareholder Agreement
“Share(s)”	ordinary share(s) with a nominal value of US\$0.0001 each in the share capital of our Company
“Shareholder(s)”	holder(s) of the Shares
“subsidiary”	has the meaning ascribed thereto under the Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Shareholders Agreement”	the shareholders agreement to be entered into by and among Hebecell and other parties named therein on or prior to the first closing, as the same may be amended and/or restated from time to time following the first closing
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“Share Purchase Agreement”	the series A preferred share purchase agreement dated August 31, 2021 entered into by the Company, the Connected Co-investors, among others, with Hebecell
“U.S. dollars”, “US\$” or “USD”	United States dollars, the lawful currency of the United States
“FDA”	U.S. Food and Drug Administration

On behalf of the Board of Directors  
**JACOBIO PHARMACEUTICALS GROUP CO., LTD.**  
**Yinxiang WANG**  
*Chairman*

Hong Kong, August 31, 2021

*As at the date of this announcement, the Board of Directors of the Company comprises Dr. Yinxiang WANG as Chairman and executive Director, Ms. Xiaojie WANG, Dr. Shaojing HU and Ms. Yunyan HU as executive Directors, Dr. Ting FENG, Ms. Yanmin TANG, Dr. Dong LYU and Dr. Te-li CHEN as non-executive Directors, and Dr. Ruilin SONG, Dr. Ge WU, Dr. Daqing CAI and Dr. Xiaoming WU as independent non-executive Directors.*