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JBM (Healthcare) Limited

健倍苗苗 (保健) 有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2161)

SHARE TRANSACTION

ACQUISITION OF 50% SHAREHOLDING IN THE JV COMPANY AND SHAREHOLDER'S LOAN INVOLVING ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE

THE ACQUISITION

On 17 March 2023, the Purchaser, a direct wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Seller pursuant to which the Purchaser conditionally agreed to acquire, and the Seller conditionally agreed to sell the Sale Shares, representing 50% of the issued share capital of the JV Company, and the Shareholder's Loan at the consideration of HK\$17,000,000 in total, which shall be satisfied by way of allotment and issue of the Consideration Shares to the Seller's Nominee at Completion.

The Consideration Shares represent (i) approximately 2.24% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 2.19% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming there is no other change to the share capital of the Company). The Consideration Shares will be issued under the General Mandate and will rank *pari passu* in all respect among themselves and with the existing Shares in issue.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Acquisition is less than 5% and the consideration of the Acquisition will be satisfied by the allotment and issue of the Consideration Shares, the Acquisition constitutes a share transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under the Listing Rules.

As Completion is conditional upon the fulfilment or waiver (as the case may be) of the conditions precedent under the Sale and Purchase Agreement, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

THE ACQUISITION

On 17 March 2023, the Purchaser entered into the Sale and Purchase Agreement with the Seller pursuant to which the Purchaser conditionally agreed to acquire, and the Seller conditionally agreed to sell the Sale Shares, representing 50% of the issued share capital of the JV Company, and the Shareholder's Loan at the consideration of HK\$17,000,000 in total, which shall be satisfied by way of allotment and issue of the Consideration Shares to the Seller's Nominee at Completion.

The principal terms of the Sale and Purchase Agreement are set out below:

Date:	17 March 2023
Parties:	(1) The Purchaser (2) The Seller
Assets to be acquired:	(1) The Sale Shares, representing 50% of the issued share capital of the JV Company as at the date of this announcement (2) The Shareholder's Loan, which amounted to approximately HK\$7,000,000 as at the date of this announcement
Consideration:	The consideration payable by the Purchaser to the Seller for the Acquisition is HK\$17,000,000 in total, which shall be settled by way of allotment and issue of the Consideration Shares, credited as fully paid, to the Seller's Nominee at the issue price of HK\$0.85 each at Completion.

The Consideration was arrived at after arm's length negotiations between the Purchaser and the Seller on normal commercial terms with reference to, among others, (i) the historical financial performance of the JV Group; (ii) the financial position of the JV Group; and (iii) the outstanding amount of the Shareholder's Loan.

Conditions precedent: Completion is conditional upon the fulfilment or waiver (as the case may be) of the following conditions:

- (i) all warranties given by the parties under the Sale and Purchase Agreement being true and correct in all respects as of the date of the Sale and Purchase Agreement and as of the Completion Date as if made on and as of such date, by reference to the facts and circumstances subsisting at that date;
- (ii) all necessary consents in relation to the transactions contemplated the Sale and Purchase Agreement, including without limitation such consents (if required) of the Stock Exchange and the SFC and any relevant governmental or regulatory authorities and other relevant third parties in Hong Kong or elsewhere which are required for the entering into, execution, delivery and performance of the Sale and Purchase Agreement and the transaction contemplated hereunder having been obtained;
- (iii) approval for the listing of, and permission to deal in, the Consideration Shares having been granted by the Stock Exchange and not having been revoked; and
- (iv) the Shares shall remain listed on the Main Board of the Stock Exchange up to the Completion Date and from the date of the Sale and Purchase Agreement and up to the Completion Date, there shall not be any trading halt or suspension in the Shares for a period of more than five Business Days.

Save for the condition referred to in paragraph (i) above (to the extent it relates to the Seller), which may be waived in writing by the Purchaser at its own discretion, none of the other conditions may be waived. If any of the above conditions has not been fulfilled or waived (as the case may be) on or before the Long Stop Date, the Sale and Purchase Agreement shall cease and terminate (save for the surviving provisions specified thereunder, which shall remain in full force and effect), and neither party shall have any obligations and liabilities under the Sale and Purchase Agreement save for any antecedent breach thereof.

Completion: Upon fulfilment or waiver (as the case may be) of all the conditions under the Sale and Purchase Agreement, Completion shall take place on the Completion Date.

Upon Completion, the JV Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the JV Group will be consolidated into the financial statements of the Group.

THE CONSIDERATION SHARES

The Consideration Shares shall be allotted and issued at the issue price of HK\$0.85 each, credited as fully paid, and shall rank *pari passu* in all respects among themselves and with the existing Shares in issue.

The Consideration Shares represent (i) approximately 2.24% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 2.19% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming there is no other change to the share capital of the Company). The aggregate nominal value of the Consideration Shares will be HK\$200,000.

The Consideration Shares will be allotted and issued pursuant to the General Mandate. Under the General Mandate, the Directors are allowed to allot and issue up to 178,737,200 Shares, representing 20% of the issued share capital of the Company as of the date on which the General Mandate was granted. As at the date of this announcement, no Share has been issued and allotted under the General Mandate. The allotment and issue of the Consideration Shares is not subject to Shareholders' approval.

The issue price of the Consideration Shares represents:

- (i) a discount of approximately 5.56% to the closing price of HK\$0.9 per Share as quoted on the Stock Exchange on the date of the Sale and Purchase Agreement; and
- (ii) a premium of approximately 0.71% to the average closing price of HK\$0.844 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to the date of the Sale and Purchase Agreement.

The issue price was determined after arm's length negotiations between the Purchaser and the Seller taking into account, among other things, the prevailing market performance of the Shares. The Directors consider that the issue price is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the sale and/or manufacture of proprietary medicines as well as health and wellness products, whereas Tycoon Group is principally engaged in the distribution of health and well-being related products.

To leverage the product development capabilities and marketing competence between the Group and the Tycoon Group, both parties established the JV Company in 2021 as a strategic platform to provide distribution, brand management and sales support for the Own-brand Products. As at the date of this announcement, the JV Group has established a robust channel for the marketing and distribution of PCM, health and wellness products, and has developed a series of health supplement products marketed under the brands "SEASONS (田心日辰)" and "Slimming Expert (修臍專家)".

Immediately before the Acquisition, the JV Company was not a subsidiary of the Group and was owned as to 50% by the Group. The Acquisition will facilitate the full integration of SEASONS' and Slimming Expert's health supplement products into the current portfolio of the Group. Such integration is expected to generate financial and operational synergies and create sustainable strategic values to fuel the long-term growth of the Group's businesses. The Directors believe that the Acquisition will enrich the Group's product portfolio in the health and wellness market segment, thereby expanding its presence in the distribution channels and ramping up its capacities for capturing the growth potential of the consumer healthcare market in the Greater Bay Area.

The settlement of the Consideration for the Acquisition by allotment and issue of Consideration Shares, instead of payment in cash, will allow the Group to maintain sufficient cash resources for its ordinary course of business and future development.

In consideration of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreement are fair and reasonable and were entered into on normal commercial terms, and the Acquisition is in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE JV COMPANY

The JV Company is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. The JV Company is a joint venture of the Group and the Tycoon Group, and is held as to 50% by the Purchaser and 50% by the Seller as at the date of this announcement. For further details on the background of the establishment of the JV Company, please refer to the announcement of the Company dated 8 April 2021.

As at the date of this announcement, the JV Company (i) directly owns the entire issued share capital of JMM Healthcare; and (ii) indirectly owns 30% of the issued share capital of JMM Investments through JMM Healthcare. JMM Investments is an indirect non-wholly owned subsidiary of the Company and is owned as to 70% by the Purchaser.

JMM Healthcare is a company incorporated in Hong Kong with limited liability and is principally engaged in the provision of marketing and promotion services in respect of the Own-brand Products and other products distributed by the Tycoon Group.

JMM Investments is a company incorporated in Hong Kong with limited liability and is the holding company of the IP Rights of the Own-brand Products.

The unaudited financial information of the JV Group, prepared based on the Hong Kong Financial Reporting Standards, for the two years ended 31 December 2022 are set out as follows:

	For the financial year ended 31 December	
	2021	2022
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Loss before tax	8,907	8,420
Loss after tax	8,907	8,420

Based on the unaudited management accounts of the JV Group, the unaudited net liabilities of the JV Group was approximately HK\$18.5 million as at 31 January 2023.

Upon Completion, the JV Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the JV Group will be consolidated into the financial statements of the Group.

INFORMATION OF THE COMPANY, THE PURCHASER AND THE SELLER

The Company and the Purchaser

The Company 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). The Group is principally engaged in the sale and/or manufacture of proprietary medicines as well as health and wellness products.

The Purchaser is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. As at the date of this announcement, the Purchaser is a direct wholly-owned subsidiary of the Company.

Tycoon and the Seller

The Seller is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. As at the date of this announcement, the Seller is an indirect wholly-owned subsidiary of Tycoon.

Tycoon 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: 3390). Tycoon Group is principally engaged in the distribution of health and well-being related products. Based on the publicly available information, as at the date of this announcement, Tycoon is owned as to (i) approximately 56.01% by Tycoon Empire Investment Limited, a company wholly owned by Mr. Wong Ka Chun Michael; (ii) approximately 18.99% by China Resources Pharmaceutical Retail Group Limited, a wholly-owned subsidiary of CR Pharmaceutical; and (iii) approximately 7.07% by Jacobson Group Treasury Limited, an indirect wholly-owned subsidiary of Jacobson which is the controlling shareholder of the Company.

As at the date of this announcement, Tycoon is interested in approximately 2.24% of the issued share capital of the Company.

To the best of the Directors' knowledge, information and belief, save as disclosed above, the Seller and its ultimate beneficial owners are Independent Third Parties.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Acquisition is less than 5% and the consideration of the Acquisition will be satisfied by the allotment and issue of the Consideration Shares, the Acquisition constitutes a share transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under the Listing Rules.

As Completion is conditional upon the fulfilment or waiver (as the case may be) of the conditions precedent under the Sale and Purchase Agreement, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares and the Shareholder’s Loan by the Purchaser from the Seller pursuant to the Sale and Purchase Agreement
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, a Sunday, public holiday and any day on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are generally open in Hong Kong for business
“Company”	JBM (Healthcare) Limited (健倍苗苗 (保健) 有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 2161)
“Completion”	completion of the Acquisition pursuant to the Sale and Purchase Agreement
“Completion Date”	the next Business Day after all the conditions under the Sale and Purchase Agreement having been fulfilled or waived (as the case may be) or such other date as the Purchaser and the Seller may agree in writing
“connected person”	has the meaning as prescribed in the Listing Rules
“Consideration Shares”	20,000,000 Shares, credited as fully paid, to be allotted and issued by the Company to the Seller’s Nominee at the issue price of HK\$0.85 each for the settlement of the Consideration

“CR Pharmaceutical”	China Resources Pharmaceutical Group Limited (華潤醫藥集團有限公司), a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 3320)
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 23 September 2022 pursuant to which the Directors are authorised to allot, issue and deal with Shares of up to 20% of the total number of issued Shares on the date of the passing such resolution (i.e. up to 178,737,200 Shares)
“Greater Bay Area”	the “Guangdong-Hong Kong-Macau Greater Bay Area”, referring to the region linking two special administrative regions, namely Hong Kong and Macau, and the nine cities in Guangdong Province, namely Guangzhou, Shenzhen, Zhuhai, Foshan, Zhongshan, Dongguan, Huizhou, Jiangmen and Zhaoqing and forming an integrated economic and business hub under PRC government’s scheme
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company or any of its connected persons
“IP Rights”	all patents, trademarks, service marks, trade and business names (including internet domain names and email address(es)), copyrights, registered designs, confidential information and all applications for any of the aforesaid rights in relation to and arising from the development, manufacture and distribution of the Own-brand Products
“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 and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 2633)
“JMM Healthcare”	JMM Healthcare Limited (健滿滿保健有限公司), a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the JV Company as at the date of this announcement

“JMM Investments”	JMM Investments Limited, a company incorporated in Hong Kong with limited liability and is owned as to 70% by the Purchaser and 30% by JMM Healthcare as at the date of this announcement
“JV Company”	Five Ocean Inc., a company incorporated in the British Virgin Islands with limited liability and is owned as to 50% by the Purchaser and 50% by the Seller as at the date of this announcement
“JV Group”	the JV Company and its subsidiary
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“Long Stop Date”	5:00 p.m. on 28 April 2023 or such later date as the Purchaser and the Seller may agree
“Own-brand Products”	certain PCM and healthcare and supplement products developed by the Group and designated by the Purchaser and the Seller from time to time
“PCM”	“proprietary Chinese medicines” as defined in the Chinese Medicine Ordinance (Cap. 549 of the Laws of Hong Kong)
“percentage ratio”	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”	JBM (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company as at the date of this announcement
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 17 March 2023 and entered into between the Purchaser and the Seller in relation to the Acquisition
“Sale Shares”	1,000 ordinary shares of the JV Company, representing 50% of the issued share capital of the JV Company as at the date of this announcement
“Seller”	Million Effort Investment Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of Tycoon

“Seller’s Nominee”	Profit Cape Limited (景柏有限公司), a company incorporated under the laws of Hong Kong with limited liability and a direct wholly-owned subsidiary of the Seller
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	holders of Shares
“Shareholder’s Loan”	all obligations, liabilities and debts owing or incurred by the JV Group to the Seller on or at any time prior to the Completion
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning as prescribed in the Listing Rules
“Tycoon”	Tycoon Group Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 3390)
“Tycoon Group”	Tycoon and its subsidiaries
“%”	per cent

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

Hong Kong, 17 March 2023

As at the date of this announcement, the Board 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.