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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent to the Company



On 19 February 2024 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company appointed the Placing Agent to place, on a best efforts basis and subject to the fulfilment of the conditions precedent to the Placing Agreement, a total of 66,000,000 Placing Shares to not less than six independent Placees (or such number of Placees as agreed by the Company and the Placing Agent in writing) at a price of HK\$0.60 per Placing Share. The Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the AGM.

The Placing Price of HK\$0.60 per Placing Share represents: (i) a discount of approximately 1.64% to the closing price of HK\$0.61 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a premium of approximately 1.69% over the average closing price of approximately HK\$0.59 per Share as quoted on the Stock Exchange for the last five trading days of the Shares immediately prior to the date of the Placing Agreement.

Assuming the Placing Shares are fully placed, the maximum number of 66,000,000 Placing Shares represents approximately 3.41% of the issued share capital of the Company of 1,934,221,000 Shares as at the date of this announcement, and approximately 3.30% of the issued share capital of the Company as enlarged by the issue of the maximum number of Placing Shares.

Assuming the Placing Shares are fully allocated, the gross proceeds from the Placing will be approximately HK\$39.6 million, with net proceeds expected to be approximately HK\$38.8 million. The Company intends to use such net proceeds to bolster its manufacturing capabilities through robust automation of production and packaging processes. The net proceeds will be utilised primarily for the expenses for the renovation of the Group's manufacturing facilities and the acquisition of machinery and equipment.

The Placing is subject to the fulfilment of the conditions precedent under the Placing Agreement and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING

On 19 February 2024 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, the principal terms of which are summarised below:

Date

19 February 2024 (after trading hours)

Parties

- (a) the Company; and
- (b) the Placing Agent.

To the best of the Directors' knowledge, information and belief and having made all reasonable inquiries, each of the Placing Agent and its ultimate beneficial owners is an Independent Third Party.

Placees

It is currently intended that the Placing Agent will, on a best efforts basis, place the Placing Shares to not less than six Placees (or such number of Placees as may be agreed by the Company and the Placing Agent in writing) who and whose ultimate beneficial owner(s) (if applicable) shall be Independent Third Parties.

Number of Placing Shares

The Company appointed the Placing Agent to place, on a best efforts basis and subject to the fulfilment of the conditions precedent to the Placing Agreement, a maximum of 66,000,000 Placing Shares.

Assuming the Placing Shares are fully placed, the maximum number of 66,000,000 Placing Shares represents approximately 3.41% of the issued share capital of the Company of 1,934,221,000 Shares as at the date of this announcement, and approximately 3.30% of the issued share capital of the Company as enlarged by the issue of the maximum number of Placing Shares. The aggregate nominal value of the maximum number of Placing Shares is HK\$660,000.

Placing Price

The Placing Price of HK\$0.60 per Placing Share was agreed after arm's length negotiations between the Company and the Placing Agent, with reference to the prevailing market conditions and the recent trading performance of the Shares. The Directors consider that the Placing Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

The Placing Price of HK\$0.60 per Placing Share represents:

- (i) a discount of approximately 1.64% to the closing price of HK\$0.61 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a premium of approximately 1.69% over the average closing price of approximately HK\$0.59 per Share as quoted on the Stock Exchange for the last five trading days of the Shares immediately prior to the date of the Placing Agreement.

Placing Commission

Subject to Completion, the Placing Agent will receive a placing commission of 1.5% of the Placing Price as multiplied by the number of Placing Shares placed by the Placing Agent. The placing commission was determined after an arm's length negotiation between the Company and the Placing Agent with reference to the prevailing market rate.

Conditions of the Placing

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

- (a) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Placing Shares and such approval or permission not having been subsequently revoked prior to or on the Completion Date;
- (b) there shall not have occurred any material breach of any of the representations, warranties or undertakings given by the Company under the Placing Agreement or any event would have rendered any such representations, warranties or undertakings being untrue or inaccurate in any material aspects;
- (c) no relevant government, governmental, quasi-governmental, statutory or regulatory body, court or agency having granted any order or made any decision that would make the Placing void, unenforceable or illegal, or restrict or prohibit the implementation of, or impose any additional material conditions or obligations with respect to the Placing (other than such orders or decisions as would not have a material adverse effect on the legal ability of the Company to proceed with the Placing); and
- (d) save for any temporary suspension in connection with the Placing or such other period as the Parties may agree in writing, there shall not be suspension of dealings in the Shares on the Stock Exchange for any period of seven consecutive trading days or more.

The Company shall use its best endeavours to procure the fulfilment of the conditions above on or before the Long Stop Date.

The Placing Agent may, at its absolute discretion, waive the conditions set out in (b), (c) and (d) above. In the event that the conditions are not fulfilled or waived by the Placing Agent on or before the Long Stop Date, the Placing Agreement shall terminate and none of the parties to the Placing Agreement shall have any right or liability towards the other party other than those accrued before such termination.

Completion of the Placing

Completion of the Placing shall take place on the Completion Date.

Termination

Notwithstanding anything contained in the Placing Agreement to the contrary, if at any time on or prior to the Completion Date, there occurs the following:

- (a) if it has come to the notice of the Placing Agent that (i) any material breach of any of the obligations imposed upon the Company under the Placing Agreement; or (ii) any material breach of the undertakings, warranties and representations of the Company set out in the Placing Agreement; or (iii) any of the undertakings, warranties and representations of the Company set out in the Placing Agreement become untrue or inaccurate or misleading in any material respect if given at that time; or
- (b) if there develops, occurs, or comes into effect (i) any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the sole and absolute opinion of the Placing Agent would materially prejudice the success of the Placing; or (ii) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which, in the sole and absolute opinion of the Placing Agent, would materially prejudice the success of the Placing;

then and in any such case, the Placing Agent may, by giving notice in writing to the Company at any time prior to the Completion, terminate the Placing Agreement and the obligations of the parties to the Placing Agreement shall immediately cease and be null and void and none of the parties shall have any right against or liability towards the other party arising out of or in connection with the Placing Agreement save for any right or liability accrued before such termination.

Ranking of Placing Shares

When issued and fully paid, the Placing Shares will rank pari passu among themselves and with Shares in issue at the time of issue and allotment of the Placing Shares.

Application for listing

Application will be made to the Stock Exchange for approval for the listing of and permission to deal in the Placing Shares.

GENERAL MANDATE

The Placing is not subject to the Shareholders' approval as the Placing Shares will be issued under the General Mandate, which was granted to the Directors pursuant to an ordinary resolution passed by the Shareholders at the AGM. Pursuant to the General Mandate, the Company was authorised to issue and allot up to 386,844,200 Shares, representing 20% of the number of Shares in issue on the date of passing such resolution. The General Mandate has not been previously utilised prior to the issue of the Placing Shares. Accordingly, the issue of the Placing Shares is not subject to any Shareholders' approval.

REASONS FOR THE PLACING AND USE OF PROCEEDS

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: 2633). The Company and its subsidiaries are principally engaged in the manufacturing and sale of essential drugs and specialty medicines.

The Board is of the view that the Placing will broaden both the shareholder base and the capital base of the Company thereby increasing the liquidity of the Shares. Additionally, the net proceeds from the Placing will enhance the Group's financial position for future development. The terms of the Placing Agreement, including the Placing Price and the placing commission, are determined through arm's length negotiations between the Company and the Placing Agent, considering the prevailing market conditions and the recent trading performance of the Shares. The Directors, including the independent non-executive Directors, consider these terms are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders.

Assuming the Placing Shares are fully allocated, the gross proceeds from the Placing will be approximately HK\$39.6 million, with net proceeds expected to be approximately HK\$38.8 million. The net placing price per Placing Share, under the assumption of full placement, is anticipated to be approximately HK\$0.59. The Company intends to utilise these net proceeds to bolster its manufacturing capabilities through robust automation of production and packaging processes. The net proceeds will be utilised primarily for the expenses for the renovation of the Group's manufacturing facilities and the acquisition of machinery and equipment.

EQUITY FUND RAISING ACTIVITY DURING THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past 12 months from the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The table below illustrates the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the completion of the Placing (assuming the Placing Shares were placed in full and assuming there is no other change in the issued share capital of the Company between the date of this announcement and the Completion Date):

Shareholders	As at the date of this announcement		Immediately after completion of the Placing	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Directors				
Mr. Sum Kwong Yip, Derek ("Mr. Sum") ⁽¹⁾	1,188,538,000	61.45	1,188,538,000	59.42
Mr. Yim Chun Leung	39,420,000	2.04	39,420,000	1.97
Ms. Pun Yue Wai	7,810,000	0.40	7,810,000	0.39
Dr. Lam Kwing Tong, Alan	600,000	0.03	600,000	0.03
Other Shareholder				
Yunnan Baiyao Group Co., Ltd.* (雲南白藥集團股份 有限公司)	200,000,000	10.34	200,000,000	10.00
Other public Shareholders (including the Placees)				
	497,853,000	25.74	563,853,000	28.19
Total	1,934,221,000	100	2,000,221,000	100

Note:

- (1) Mr. Sum is the registered and beneficial owner of 21,250,000 Shares. Queenshill Development Limited ("Queenshill"), a company wholly-owned by Mr. Sum, also held 308,404,000 Shares. By virtue of the SFO, Mr. Sum is deemed to be interested in the 308,404,000 Shares held by Queenshill. UBS Trustees (B.V.I.) Limited, the trustee of The Kingshill Trust, holds the entire issued share capital of Kingshill Development Group Inc ("Trust Co") through its nominee, UBS Nominees Limited. Trust Co holds the entire issued share capital of Kingshill Development Limited ("Kingshill"). Kingshill in turn holds 850,684,000 Shares. The Kingshill Trust is a discretionary trust established by Mr. Sum (as the settlor) with Mr. Sum and his family members as the discretionary beneficiaries (personally and through being discretionary beneficiaries of The Queenshill Trust). By virtue of the SFO, Mr. Sum, as the settlor and a discretionary beneficiary of The Kingshill Trust and The Queenshill Trust, is deemed to be interested in the 850,684,000 Shares held by Kingshill. In addition, the trustee of The Queenshill Trust, a discretionary trust established by Mr. Sum (as the settlor) with Mr. Sum and his family members as discretionary beneficiaries, through the wholly-owned company under The Queenshill Trust, further holds 8,200,000 Shares. By virtue of the SFO, Mr. Sum, as the settlor and a discretionary beneficiary of The Queenshill Trust, is deemed to be interested in the 8,200,000 Shares held by the wholly-owned company under The Queenshill Trust.

The Placing is subject to the fulfilment of the conditions precedent under the Placing Agreement and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

* For identification purpose only

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“AGM”	the annual general meeting of the Company held on 1 August 2023
“Board”	the board of Directors
“business day”	any day (excluding Saturday, Sunday, public holiday and days 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 for business in Hong Kong
“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 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)
“Completion”	the completion of the Placing
“Completion Date”	the 3rd business day after the date on which all the conditions of the Placing Agreement have been fulfilled or waived, or such other date as the parties to the Placing Agreement may agree in writing
“connected person(s)”	having the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate to issue Shares granted by the Shareholders at the AGM
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and any of its connected persons within the meaning of the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	6 March 2024 (or such other date as the parties to the Placing Agreement may agree in writing)
“Placee(s)”	any independent person(s) or entity(ies) whom the Placing Agent has procured to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares on the terms and subject to the conditions of the Placing Agreement
“Placing Agent”	Central China International Capital Limited, a licensed corporation to carry on business in Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“Placing Agreement”	the agreement entered into between the Placing Agent and the Company dated 19 February 2024 in relation to the Placing
“Placing Price”	HK\$0.60 per Placing Share
“Placing Shares”	a total of up to 66,000,000 new Shares to be placed on the terms and subject to the conditions of the Placing Agreement
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By Order of the Board
Jacobson Pharma Corporation Limited
YIM Chun Leung
Executive Director

Hong Kong, 19 February 2024

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 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.