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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 TRANSACTIONS  
IN RELATION TO  
SALE AND PURCHASE OF SHARES IN  
LI CHUNG SHING TONG (HOLDINGS) LIMITED**

**SALE AND PURCHASE OF SHARES IN LI CHUNG SHING TONG (HOLDINGS) LIMITED**

On 11 November 2024 (after trading hours), Po Chai Herbal and PCHT as sellers and Europharm as purchaser entered into the SPA, pursuant to which Po Chai Herbal and PCHT conditionally agreed to sell 56,500 and 44,000 Sale Shares respectively, and Europharm conditionally agreed to acquire such Sale Shares, at a total consideration of HK\$46,230,000 (i.e. HK\$460 per Sale Share).

**LISTING RULES IMPLICATIONS**

Mr. Sum, a non-executive director, the chairman and a controlling shareholder of JBM, is interested in approximately 59.58% of the issued shares of Jacobson, and Europharm is an indirect wholly-owned subsidiary of Jacobson. Europharm is therefore an associate of Mr. Sum and a connected person of JBM.

Mr. Sum, an executive director, the chairman, the chief executive officer and a controlling shareholder of Jacobson, is interested in approximately 62.39% of the issued shares of JBM, and Po Chai Herbal and PCHT are indirect wholly-owned subsidiaries of JBM. Po Chai Herbal and PCHT are therefore associates of Mr. Sum and connected persons of Jacobson.

Accordingly, the transactions contemplated under the SPA constitute connected transactions of both Jacobson and JBM under Chapter 14A of the Listing Rules.

As all applicable percentage ratios in respect of the Transactions are higher than 0.1% but less than 5% for each of Jacobson and JBM, the Transactions are subject to the reporting and announcement requirements but are exempted from the circular and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **SALE AND PURCHASE OF SHARES IN LI CHUNG SHING TONG (HOLDINGS) LIMITED**

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### **THE SPA**

The principal terms of the SPA are summarised as follows:

#### **Date**

11 November 2024

#### **Parties**

Po Chai Herbal and PCHT as sellers

Europharm as purchaser

As at the date of this joint announcement, both Po Chai Herbal and PCHT are indirect wholly-owned subsidiaries of JBM and Europharm is an indirect wholly-owned subsidiary of Jacobson.

#### **Subject matter**

Po Chai Herbal and PCHT conditionally agreed to sell 56,500 and 44,000 Sale Shares respectively, and Europharm conditionally agreed to acquire such Sale Shares, at a total consideration of HK\$46,230,000 (i.e. HK\$460 per Sale Share).

## **Conditions**

Completion is conditional upon (where applicable) the fulfilment (or waiver by Europharm where applicable) of the following conditions:

- (a) all the warranties given by the Sellers being true and correct in all respects as of the date of the SPA 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; and
- (b) all requisite consents, clearances, authorisations and approvals (or, as the case may be, the relevant waivers) in connection with the entering into and performance of the SPA having been obtained by the Sellers and Europharm and remaining in full force and effect.

Europharm and the Sellers shall use their respective reasonable endeavours to ensure the conditions precedent above shall be fulfilled as soon as possible after the execution of the SPA, and in any event no later than the Long Stop Date. Europharm may waive in writing other conditions at its own discretion.

If the conditions precedent are not fulfilled or waived (where applicable) by 5:00 p.m. (Hong Kong Time) on the Long Stop Date, the SPA shall automatically terminate.

## **Consideration**

The total consideration for the Sale Shares is HK\$46,230,000 which shall be paid by Europharm to the Sellers in the following manner.

- (a) upon signing of the SPA, HK\$23,115,000 (representing 50% of the total consideration); and
- (b) at Completion, HK\$23,115,000 (representing remaining 50% of the total consideration).

Europharm intends to pay the consideration using its internal resources.

The consideration was determined after arm's length negotiations between the parties to the SPA and with reference to, among other things, (i) the historical financial performance of the Target Company; (ii) the financial position of the Target Company; and (iii) the benefits of the Transactions as set out in the section headed "Reasons for and benefits of the Transactions".

## **Cooperation Agreement**

At Completion, Po Chai Herbal and Europharm shall enter into the Cooperation Agreement. Pursuant to the Cooperation Agreement, among others, each of Po Chai Herbal and Europharm agrees that it shall exercise the voting rights attached to the shares of the Target Company held by it to procure that the nominees of Po Chai Herbal shall be appointed as directors of the Target Company and that a director nominated by Po Chai Herbal shall be the chairman of the board of directors of the Target Company from time to time.

The Cooperation Agreement shall continue in full force and effect until and upon the occurrence of any of the following events, (i) any of Po Chai Herbal or Europharm ceasing to hold any share of the Target Company; (ii) the Target Company is wound up or otherwise ceases to exist as a separate corporate entity; or (iii) by agreement in writing between the parties.

## **Completion**

Completion shall take place on the Completion Date.

Upon Completion, Po Chai Herbal will be the legal and beneficial owner of 219,500 shares of the Target Company, representing 43.9% of the total issued shares of the Target Company; and Europharm will be the legal and beneficial owner of 100,500 shares of the Target Company, representing 20.1% of the total issued shares of the Target Company. The remaining 36.0% of the issued share capital of the Target Company will be held by six Independent Third Parties.

## **Right of First Refusal**

After Completion, if Europharm proposes to sell the Sale Shares to proposed new purchaser, the Sellers shall have a right of first refusal to acquire the Sale Shares under such terms as agreed between the Purchaser and the proposed new purchaser.

## **FINANCIAL EFFECT OF THE TRANSACTIONS ON JBM AND THE INTENDED USE OF PROCEEDS**

In view of the arrangements under the Cooperation Agreement, the Target Company shall continue to be accounted for as a subsidiary of JBM and the financial results of the Target Company will continue to be consolidated into the financial statements of the JBM Group after Completion. The Target Company will become an associated company of Jacobson and the financial results of the Target Company will not be consolidated into the financial statements of the Jacobson Group after Completion. Changes in the JBM Group's interest in the Target Company as a result of Completion are accounted for as equity transactions that will not result in recognition of any gain or loss in the JBM Group's consolidated statement of profit or loss.

It is expected that the net proceeds from the Transactions will be approximately HK\$46.0 million and are expected to be used for the general working capital of the JBM Group.

## **INFORMATION OF THE PARTIES**

### **The Purchaser**

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, sale and distribution of essential medicines and specialty drugs. As at the date of this joint announcement, Mr. Sum is interested in approximately 59.58% of the issued shares of Jacobson.

Europharm is an indirect wholly-owned subsidiary of Jacobson which is principally engaged in the manufacturing and sale of essential medicines and specialty drugs.

### **The Sellers**

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, sale and distribution of proprietary Chinese medicines, branded medicines, and health and wellness products. As at the date of this joint announcement, Mr. Sum is interested in approximately 62.39% of the issued shares of JBM.

Po Chai Herbal and PCHT are indirect wholly-owned subsidiaries of JBM which are investment holding companies.

### **The Target Company**

The Target Company is a company with limited liability incorporated under the laws of Hong Kong on 8 January 1988. As at the date of this joint announcement and before Completion, it is owned as to 55.2% by Po Chai Herbal, 8.8% by PCHT, and as to 36.0% by six Independent Third Parties. It is principally engaged in the manufacturing and sale of proprietary Chinese medicines.

Set out below is a summary of the key financial data of the Target Company based on the audited financial statements prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants for the Target Company for the two years ended 31 March 2023 and 31 March 2024 and the unaudited financial statements of the Target Company for the seven months ended 31 October 2024:

	<b>For the financial year ended</b>		<b>For the</b>
	<b>31 March</b>		<b>seven months</b>
	<b>2023</b>	<b>2024</b>	<b>ended 31 October</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2024</i>
			<i>HK\$'000</i>
Revenue	82,176	108,320	86,618
Net profit before tax	18,435	17,216	9,614
Net profit after tax	15,625	14,398	8,041

As at 31 October 2024, the unaudited net assets of the Target Company was approximately HK\$132,513,000.

The original acquisition costs attributable to the Sale Shares incurred by the Sellers were approximately HK\$31,762,000.

## REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Since 2007, Europharm has leased certain land and buildings at Tai Po InnoPark (collectively, the “**Factory**”) from the Science Park for medicine manufacturing. Under this lease (the “**Science Park Lease**”), Europharm can license the Factory’s use to certain entities with prior written approval from the Science Park. These entities include (i) Europharm’s subsidiary; (ii) Europharm’s associate company in which it holds more than 20% of the shares; (iii) Europharm’s fellow subsidiary under the same parent company; (iv) Europharm’s related company, provided that 50% of its shares are owned by the same ultimate beneficial owner as Europharm but is not a fellow subsidiary; (v) Europharm’s parent company. These are collectively referred to as “permitted entities”.

Since 2013, Europharm has licensed unused portions of the Factory to the Target Company, enabling it to establish a GMP-accredited production facility for manufacturing proprietary Chinese medicines. The Science Park approved this arrangement because the Target Company was a fellow subsidiary of Europharm and thus a permitted entity under the Science Park Lease.

However, after the distribution of JBM shares in 2023, JBM ceased to be a subsidiary of Jacobson, and Jacobson no longer held an indirect interest in the Target Company. As the Target Company is currently not a permitted entity under the Science Park Lease, the Science Park has indicated that it will not approve the license renewal unless the Target Company becomes a permitted entity.

To resolve this, the parties agreed to enter into the SPA under which Europharm will acquire 20.1% of the Target Company’s issued shares. This will make the Target Company an associate company of Europharm and, therefore, a permitted entity under the Science Park Lease. The SPA was negotiated on arm’s length terms, considering the Target Company’s historical financial performance, financial position, and the reasons and benefits outlined in this section.

This license arrangement benefits Europharm by generating rental income from the unused Factory space. It also benefits the Target Company by providing a suitable manufacturing location. It would be costly and time-consuming to relocate the Target Company’s existing GMP-accredited facility, so the Transactions allow the Target Company to continue its operations without disruption and avoid relocation expenses.

In light of these factors, the directors of Jacobson and JBM (including their independent non-executive directors) consider although the Transactions are not in ordinary course in business of Jacobson and JBM, the terms of the SPA are fair, reasonable, on normal commercial terms and in the best interest of both companies and their shareholders.

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 their respective boards in relation to the Transactions 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 or are required to abstain from voting on the corresponding board resolutions.

## **LISTING RULES IMPLICATIONS**

Mr. Sum, a non-executive director, the chairman and a controlling shareholder of JBM, is interested in approximately 59.58% of the issued shares of Jacobson, and Europharm is an indirect wholly-owned subsidiary of Jacobson. Europharm is therefore an associate of Mr. Sum and a connected person of JBM.

Mr. Sum, an executive director, the chairman, the chief executive officer and a controlling shareholder of Jacobson, is interested in approximately 62.39% of the issued shares of JBM, and Po Chai Herbal and PCHT are indirect wholly-owned subsidiaries of JBM. Po Chai Herbal and PCHT are therefore associates of Mr. Sum and connected persons of Jacobson.

Accordingly, the transactions contemplated under the SPA constitute connected transactions of both Jacobson and JBM under Chapter 14A of the Listing Rules.

As all applicable percentage ratios in respect of the Transactions are higher than 0.1% but less than 5% for each of Jacobson and JBM, the Transactions are subject to the reporting and announcement requirements but are exempted from the circular and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **DEFINITIONS**

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

“associate”	has the meaning as prescribed in the Listing Rules
“Completion”	the completion of the Transactions in accordance with the terms and conditions of the SPA
“Completion Date”	a date during the Completion Period which is mutually agreed by the Purchaser and the Sellers
“Completion Period”	the period from the date which the conditions precedent in the SPA have been fulfilled or waived until 6 December 2024 (or such other date as the Purchaser and the Sellers agree in writing)
“connected person”	has the meaning as prescribed in the Listing Rules
“controlling shareholder”	has the meaning as prescribed in the Listing Rules
“Cooperation Agreement”	the cooperation agreement to be entered into between Europharm and Po Chai Herbal upon Completion in relation to the management of the Target Company

“Europharm”	Europharm Laboratoires Company Limited (歐化藥業有限公司), a company incorporated in Hong Kong, and an indirect wholly-owned subsidiary of Jacobson
“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)”	any entity or person who, to the best knowledge of the directors of Jacobson and JBM, is independent of Jacobson and JBM and their connected persons
“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 from time to time
“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 from time to time
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“Long Stop Date”	30 November 2024 or such later date to be agreed by the parties to the SPA in writing
“Mr. Sum”	Mr. Sum Kwong Yip, Derek, (i) an executive director, the chairman, chief executive officer and a controlling shareholder of Jacobson; and (ii) a non-executive director, the chairman and a controlling shareholder of JBM
“PCHT”	PCHT Herbal Sciences Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of JBM
“percentage ratio(s)”	has the meaning as prescribed in the Listing Rules



“Po Chai Herbal”	Po Chai Herbal Technology Limited, a company incorporated in the Cayman Islands and an indirect wholly-owned subsidiary of JBM
“Sale Share(s)”	100,500 shares of the Target Company
“Science Park”	Hong Kong Science and Technology Parks Corporation, a company incorporated in Hong Kong
“Sellers”	Po Chai Herbal and PCHT
“SPA”	the sale and purchase agreement dated 11 November 2024 entered into by the Sellers and Europharm in relation to the Transactions
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning as prescribed in the Listing Rules
“Target Company”	Li Chung Shing Tong (Holdings) Limited (李衆勝堂 (集團) 有限公司), a company incorporated in Hong Kong and an indirect non-wholly owned subsidiary of JBM
“Transactions”	the sale and purchase of the Sale Shares pursuant to the terms of the SPA
“%”	per cent

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

By Order of the Board  
**JBM (Healthcare) Limited**  
**YU Chun Kau**  
*Company Secretary*

Hong Kong, 11 November 2024

*As at the date of this joint 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 joint 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) and Dr. Cheng Celine Heung Kwan as executive directors, 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.*