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## **Jacobson Pharma Corporation Limited**

**雅各臣科研製藥有限公司**

(Incorporated under the laws of the Cayman Islands with limited liability)

Stock Code : 2633

### **DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF 43% OF THE ISSUED SHARE CAPITAL OF ORIZEN CAPITAL LIMITED**

#### **THE ACQUISITION**

On 22 July 2019, the Purchaser (an indirect wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Vendors, pursuant to which the Purchaser conditionally agreed to acquire, and the Vendors conditionally agreed to sell, the Sale Shares, representing 43% of the issued share capital of the Target Company, at an aggregate consideration of HK\$113,382,400.

#### **LISTING RULES IMPLICATIONS**

As one or more applicable percentage ratios in respect of the Acquisition exceed 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

## THE ACQUISITION

On 22 July 2019, the Purchaser (an indirect wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Vendors, pursuant to which the Purchaser conditionally agreed to acquire, and the Vendors conditionally agreed to sell, the Sale Shares, representing 43% of the issued share capital of the Target Company, at an aggregate consideration of HK\$113,382,400.

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

**Date:** 22 July 2019

**Parties:** (i) the Purchaser as purchaser; and  
(ii) Vendor A, Vendor B and Vendor C as vendors

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, other than their interests in the Target Company, Vendor A, Vendor B and their respective ultimate beneficial owners, and Vendor C are third parties independent of the Company and its connected person.

### Assets to be acquired

As at the date of this announcement, the Target Company is held as to 45% by the Purchaser, 30% by Vendor A, 20% by Vendor B and 5% by Vendor C.

Pursuant to the Sale and Purchase Agreement, the Purchaser conditionally agreed to acquire, and the Vendors conditionally agreed to sell, the Sale Shares, representing 43% of the issued share capital of the Target Company.

Immediately after Completion, the Target Company will be held as to 88% by the Purchaser, 10% by Vendor B and 2% by Vendor C. Upon Completion, the Target Company will become a subsidiary of the Company and the financial results of the Target Group will be consolidated into the financial statements of the Group.

### Consideration

The Consideration payable for the sale and purchase of the Sale Shares is HK\$113,382,400. Subject to the terms of the Sale and Purchase Agreement, the Consideration shall be payable by the Purchaser to the Vendors in the following manner:

- (a) the Deposit in the sum of HK\$11,338,240 as deposit, of which HK\$7,910,400 shall be payable to Vendor A, HK\$2,636,800 shall be payable to Vendor B and HK\$791,040 shall be payable to Vendor C, upon the signing of the Sale and Purchase Agreement;
- (b) HK\$102,044,160 being the balance of the Consideration, of which HK\$71,193,600 shall be payable to Vendor A, HK\$23,731,200 shall be payable to Vendor B and HK\$7,119,360 shall be payable to Vendor C, upon Completion.

The Consideration for the Acquisition was determined after arm's length negotiations with reference to, among other things, (i) the future growth prospect and strategic development of the proprietary Chinese medicine business of the Target Group; and (ii) the historical financial performance of the Target Group.

The Consideration will be funded by the internal resources of the Company.

### **Conditions precedent**

Completion is subject to, among others, the following Conditions being fulfilled or waived (as the case may be):

- (i) the receipt by the Vendors and the Target Group of (if necessary) all relevant consents, approvals waivers and authorizations from governmental authorities or third parties in Hong Kong or elsewhere as may be necessary or desirable for the execution and implementation of the Sale and Purchase Agreement and in conjunction with the proposed change in shareholdings of the Target Company so as to ensure that the Target Group maintains all its existing material contractual and other rights and assets in their current state following Completion, and such consents, approvals, waivers and authorizations not being revoked, withdrawn or modified;
- (ii) the Warranties remaining true, accurate and complete in all material respects and not misleading;
- (iii) there being no events which will or may have a material adverse effect on the Target Group; and
- (iv) the Target Group having repaid all outstanding amounts owed to the Vendors (if any).

If any of the Conditions have not been satisfied (or previously waived by the Purchaser) on or before the Completion Date, then the Sale and Purchase Agreement will immediately terminate, the Purchaser may on that date (but without prejudice to any other right or remedy it may have), by notice to the Vendors:

- (i) waive the Conditions then unsatisfied;
- (ii) postpone the Completion Date to a date (being a Business Day) falling not more than 30 Business Days after the initial Completion Date;
- (iii) terminate the Sale and Purchase Agreement in which case each Vendor shall repay the deposit that it/he has received within 3 Business Days to the Purchaser, and if the Purchaser elects to postpone Completion in accordance with (ii) above, then the provisions of the Sale and Purchase Agreement shall apply as if the date set for Completion were the date to which Completion is so postponed.

## **Completion**

The Completion Date shall be on 6 August 2019 or such later date as the parties to the Sale and Purchase Agreement may agree in writing.

## **2019/2020 Interim Dividend**

The Purchaser and the Vendors agree to procure the Target Group (including but not limited to the HK Subsidiary) to declare interim dividend on the Completion Date in the aggregate amount of HK\$18,800,000 for the 2019/2020 financial year. The interim dividend will be distributed to the Purchaser and the Vendors in proportion to their respective shareholdings in the Target Company as at the date of the Sale and Purchase Agreement. The date of distribution of the interim dividend is subject to factors including the working capital and cash flow of the Target Group, but the Purchaser and the Vendors agree to use their best endeavors to procure the interim dividend to be distributed on the Completion Date.

## **Right of first refusal**

After Completion, the Purchaser shall have a right of first refusal in relation to the remaining 10% and 2% of the issued share capital of the Target Company held by Vendor B and Vendor C, respectively. In the event that Vendor B and/or Vendor C intends to sell all or part of the issued shares of the Target Company held by it/him, or if any third party indicates to Vendor B and/or Vendor C that it intends to purchase all or part of the issued shares of the Target Company held by it/him, it/he shall first offer to sell the relevant shares of the Target Company to the Purchaser.

## **INFORMATION OF THE TARGET GROUP**

The Target Company is a company incorporated in the British Virgin Islands and is an investment holding company. As at the date of this announcement, the Target Group is principally engaged in the proprietary Chinese medicine business.

## **FINANCIAL INFORMATION OF THE TARGET GROUP**

The Target Company was incorporated on 6 June 2018. The unaudited financial information of the Target Company for the period from 6 June 2018 to 31 March 2019 is set out below:

	<b>For the period from 6 June 2018 to 31 March 2019 (unaudited) (HK\$)</b>
Net profit before taxation	–
Net profit after taxation	–
Net assets	780

The audited financial information of the HK Subsidiary for the two financial years ended 31 March 2018 and 2019 are set out below:

	<b>For the year ended 31 March 2018</b>	<b>For the year ended 31 March 2019</b>
	(audited)	(audited)
	(HK\$)	(HK\$)
Net profit before taxation	24,736,523	26,207,254
Net profit after taxation	20,683,030	22,088,353
Net assets	20,683,130	28,088,453

Upon Completion, the Target Company will become a subsidiary of the Company and the financial results of the Target Group will be consolidated into the financial statements of the Group.

### **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Group is principally engaged in the manufacturing, marketing and sale of generic drugs and proprietary medicines.

The Acquisition represents a compelling opportunity to accelerate the Group's strategy in enhancing the portfolio of its proprietary medicine business. It lays the foundation to create a leading branded Chinese medicine business which will be well-positioned to deliver strong sales, cash-flow and earnings growth for the Group. Significant synergies are expected to generate from the complementary basis of the acquired business to fuel the growth of the Group's proprietary Chinese medicine businesses. It reinforces the Group's strategy to acquire asset or business that will bring about a sound strategic fit to its long term business development and create substantial value for the shareholders.

Accordingly, the Directors are of the view that the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable, and the Acquisition is in the interests of the Company and the Shareholders as a whole.

### **INFORMATION OF VENDOR A AND VENDOR B**

Vendor A is an investment holding company.

Vendor B is an investment holding company.

### **LISTING RULES IMPLICATION**

As one or more applicable percentage ratios in respect of the Acquisition exceed 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

## DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares by the Purchaser from the Vendors pursuant to the Sale and Purchase Agreement
“Board”	the board of Directors
“Business Day”	a day (other than Saturday, Sunday and public holiday) on which commercial banks are generally open for banking 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 and whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 2633)
“Completion”	completion of the Acquisition in accordance with the terms of the Sale and Purchase Agreement
“Completion Date”	the date on which Completion shall take place, being 6 August 2019 or such later date as the parties to the Sale and Purchase Agreement may agree in writing
“Condition(s)”	the condition(s) precedent for Completion as set out in the section headed “Conditions precedent” in this announcement
“Consideration”	the aggregate consideration payable by the Purchaser for the Sale Shares, being HK\$113,382,400
“Deposit”	the deposit in the sum of HK\$11,338,240, of which HK\$7,910,400 shall be payable to Vendor A, HK\$2,636,800 shall be payable to Vendor B and HK\$791,040 shall be payable to Vendor C, under the Sale and Purchase Agreement
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“HK Subsidiary”	a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Target Company

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	Sampan Development Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the sale and purchase agreement dated 22 July 2019 and entered into between the Vendors and the Purchaser in relation to the Acquisition
“Sale Shares”	means, collectively, the Vendor A Sale Shares, the Vendor B Sale Shares and the Vendor C Sale Shares
“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
“Target Company”	Orizen Capital Limited, a company incorporated in the British Virgin Islands with limited liability
“Target Group”	the Target Company and the HK Subsidiary
“Vendors”	means collectively, Vendor A, Vendor B and Vendor C, and “Vendor” means any one of them as the context may require
“Vendor A”	a company incorporated in the British Virgin Islands with limited liability
“Vendor A Sale Shares”	30 issued shares of the Target Company, representing 30% of the issued share capital of the Target Company as at the date of this announcement
“Vendor B”	a company incorporated in Hong Kong with limited liability
“Vendor B Sale Shares”	10 issued shares of the Target Company, representing 10% of the issued share capital of the Target Company as at the date of this announcement
“Vendor C”	an individual

“Vendor C Sale Shares”	3 issued shares of the Target Company, representing 3% of the issued share capital of the Target Company as at the date of this announcement
“Warranties”	the warranties and representations given by the Vendors as set out in the Sale and Purchase Agreement
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent

By Order of the Board  
**Jacobson Pharma Corporation Limited**  
**Yim Chun Leung**  
*Executive Director and Company Secretary*

Hong Kong, 22 July 2019

*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 Lam Sing Kwong, Simon as non-executive Director, and Dr. Lam Kwing Tong, Alan, Mr. Young Chun Man, Kenneth and Professor Wong Chi Kei, Ian as independent non-executive Directors.*