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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

CHANGE IN USE OF PROCEEDS

Reference is made to the prospectus of Jacobson Pharma Corporation Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 8 September 2016 (the “**Prospectus**”) and the interim report of the Company for the six months ended 30 September 2021 published on 16 December 2021 (the “**2021 Interim Report**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus and the 2021 Interim Report.

ORIGINAL USE OF PROCEEDS

Net proceeds of HK\$695,540,000 were raised from the initial public offering of the Company (included proceeds from the over-allotment option exercised by the underwriter amounted to HK\$98,438,000 and after the deduction of underwriting fees, commissions and expenses paid by the Company in connection with the initial public offering) (the “**IPO Proceeds**”).

As disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus, the IPO Proceeds were intended to be used for the following purposes:

- approximately 45% for acquisitions, including:
 - approximately 20% for acquisitions relating to expansion of businesses in generic drugs and proprietary medicines;
 - approximately 15% for acquisitions relating to enhancement of distribution network;
 - approximately 10% for acquisitions of intangible assets;
- approximately 18% for capital investments relating to upgrading of manufacturing plants and facilities (including HK\$12.0 million allocated for two specific automated production facilities);

- approximately 15% for expansion of bioequivalence clinical studies (including HK\$10.0 million allocated for establishment of a new joint research and development (“R&D”) centre with The Hong Kong Institute of Biotechnology Limited (“HKIB”));
- approximately 12% for marketing and advertising; and
- approximately 10% for working capital and other general corporate purposes.

CHANGE IN USE OF PROCEEDS

As at the date of this announcement, the amount of the unutilised IPO Proceeds is approximately HK\$23.8 million.

For the reasons set out in the paragraph headed “Reasons for Change in Use of Proceeds” below, the board (the “Board”) of directors (the “Directors”) of the Company has resolved to change the allocation of the unutilised IPO Proceeds and the expected timeline of full utilisation by (a) reallocating approximately HK\$4.1 million which were originally allocated for establishment of a new joint R&D centre with HKIB to expansion of bioequivalence clinical studies; and (b) extending the expected timeline of the use of the unutilised IPO Proceeds from 31 March 2023 to 31 March 2025.

The table below sets forth the revised allocation and status of utilisation of the IPO Proceeds as at the date of this announcement and the expected timeline of the use of the unutilised IPO Proceeds:

Use of IPO Proceeds	Original allocation disclosed in the Prospectus HK\$'000	Revised allocation HK\$'000	Actual utilised amount as at the date of this announcement HK\$'000	Unutilised amount as at the date of this announcement HK\$'000	Updated expected timeline for utilising the remaining IPO Proceeds
Acquisitions – Expansion of businesses in generic drugs and proprietary medicines	139,108	139,108	139,108	–	N/A
Acquisitions – Enhancement of distribution network	104,331	104,331	104,331	–	N/A
Acquisitions – Intangible assets	69,554	69,554	69,554	–	N/A
Capital investments – Upgrading of manufacturing plants and facilities	113,197	113,197	113,197	–	N/A
Capital investments – Two specific automated production facilities	12,000	12,000	12,000	–	N/A
Expansion of bioequivalence clinical studies	94,331	98,449	74,673	23,776	On or before 31 March 2025 ^(Note)
Establishment of a new joint R&D centre with HKIB	10,000	5,882	5,882	–	N/A
Marketing and advertising	83,465	83,465	83,465	–	N/A
General working capital	69,554	69,554	69,554	–	N/A
Total	<u>695,540</u>	<u>695,540</u>	<u>671,764</u>	<u>23,776</u>	

Note: The updated expected timeline is based on the estimation made by the Board which might be subject to changes in accordance with the change in market conditions from time to time.

REASONS FOR CHANGE IN USE OF PROCEEDS

As at the date of this announcement, the establishment of the joint R&D centre with HKIB has completed. In this connection, the Board has resolved to reallocate the unutilised IPO Proceeds which was originally allocated for such purpose to the expansion of bioequivalence clinical studies in order to enhance the Group's product development and research capabilities. With the continuous increase of off patent chemical entities in the upcoming years, it is envisaged that there will be new opportunities for the Group to expand its product portfolio and R&D pipeline. Such reallocation of the unutilised IPO Proceeds is expected to enable the Group to conduct additional bioequivalence studies and comply with the respective regulatory requirements from local authorities, and eventually improving its market share in the specialised generic drugs sector in Hong Kong, China and other selected markets from around the globe.

The Board considers that the reallocation of the unutilised IPO Proceeds will not have any material adverse impact on the existing business and operations of the Group and is in the best interest of the Company and its shareholders as a whole. Save as disclosed in this announcement, there are no other changes to the use of the IPO Proceeds.

The Board will continuously assess the plans for the use of the unutilised IPO Proceeds and may revise or amend such plans where necessary to cope with the changing market conditions in order to strive for a better performance of the Group.

The shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

By Order of the Board
Jacobson Pharma Corporation Limited
Yu Chun Kau
Company Secretary

Hong Kong, 9 March 2022

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.