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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

### **CONNECTED TRANSACTION PROVISION OF SHAREHOLDER'S LOAN TO A COMPANY AND POTENTIAL SUBSCRIPTION OF NEW SHARES IN A COMPANY BY WAY OF LOAN CAPITALISATION**

#### **SUBSCRIPTION AND SHAREHOLDERS' AGREEMENT**

On 18 July 2022 (after trading hours), the Subscriber, Professor Wong and OCUS entered into the Subscription and Shareholders' Agreement pursuant to which, among other things, the Subscriber (as lender and subscriber) will advance the Shareholder's Loan to OCUS (as borrower and issuer) with the right of Loan Capitalisation where OCUS will allot and issue such number of new shares of OCUS, together with the existing shares of OCUS owned by the Subscriber, representing 80% of the issued shares of OCUS immediately after completion of the Loan Capitalisation on a fully-diluted basis to the Subscriber (or its nominee) upon request by the Subscriber and subject to the terms and conditions of the Subscription and Shareholders' Agreement.

Immediately after completion of the Loan Capitalisation and assuming there have not been any changes to the shareholding of OCUS since the date of this announcement, OCUS will be held as to 80% by the Subscriber and 20% by Professor Wong. OCUS will therefore become a subsidiary of the Company and its financial results will be consolidated into the consolidated financial statements of the Company after completion of the Loan Capitalisation.

## LISTING RULES IMPLICATIONS

Professor Wong is a non-executive Director, and hence, a connected person of the Company. As at the date of this announcement, OCUS is held as to 80.1% by Professor Wong and 19.9% by the Subscriber, and hence, OCUS is an associate of Professor Wong and a connected person of the Company.

As one or more of the applicable percentage ratios are more than 0.1% but all of them are less than 5% and the Shareholder's Loan exceeds HK\$3,000,000, the Subscription and Shareholders' Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

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The principal terms of the Subscription and Shareholders' Agreement are set out below:

<b>Date:</b>	18 July 2022 (after trading hours)
<b>Parties:</b>	(1) The Subscriber (as lender and subscriber) (2) Professor Wong (3) OCUS (as borrower and issuer)
<b>Shareholder's Loan:</b>	Subject to the fulfilment of the Condition, the Subscriber shall provide the Shareholder's Loan by tranches in an aggregate amount of not less than US\$1,500,000 but not more than US\$7,000,000 to OCUS and its subsidiaries.
<b>Interest:</b>	The interest rate of the Shareholder's Loan is two per cent. (2%) per annum.
<b>Purpose of the Shareholder's Loan:</b>	All proceeds of the Shareholder's Loan shall be applied towards the development and operation of the business of OCUS and its subsidiaries.

**Loan Capitalisation:**

Subject to the fulfilment of the Condition and upon written notice by the Subscriber, the Shareholder's Loan and the Interest shall be capitalised into such number of new shares of OCUS ("**Relevant Shares**"), together with the existing shares of OCUS owned by the Subscriber, representing 80% of the issued shares of OCUS immediately after completion of the Loan Capitalisation on a fully-diluted basis, which OCUS shall allot and issue to the Subscriber (or its nominee) at the Issue Price.

**Discharge of Repayment Obligations:**

The Shareholder's Loan and the Interest shall only be repaid by way of the Loan Capitalisation before expiry of the five-year period from the date of the Subscription and Shareholders' Agreement ("**Five-Year Period**") upon request by the Subscriber. The issue of the Relevant Shares by OCUS pursuant to the Loan Capitalisation will be deemed as full and final satisfaction and settlement of the Shareholder's Loan and the Interest.

If no Loan Capitalisation having been taken place during the Five-Year Period, the Shareholder's Loan and the Interest shall be repaid in cash by OCUS on the fifth (5th) anniversary of the date of the Subscription and Shareholders' Agreement.

**Condition to the Shareholder's Loan and the Loan Capitalisation:**

Advancement of the Shareholder's Loan and completion of the Loan Capitalisation are conditional upon the condition that the Subscriber and/or the Company having obtained all necessary approvals and consents from the government and regulatory bodies in Hong Kong and the British Virgin Islands, and completed all necessary registration and/or filing requirements with the government and regulatory bodies in Hong Kong or the British Virgin Islands (including but not limited to the Stock Exchange), if any, for the Subscriber's entry into and performance under the Subscription and Shareholders' Agreement and all the transactions contemplated thereunder ("**Condition**").

**Long Stop Date:**

The Subscriber shall procure that the Condition in respect of the advancement of the Shareholder's Loan shall be fulfilled on or before 31 August 2022, failing which none of the Subscriber or OCUS shall be obliged to proceed with the advancement of the Shareholder's Loan and the Loan Capitalisation, and the Subscription and Shareholders' Agreement shall automatically terminate.

**Advancement of the Shareholder's Loan:**

Subject to the following paragraph, within twenty (20) Business Days from the date of the fulfilment of the Condition, the Subscriber shall advance the first tranche of the Shareholder's Loan to OCUS or its subsidiaries.

The Shareholder's Loan shall be advanced in tranches in which the Subscriber shall have the obligation to advance the first US\$1,500,000 to OCUS within two (2) Business Days upon the written request given by OCUS from time to time. For the remaining portion of the Shareholder's Loan, the amount and the time of advancement of which shall be determined by the Subscriber at its sole discretion provided always that the aggregate amount of the Shareholder's Loan shall not be less than US\$1,500,000 and shall not exceed US\$7,000,000.

**Completion of the Loan Capitalisation:**

Subject to the fulfilment of the Condition and the delivery of the written notice by the Subscriber to OCUS, within five (5) Business Days from the date of such written notice, OCUS shall allot and issue to the Subscriber (or its nominee) the Relevant Shares.

**Business of OCUS:**

Subject to the provisions on reserved matters as set out below, the business of OCUS shall be confined to investment holding and the business of its subsidiaries shall be confined to product and technology development, pre-clinical and clinical study, and evaluation of and investment in biomedical technologies, products and devices with market potential.

**Reserved Matters:**

Before completion of the Loan Capitalisation, unless prior written consent of all the shareholders of OCUS has been obtained:

- (a) no change of the scope of the business of OCUS and its subsidiaries shall be made; and
- (b) OCUS shall not issue, or agree to issue, any shares, warrants or other securities or grant, or agree to grant, any option over or right to acquire or convert into any share to dilute the interest of the Subscriber and Professor Wong in OCUS.

**Transfer Restriction:**

Professor Wong shall not transfer, assign or otherwise dispose of or create any encumbrances or third party rights over any shares in OCUS held by him unless prior written consent of the Subscriber has been obtained.

**Dividends Policy:**

Before completion of the Loan Capitalisation, OCUS shall not distribute any profits by way of dividend.

After completion of the Loan Capitalisation, the Subscriber and Professor Wong shall procure OCUS to distribute such amount of profits in proportion to their respective interests in OCUS by way of dividend as the board of directors of OCUS may decide from time to time.

The Shareholder's Loan is not secured by any assets of OCUS or any other person, nor is it supported by any guarantee or other credit support from any other person. The Group will finance the Shareholder's Loan with its internal resources.

Immediately after completion of the Loan Capitalisation and assuming there have not been any changes to the shareholding of OCUS since the date of this announcement, OCUS will be held as to 80% by the Subscriber and 20% by Professor Wong. OCUS will therefore become a subsidiary of the Company and its financial results will be consolidated into the consolidated financial statements of the Company after completion of the Loan Capitalisation.

**REASONS FOR AND BENEFITS OF THE TRANSACTION**

OCUS and its subsidiaries are principally engaged in product and technology development, pre-clinical and clinical study, and evaluation and investment of biomedical technologies, products and devices that possess market potential whereas the Group is principally engaged in, amongst others, the manufacturing and sale of essential and specialty medicines. Professor Wong (being the business partner of the Group's investment in OCUS) is a pharmaceutical scholar with excellent track-record in research and development as well as commercialisation of paediatric medicines. Leveraging on the technological advances of the pharmaceutical research as well as the expertise of Professor Wong, the Directors believe that the Subscription and Shareholders' Agreement and the investment in OCUS contemplated thereunder will benefit the Group by bringing collaborative synergies in enhancing its research and development capabilities of pharmaceutical and biomedical products and devices, and thereby, benefiting the long-term development of the Group.

In view of the above, the Directors (including the independent non-executive Directors) are of the view that the Subscription and Shareholders' Agreement are on normal commercial terms, and the terms of the Subscription and Shareholders' Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Professor Wong (being a non-executive Director, a party to the Subscription and Shareholders' Agreement, and a shareholder and director of OCUS) has abstained from voting on the resolutions of the Board in relation to the Subscription and Shareholders' Agreement to avoid any potential conflict of interests. Save as disclosed above, none of the Directors has any material interest in the Subscription and Shareholders' Agreement or is required to abstain from voting on the relevant resolutions of the Board approving the Subscription and Shareholders' Agreement.

## INFORMATION ON THE COMPANY AND PARTIES TO THE SUBSCRIPTION AND SHAREHOLDERS' AGREEMENT

### The Company

The principal business activity of the Company is investment holding. The Group is principally engaged in the manufacturing and sale of essential and specialty medicines and branded healthcare products.

### The Subscriber

The Subscriber 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 Subscriber is a wholly-owned subsidiary of the Company.

### OCUS

OCUS is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. OCUS and its subsidiaries are principally engaged in product and technology development, pre-clinical and clinical study, and evaluation and investment of biomedical technologies, products and devices that possess market potential. As at the date of this announcement, OCUS is held as to 80.1% by Professor Wong and 19.9% by the Subscriber.

Set out below is the unaudited financial information of OCUS prepared in accordance with the Hong Kong Financial Reporting Standards:

	<b>For the year ended 31 March 2021</b>	<b>For the year ended 31 March 2022</b>
	<i>HK\$</i>	<i>HK\$</i>
Net loss before taxation	–	(10,800)
Net loss after taxation	–	(10,800)

The unaudited net liabilities of OCUS was HK\$3,000 as at 31 March 2022.

### Professor Wong

Professor Wong is a non-executive Director and a shareholder of OCUS.

### LISTING RULES IMPLICATIONS

Professor Wong is a non-executive Director, and hence, a connected person of the Company. As at the date of this announcement, OCUS is held as to 80.1% by Professor Wong and 19.9% by the Subscriber, and hence, OCUS is an associate of Professor Wong and a connected person of the Company.

As one or more of the applicable percentage ratios are more than 0.1% but all of them are less than 5% and the Shareholder's Loan exceeds HK\$3,000,000, the Subscription and Shareholders' Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

## DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	means a day (excluding Saturday and Sunday) on which banks in Hong Kong are generally open for business
“Company”	Jacobson Pharma Corporation 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: 2633)
“Condition”	the condition to the advancement of the Shareholder's Loan and completion of the Loan Capitalisation as described under the section headed “Subscription and Shareholders' Agreement” in this announcement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Five-Year Period”	the five-year period from the date of the Subscription and Shareholders' Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People's Republic of China
“Interest”	the interest to be accrued on the Shareholder's Loan at the interest rate of 2% per annum

“Issue Price”	the price at which the Relevant Shares are issued which is equivalent to quotient of the sum of the Shareholder’s Loan and the Interest by the Relevant Shares
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Capitalisation”	the capitalisation of the Shareholder’s Loan and the Interest into the Relevant Shares, where OCUS shall allot and issue to the Subscriber (or its nominee) at the Issue Price upon request by the Subscriber and subject to the terms and conditions of the Subscription and Shareholders’ Agreement
“OCUS”	OCUS Innovation Limited 奧視科創有限公司, a company incorporated in the British Virgin Islands with limited liability and held as to 80.1% by Professor Wong and 19.9% by the Subscriber as at the date of this announcement
“Professor Wong”	Professor Wong Chi Kei, Ian
“Relevant Shares”	the new shares to be issued by OCUS to the Subscriber (or its nominee) pursuant to the Loan Capitalisation as described under the section headed “Subscription and Shareholders’ Agreement” in this announcement
“Shareholder(s)”	the shareholder(s) of the Company
“Shareholder’s Loan”	the shareholder’s loan to be advanced by the Subscriber (as lender) to OCUS (as borrower) by tranches in the aggregate principal amount of not less than US\$1,500,000 but not more than US\$7,000,000 with the rights of Loan Capitalisation pursuant to the Subscription and Shareholders’ Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Jacobson Pharma Group (BVI) Limited 雅各臣藥業集團有限公司, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company as at the date of this announcement
“Subscription and Shareholders’ Agreement”	the subscription and shareholders’ agreement entered into between the Subscriber (as lender and subscriber), Professor Wong and OCUS (as borrower and issuer) in relation to, amongst others, the provision of the Shareholder’s Loan and the Loan Capitalisation



“US\$” United States dollars, the lawful currency of the United States

“%” per cent.

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

Hong Kong, 18 July 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.*