【Press Release】 30 October 2018

ESSEX BIO-TECHNOLOGY LIMITED

億勝生物科技有限公司

(Stock Code: 1061)

Essex Bio-technology Entered into Convertible Notes Purchase Agreement and License Agreement with DB Therapeutics -

Its Radioactive Bandages for the Treatment of Non-Melanoma Skin Cancer (NMSC)

Hong Kong, 30 October 2018

Essex Bio-Technology Limited ("EssexBio" or the "Group" –Stock Code:1061) is pleased to announce that Essex Bio-Investment, a wholly-owned subsidiary of the Group, and DB Therapeutics ("DBT"), an early stage medical device company in Binghamton, USA, entered into the Convertible Notes Purchase Agreement and License Agreement. Both agreements provide the Group an opportunity to have a significant interest in DBT's radioactive bandages for the treatment of non-melanoma skin cancer (NMSC), its core product, Holmium-166(^{166} Ho) based radioactive bandages (Curiwrap) (the "Products") and future products.

The investment is in line with the Group's strategic development plan in dermatology and oncology.

Convertible Notes Purchase Agreement ("CN Purchase Agreement")

Pursuant to the CN Purchase Agreement, Essex Bio-Investment conditionally agree to subscribe for, and DBT conditionally agreed to issue, a series of the convertible notes in an aggregate principal amount not to exceed US$4,500,000 (equivalent to approximately HK$35,278,200), with each tranche

bearing an interest rate of 5% per annum and maturing on 31 July 2022. Assuming convertible notes in the principal amount of US$4,500,000 are issued and the conversion rights are exercised in full, it shall represent 45% of the DBT stock on a fully diluted basis.

License Agreement

Essex Bio-Investment will be granted an exclusive license to market, sell and distribute the Products (the “Licensed Products”) in the Territory (including the Greater China, Australia, New Zealand, Korean and Japan) and use the Technology in connection thereto, subject to payment of royalty levied on net sales of the Licensed Products in the Territory.

"Our investment into DB Therapeutics is our first foray into nuclear medicine, complementing our dermatology and oncology research activities", said Malcolm Ngiam, President of Essex Bio-Investment. *“Essex Bio-Technology looks forward to contributing to the pre-clinical research at DB Therapeutics, towards a clinical stage product."*

Anthony J. Di Pasqua, President and Co-founder of DB Therapeutics, said: *"DB Therapeutics is excited to work with Essex Bio-Technology to continue developing our ideas and help translate them into the clinic, where they can have a meaningful impact on global health."*

About DB Therapeutics

DB Therapeutics, Inc. is an early stage medical device company focusing on the development of radioactive bandages for the treatment of non-melanoma skin cancer (NMSC), such as basal cell carcinoma (BCC), squamous cell carcinoma (SCC), cutaneous lymphoma, Kaposi sarcoma, Merkel cell carcinoma, etc. Its core product, Holmium-166(^{166}Ho) based radioactive bandages (Curiwrap), provides a convenient and efficient way to treat localized skin cancer patients, as compared to surgical interventions, external beam radiation therapy and electronic brachytherapy. Curiwrap can be used in a small, clinic-based setting and will be available in a ready-to-use format for physicians.

About Radiotherapy Market

The global radiotherapy market is expected to reach 9.3 billion USD by 2024, at a CAGR of 7.5% in the forecast period 2017 to 2024[i]. Among which, North America is the most important area, ruling the international radiotherapy device market by means of profits in the past few years, and Western Europe comes second. For

nations in some of the emerging markets, the market size is tiny because of the scarcities of apparatus and critical equipment proficiency of supplying greater accuracy conformal treatments. However, with the aging populations and increasing number of cancer patients, as well as the increasing supply of cancer treatment expertise, especially in China and Japan, the corresponding market size will witness an accelerated growth in the years to come.

About Skin Cancer

Skin Cancer is the most common form of cancer in the Caucasian population. Approximately 40% to 50% of Americans of age 65 or greater will have either BCC or SCC at least once. Exposure to ultraviolet (UV) radiation from the sun is a leading cause of NMSC (approximately 90% of the cases). Tanning is another major cause of the skin cancer and more than 419,000 cases are linked to indoor in the US[ii].

The skin cancers are largely categorised in two types: melanoma and non-melanoma. The melanomas are more aggressive and comprise of about 1% of all skin cancers but causes the vast majority of deaths. Non-melanoma Skin Cancers (NMSCs) are a more common type of cancer and are mainly of two types: basal cell carcinoma (BCC) and squamous cell carcinoma (SCC). Approximately 5.4 million cases of NMSC are treated in the US annually[iii]. The annual direct cost of treating skin cancers in the U.S. is estimated at $8.1 billion, approximately $4.8 billion for NMSC and $3.3 billion for melanoma[iv].

Basel cell carcinoma (BCC) is the most common form of NMSC. An estimated 4.3 million cases of BCC are diagnosed in the U.S. each year[v], resulting in more than 3,000 deaths[vi]. Meanwhile, BCC is the most common cancer in Caucasians, Hispanics, Chinese Asians and the Japanese[vii].

About Curiwrap

As a ^{166}Ho based radioactive bandage, Curiwrap can be applied externally on the skin for radiation therapy, which offers a convenient way to treat patients with radiation and does not require any sophisticated instrumentation. It also allows for the treatment of multiple skin lesions at the same time in an outpatient setting and reduces the overall cost of the treatment. Unlike injectable radioactive agents, these bandages are safe and have less toxicity concerns.

The bandages are made with non-radioactive Ho-containing garnet (HoIG) nanoparticles, incorporated in polyacrylonitrile fibers and electrospun to form free-standing nonwoven, non-radioactive fiber mats. These fiber mats can be cut into desired sizes or standard pre-determined sizes and made radioactive by neutron-activation of Ho to ^{166}Ho.

^{166}Ho-based radioactive bandages were tested in a skin cancer animal model and found to significantly reduce tumor growth. The company plans to further test these bandages in animals for safety and human clinical trials for safety and efficacy. A patent for the technology underlined in Curiwrap has been filed in January 2015.

About EssexBio

Essex Bio-Technology Limited is a bio-pharmaceutical company, started in early 90's, a pioneer in bio-pharmaceutical industry in China, that develops, manufactures and commercialises genetically engineered therapeutic rb-bFGF, a basic fibroblast growth factor, with established mechanism of action in cellular proliferation, differentiation and migration.

The Company currently has five commercialised bio-pharmaceutical products, formulated with rb-bFGF, in China, out of which 3 are approved by National Medical Products Administration ("NMPA") in China as Category I drugs. The products are being marketed & sold as Beifushu, Beifuji & Beifuxin, for treatment of ocular surface wounds and topical (skin) surface wounds respectively. Beifuji is the first in the world to have obtained approval from NMPA for commercialisation in 1998.

In addition, the Group has three NMPA approved preservative-free, single-dose eye drops: Tobramycin, Levofloxacin and Sodium Hyaluronate, approved in April 2017, June 2018 and August 2018, respectively.

The Company focuses on two main therapeutics, Ophthalmology and Surgical arena of topical (skin) surface wounds, which primarily covers Dermatology, Stomatology and Obstetrics & Gynaecology, while selectively pursuing therapeutics in Neurology, Oncology and Orthopaedics. The Company maintains a pipeline of multi-project in R&D and on various stages of clinical programs, of which several projects involving growth factors and antibody and a handful of projects are on unit dose for Ophthalmic and Respiratory disease.

The Company's products and its 3rd party products are marketed and sold through more than 5,600 hospitals in China and are managed directly by its 42 regional sales offices with about 1,400 sales and marketing people. Its 3rd party products; notably are inclusive of Xalacom eye drops and Xalatan eye drops of Pfizer (for Ophthalmology), Iodized Lecithin Capsules (for Ophthalmology), Yi Xue An Granules (for Obstetrics & Gynaecology) and Carisolv Products (for Stomatology).

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[i] Global Radiotherapy Market-Industry Trends and Forecasts to 2024

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Zhixin Investor Relations Consultant issued this press release on behalf of **Essex Bio-Technology Limited**.

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