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ESSEX BIO-TECHNOLOGY LIMITED

億勝生物科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1061)

DISCLOSEABLE TRANSACTION ACQUISITION OF LAND USE RIGHTS AND CONSTRUCTION OF PRODUCTION PLANT IN ZHUHAI, PRC

INTRODUCTION

Reference is made to the announcement of the Company dated 29 June 2018 in relation to the entering into of the Investment Agreement. The Company is pleased to announce that Zhuhai Essex, an indirect wholly-owned subsidiary of the Company, successfully tendered for the Land at a total consideration of approximately RMB9.6 million (equivalent to approximately HK\$11.2 million) for the purpose of the construction of the Production Plant on the Land and the Land Use Rights Transfer Contract has been entered into between Zhuhai Land Bureau and Zhuhai Essex on 18 July 2018, and therefore, the Investment Agreement shall take effect and the Transaction will proceed as contemplated under the Investment Agreement.

CONSIDERATION FOR ACQUISITION

Pursuant to the Land Use Rights Transfer Contract, the price for the land use rights of the Land is approximately RMB9.6 million (equivalent to approximately HK\$11.2 million), which is payable in cash.

CONSTRUCTION OF THE PRODUCTION PLANT

The Production Plant will be built on the Land. Based on the preliminary planning and estimation with reference to the prevailing market rate of the relevant items, the Group intends to enter into agreements with independent contractors and professional parties relating to or in connection with the design and construction of the Production Plant, the capital expenditure of which are estimated to be, in aggregate, an approximate amount of RMB227.6 million (equivalent to approximately HK\$266.3 million). Where necessary, further announcement(s) will be made in accordance with the requirements of the Listing Rules by the Company in relation to the Transaction.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the consideration of the Transaction which is estimated to be RMB237.2 million (equivalent to approximately HK\$277.5 million) (being the aggregate of (i) the consideration of approximately RMB9.6 million (equivalent to approximately HK\$11.2 million) for the Acquisition and (ii) the estimated construction costs of RMB227.6 million (equivalent to approximately HK\$266.3 million) for the Production Plant) exceeds 5% but is less than 25%, the Transaction constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 29 June 2018. The Company is pleased to announce that Zhuhai Essex, an indirect wholly-owned subsidiary of the Company, successfully tendered for the Land at a total consideration of approximately RMB9.6 million (equivalent to approximately HK\$11.2 million) for the purpose of the construction of the Production Plant on the Land and the Land Use Rights Transfer Contract has been entered into between Zhuhai Land Bureau and Zhuhai Essex on 18 July 2018, and therefore, the Investment Agreement shall take effect and the Transaction will proceed as contemplated under the Investment Agreement.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, Zhuhai Land Bureau and its ultimate beneficial owner are third parties independent of the Company and the connected persons of the Company.

DETAILS OF THE LAND

Further details of the Land are set out below:

Location: 珠海高新區科技創新海岸南圍科技八路南、創新九路西側

Site area: Approximately 15,000 sq. m.

Permitted Land uses: Industrial use

Term of land use rights: 50 years from the date of transfer of the Land

CONSIDERATION FOR ACQUISITION AND BASIS OF DETERMINATION

Pursuant to the Land Use Rights Transfer Contract, the price for the land use rights of the Land is approximately RMB9.6 million (equivalent to approximately HK\$11.2 million), which is payable in cash within 30 days from the date of signing of the Land Use Rights Transfer Contract in accordance with the terms thereof. The payment will be funded by internal resources of the Group.

Pursuant to the Land Use Rights Transfer Contract, Zhuhai Essex is required to pay a performance bond (being equivalent to 10% of the price of the land use rights of the Land), which will be refunded (without interest) to Zhuhai Essex upon its fulfillment of certain performance criteria such as revenue and tax contribution targets that are specified in the Land Use Rights Transfer Contract.

The consideration of the land use rights of the Land was derived from a public auction held by Zhuhai Land Bureau, which was conducted in accordance with the terms of the auction promulgated by Zhuhai Land Bureau. The consideration for the Acquisition was the bid price submitted by Zhuhai Essex for the Land after taking into account the prevailing market price of land of similar nature at the location nearby and potential value of the Land. Such amount of the consideration is also the reserve price set by Zhuhai Land Bureau for the Land.

CONSTRUCTION OF THE PRODUCTION PLANT

The Production Plant will be built on the Land. Based on the preliminary planning and estimation with reference to the prevailing market rate of the relevant items, the Group intends to enter into agreements with independent contractors and professional parties relating to or in connection with the design and construction of the Production Plant, the capital expenditure of which are estimated to be, in aggregate, an approximate amount of RMB227.6 million (equivalent to approximately HK\$266.3 million). As at the date of this announcement, no agreement has been entered into with any party in relation to the design or construction of the Production Plant. Where necessary, further announcement(s) will be made in accordance with the requirements of the Listing Rules by the Company in relation to the Transaction. It is intended that the total consideration for the Transaction will be paid and funded by internal resources of the Group and/or bank borrowings.

REASONS AND BENEFITS FOR THE TRANSACTION

The Group is principally engaged in investment holding, and development, manufacture and sale of bio-pharmaceutical products in the PRC. Zhuhai Essex, a company established under the laws of the PRC with limited liability, is principally engaged in manufacture and sale of bio-pharmaceutical products.

Pursuant to the Investment Agreement, as part of the Transaction, Zhuhai Essex will establish the Production Plant on the Land to be used by the Group for its operation. The Group has an existing production plant in Zhuhai. The Land is in close proximity to the location of the existing production plant of the Group. The Acquisition and the construction of the Production Plant are in line with the Group's long-term strategic needs of expansion for sustainable development and growth.

The Board considers the terms of the Acquisition are fair and reasonable and the Transaction is in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the consideration of the Transaction which is estimated to be RMB237.2 million (equivalent to approximately HK\$277.5 million) (being the aggregate of (i) the consideration of approximately RMB9.6 million (equivalent to approximately HK\$11.2 million) for the Acquisition and (ii) the estimated construction costs of RMB227.6 million (equivalent to approximately HK\$266.3 million) for the Production Plant) exceeds 5% but is less than 25%, the Transaction 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 terms have the meanings set out below:

“Acquisition”	the acquisition of the rights to use the Land by Zhuhai Essex pursuant to the Land Use Rights Transfer Contract
“Board”	the board of directors of the Company
“Company”	Essex Bio-Technology Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Exchange (Stock Code: 1061)
“Director(s)”	director(s) of the Company
“Exchange”	The Stock Exchange of Hong Kong Limited
“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 PRC
“Investment Agreement”	the investment agreement entered into between Zhuhai Essex and 珠海（國家）高新技術產業開發區管理委員會 (Zhuhai National High-Tech Industrial Development Zone Management Committee*) dated 29 June 2018
“Land”	one plot of state-owned land in Zhuhai, the PRC with a site area of approximately 15,000 sq. m. located at 珠海高新區科技創新海岸南圍科技八路南、創新九路西側
“Land Use Rights Transfer Contract”	a contract for transfer of the rights to use the Land（國有建設用地使用權出讓合同）entered into between Zhuhai Essex and Zhuhai Land Bureau dated 18 July 2018
“Listing Rules”	the Rules Governing the Listing of Securities on the Exchange
“PRC”	the People’s Republic of China

“Production Plant”	a multi-level industrial building to be constructed on the Land and to be used by the Group for research and development, manufacturing as part of the Transaction
“RMB”	the Renminbi, the lawful currency of the PRC
“sq. m.”	square metre(s)
“Transaction”	the Acquisition and construction of the Production Plant on the Land, the total costs of which are estimated to be approximately RMB237.2 million (equivalent to approximately HK\$277.5 million)
“Zhuhai Essex”	珠海億勝生物製藥有限公司 (Zhuhai Essex Bio-Pharmaceutical Company Limited*), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Zhuhai Land Bureau”	The Land and Resources Bureau of Zhuhai (珠海市國土資源局), one of the government authorities which is responsible for the management of land resources in Zhuhai, the PRC

On behalf of the Board
Essex Bio-Technology Limited
Ngiam Mia Je Patrick
Chairman

Hong Kong, 18 July 2018

In this announcement, RMB has been converted into HK\$ at the exchange rate of RMB1:HK\$1.17 and vice versa. Such conversion shall not be construed as representations that amounts of RMB could have been converted into HK\$ and vice versa at such rate or any other exchange rate.

Executive directors of the Company as at the date of this announcement are Mr. Ngiam Mia Je Patrick, Mr. Fang Haizhou and Mr. Zhong Sheng. Independent non-executive directors of the Company as at the date of this announcement are Mr. Fung Chi Ying, Mr. Mauffrey Benoit Jean Marie and Ms. Yeow Mee Mooi.

* *For identification only*