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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)

INSIDE INFORMATION

FRAMEWORK AGREEMENT IN RESPECT OF THE POSSIBLE ACQUISITION OF TARGET ASSETS

THE FRAMEWORK AGREEMENT

The Board is pleased to announce that on 4 June 2020 (after trading hours), Zhuhai Essex, Essex Medipharma (both are indirect wholly-owned subsidiaries of the Company) and Parkson Pharmaceutical entered into the Framework Agreement in relation to the Possible Acquisition by the Group of the Target Assets relating to the Product.

After the signing of the Framework Agreement, the Group will proceed to conduct a due diligence exercise necessary to evaluate the Possible Acquisition and the relevant parties will, subject to the Group's satisfaction of, and on the basis of, such due diligence findings, negotiate for the Definitive Agreement(s) in respect thereof and thus the terms and transaction structure of the Possible Acquisition are subject to negotiation and change. Pursuant to the Framework Agreement, Zhuhai Essex has an absolute discretion to prepare the Definitive Agreement(s) and in the event that it is considered by Zhuhai Essex that such documentation cannot be prepared, Zhuhai Essex is entitled to terminate the Framework Agreement.

GENERAL

The Possible Acquisition, if materialised, may constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules. The Company will make further announcement(s) and comply with Chapter 14 of the Listing Rules as and when appropriate in this regard.

The Framework Agreement may or may not lead to the entering into of the Definitive Agreement(s) and the Possible Acquisition may or may not be consummated. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO.

THE FRAMEWORK AGREEMENT

The Board is pleased to announce that on 4 June 2020 (after trading hours), Zhuhai Essex, Essex Medipharma (both are indirect wholly-owned subsidiaries of the Company) and Parkson Pharmaceutical entered into the Framework Agreement in relation to the Possible Acquisition by Zhuhai Essex (and/or its nominee(s)) of the Target Assets from Parkson Pharmaceutical and/or other relevant parties as assisted and procured by Parkson Pharmaceutical.

Pursuant to the Framework Agreement, Parkson Pharmaceutical shall provide all documents and information relating to the Target Assets for the Group to conduct a due diligence exercise necessary to evaluate the Possible Acquisition. The relevant parties will, subject to Zhuhai Essex's satisfaction of, and on the basis of, such due diligence findings, negotiate for the Definitive Agreement(s) in respect thereof and thus the terms and the transaction structure of the Possible Acquisition are subject to negotiation and change. Zhuhai Essex has an absolute discretion to prepare the Definitive Agreement(s) and in the event that it is considered by Zhuhai Essex that such documentation cannot be prepared, Zhuhai Essex is entitled to terminate the Framework Agreement by way of written notice to Parkson Pharmaceutical.

The following sets out the other key terms of the Framework Agreement:

Earnest Money

Subject to the terms of the Framework Agreement, Zhuhai Essex shall pay Earnest Money in the sum of RMB5 million (equivalent to approximately HK\$5.4 million) and such other amount (if applicable) as Earnest Money to Parkson Pharmaceutical within the specified periods. Upon signing of the Definitive Agreement(s), the entire amount of the Earnest Money shall be applied as partial payment of the consideration for the Possible Acquisition.

In the event that the Framework Agreement is terminated in accordance with its terms (including, due to the failure to enter into the Definitive Agreement(s) during the Exclusivity Period (or such later date as may be agreed by the parties in writing)), Parkson Pharmaceutical shall return the Earnest Money (together with such other fees and payment (if any) in accordance with the terms of the Framework Agreement) to Zhuhai Essex.

Exclusivity

During the Exclusivity Period, Parkson Pharmaceutical shall not, and shall procure all relevant parties not to, whether directly and indirectly, sign any undertaking or contract agreement with any third party in respect of the transfer or disposal of the Target Assets, or make any consultation, negotiations, discussions, or offer in relation thereto.

REASONS FOR ENTERING INTO THE FRAMEWORK AGREEMENT

The Group is principally engaged in the manufacturing, selling, marketing and distribution of biopharmaceutical products.

Iodized Lecithin Capsules has been approved in 2010 for treating central serous chorioretinopathy, central exudative chorioretinopathy, vitreous haemorrhage, vitreous opacities and central retinal vein occlusion, etc. Essex Medipharma, an indirect wholly-owned subsidiary of the Company, has been appointed as the exclusive agent for the distribution and marketing of Iodized Lecithin Capsules in authorised regions in the PRC pursuant to the existing agency agreement entered into with, among others, Parkson Pharmaceutical. It is expected that the Possible Acquisition, if materialised, will enable the Group to invest further in marketing and expand its sales of the Product, as well as other clinical development programmes for the Product.

GENERAL

The Possible Acquisition, if materialised, may constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules. The Company will make further announcement(s) and comply with Chapter 14 of the Listing Rules as and when appropriate in this regard.

The Framework Agreement may or may not lead to the entering into of the Definitive Agreement(s) and the Possible Acquisition may or may not be consummated. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Essex Bio-Technology Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“Definitive Agreement(s)”	formal agreement(s) and ancillary agreement(s) to be entered into by the relevant parties in relation to the Possible Acquisition
“Director(s)”	director(s) of the Company
“Earnest Money”	all such amount which are payable by Zhuhai Essex as refundable earnest money in accordance with the terms of the Framework Agreement
“Essex Medipharma”	珠海億勝醫藥有限公司 (Essex Medipharma (Zhuhai) Company Limited*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Exclusivity Period”	a period commencing from the execution of the Framework Agreement until completion of the Possible Acquisition or the date of termination of the Framework Agreement by Zhuhai Essex

“Framework Agreement”	the framework agreement dated 4 June 2020 entered into between Parkson Pharmaceutical, Essex Medipharma and Zhuhai Essex in relation to the Possible Acquisition
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MAH”	Marketing Authorization Holder, an authorization acquired by the holder upon receipt of the drug registration certificate granted by the NMPA, which allows the holder to partner with contract manufacturing organisations to manufacture the drug concerned
“NMPA”	National Medical Products Administration (國家藥品監督管理局) and its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局)
“Parkson Pharmaceutical”	西藏林芝百盛藥業有限公司 (Tibet Linzhi Parkson Pharmaceutical Co., Ltd.*), a company established in the PRC with limited liability
“Possible Acquisition”	the possible acquisition by Zhuhai Essex (and/or its nominee(s)) of the Target Assets from Parkson Pharmaceutical and/or other relevant parties as assisted and procured by Parkson Pharmaceutical
“PRC”	the People’s Republic of China and, for the purpose of this announcement, excludes Hong Kong, Taiwan and Macau
“Product”	a medicinal product in capsule form known as Iodized Lecithin Capsules* (適麗順) (including one or more medicinal products in different forms in which iodized lecithin serves as an active pharmaceutical ingredient)
“RMB”	Renminbi, the lawful currency of the PRC

“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Assets”	in respect of the Product, (i) all intellectual property rights relating thereto, all technologies and process relating to its product research and development and production (including the relevant intellectual property rights and interests in the raw materials for the manufacture of the Product and, if applicable, the relevant MAH and other interests thereof), and all other interests relating to the Product (including contractual interests and such intellectual property rights and any other interests as may be derived from further research and development which relates to the Product or which is based upon content pertaining to the Product); and (ii) the MAH therefor, as held by Parkson Pharmaceutical and/or other relevant parties
“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 with limited liability and an indirect wholly-owned subsidiary of the Company

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

Hong Kong, 4 June 2020

In this announcement, for the purpose of illustration only, amounts quoted in RMB has been converted into HK\$ at the rate of RMB1 to HK\$1.0893. Such exchange rate has been used, where applicable, for the purpose of illustration only and do not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

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 purpose only