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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
PRODUCT INTERESTS TRANSFER AGREEMENT RELATING TO
IODIZED LECITHIN CAPSULES* (適麗順)**

Reference is made to the announcement of the Company dated 4 June 2020 in relation to the entering into of the Framework Agreement for the Possible Acquisition by the Group of the Target Assets relating to the Product (i.e. Iodized Lecithin Capsules* (適麗順)).

THE PRODUCT INTERESTS TRANSFER AGREEMENT

The Board is pleased to announce that on 9 June 2021 (after trading hours), the Product Interests Transfer Agreement was entered into between Zhuhai Essex (an indirect wholly-owned subsidiary of the Company) and Parkson Pharmaceutical in relation to the Possible Acquisition. Pursuant to the Product Interests Transfer Agreement, the consideration of the Possible Acquisition is RMB97,000,000 (equivalent to approximately HK\$117,622,000).

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) for the Possible Acquisition (when aggregated with the transactions contemplated under the Agency Agreement) exceed 5% but are less than 25%, the Possible Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is accordingly subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Reference is made to the announcement of the Company dated 4 June 2020 in relation to the entering into of the Framework Agreement for the Possible Acquisition by the Group of the Target Assets relating to the Product (i.e. Iodized Lecithin Capsules* (適麗順)).

On 9 June 2021 (after trading hours), Zhuhai Essex (an indirect wholly-owned subsidiary of the Company) and Parkson Pharmaceutical entered into the Product Interests Transfer Agreement.

THE PRODUCT INTERESTS TRANSFER AGREEMENT

The principal terms of the Product Interests Transfer Agreement are as follows:

Date: 9 June 2021

Parties: (i) Zhuhai Essex (an indirect wholly-owned subsidiary of the Company); and
(ii) Parkson Pharmaceutical

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, (i) Parkson Pharmaceutical is principally engaged in the sales of Chinese medicines, chemical pharmaceutical ingredients and their formulations, antibiotics, biochemical drugs, serum, vaccines, blood products and diagnostic drugs, etc.; (ii) Parkson Pharmaceutical and its ultimate beneficial owners are third parties independent of, and not connected with, the Company and its connected persons (as defined in the Listing Rules); and (iii) Parkson Pharmaceutical is a wholly-owned subsidiary of 華邦生命健康股份有限公司 (Huapont Life Sciences Co., Ltd.*), being a company established under the laws of the PRC, the stock of which are listed on the Shenzhen Stock Exchange (Shenzhen Stock Exchange stock code: 002004).

The Possible Acquisition

Zhuhai Essex agreed to acquire, and Parkson Pharmaceutical agreed to transfer and procure the transfer by the other relevant parties to Zhuhai Essex (and/or its nominee(s)), the Target Assets relating to the Product (i.e. Iodized Lecithin Capsules* (適麗順)), which include the relevant intellectual property rights, technologies and process, and other relevant interests (including contractual interests) and the MAH therefor.

Consideration

The consideration of the Possible Acquisition is RMB97,000,000 (equivalent to approximately HK\$117,622,000). As at the date of this announcement, Earnest Money of RMB35,000,000 (equivalent to approximately HK\$42,441,000) was paid to Parkson Pharmaceutical.

Subject to the satisfaction of the conditions set out in the Product Interests Transfer Agreement, the balance of the consideration of RMB62,000,000 (equivalent to approximately HK\$75,181,000) will be paid by Zhuhai Essex to Parkson Pharmaceutical within 15 days after satisfaction of such conditions.

The consideration of the Possible Acquisition (i) was determined after arm's length negotiations by the parties on normal commercial terms based on, among others, the estimated research and development costs required by the Group for creating, developing, formulating and/or obtaining the relevant knowhow, technologies, intellectual properties, process and the MAH status relating to the Product; and (ii) was and will be funded by internal resources of the Group. As informed by Parkson Pharmaceutical, there is no carrying value attributable to the Target Assets.

Conditions

Payment of the consideration by Zhuhai Essex is conditional upon fulfilment by Parkson Pharmaceutical of, among others, the following conditions:

- (i) Parkson Pharmaceutical having provided to Zhuhai Essex all supporting documents listed in the Product Interests Transfer Agreement evidencing the relevant ownership of Parkson Pharmaceutical and its related companies, 西安漢豐藥業有限責任公司 (Xi'an Hanfeng Pharmaceutical Co., Ltd.*) ("Hanfeng") and 西安力邦製藥有限公司 (Xi'an Libang Pharmaceuticals Co., Ltd.*) ("Libang") in respect of the MAH of, the intellectual property rights of, and other interests of, the Product (including but not limited to all agreements between Parkson Pharmaceutical, Hanfeng and/or Libang relating to the ownership of the Product and the API, the production and sales and other interests and/or other agreements);
- (ii) all relevant intellectual property rights and all other interests relating to the API and the Product as set out in the Product Interests Transfer Agreement (including but not limited to the patents, technologies documents and trademarks relating to the Product) having been transferred to, and/or changed under the name of, Zhuhai Essex; and
- (iii) completion of any other transaction documents which are required from Parkson Pharmaceutical.

Other terms

Parkson Pharmaceutical undertakes to procure the obtaining of the MAH status of the Product by Zhuhai Essex or its nominee. If Zhuhai Essex or its nominee is unable to obtain the MAH status of the Product within 2 years from the promulgation by the relevant authority of the relevant policy details relating to the holder of the MAH (國家藥品上市許可持有人政策細則), Parkson Pharmaceutical shall pay to Zhuhai Essex an amount of RMB10,000,000 (equivalent to approximately HK\$12,126,000) as compensation. The rights of Zhuhai Essex under the Framework Agreement and the Product Interests Transfer Agreement shall not be jeopardised after the receipt of the aforesaid compensation of RMB10,000,000 (equivalent to approximately HK\$12,126,000) by Zhuhai Essex.

If the Product is unable to obtain the relevant approval for sale due to the rules and regulations of the national drugs registration during the period falling within 10 years from the date of the Framework Agreement, Zhuhai Essex has the right to request Parkson Pharmaceutical to buyback the Target Assets at the consideration calculated at RMB9,700,000 multiplied by the remaining year(s) of the aforesaid 10 years.

REASONS FOR, AND BENEFITS OF, THE POSSIBLE ACQUISITION

The Group is principally engaged in the manufacturing, selling, marketing and distribution of biologic drugs.

The Product (i.e. 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 Agency Agreement. It is expected that the Possible Acquisition will enable the Group to undertake further clinical development programme(s), as well as to invest further in marketing and expanding the sales of the Product.

In view of the above, the Directors are of the view that the Possible Acquisition is on arm's length commercial terms and it is fair and reasonable and in the interests of the Company and the Shareholders as a whole for strengthening the Group's ophthalmology business.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) for the Possible Acquisition (when aggregated with the transactions contemplated under the Agency Agreement) exceed 5% but are less than 25%, the Possible Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is accordingly subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Agency Agreement”	the original agency agreement entered into by Essex Medipharma with Parkson Pharmaceutical and 遼寧萬鑫藥業有限公司 (Liaoning Wanxin Pharmaceutical Co., Ltd.*) on 22 December 2015 in relation to the appointment of Essex Medipharma as the exclusive agent for the distribution and marketing of the Product (as revised and amended by the first supplemental agreement dated 1 January 2017 and entered into between Parkson Pharmaceutical and Essex Medipharma and the second supplemental agreement dated 29 November 2017 and entered into among Parkson Pharmaceutical, Liaoning Wanxin Pharmaceutical Co., Ltd. and Essex Medipharma), details of which were disclosed in the announcement of the Company dated 29 November 2017
“API”	active pharmaceutical ingredient, i.e. iodized lecithin
“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
“Director(s)”	director(s) of the Company
“Earnest Money”	all such amount which are paid 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
“Framework Agreement”	the framework agreement dated 4 June 2020 and entered into between Parkson Pharmaceutical, Essex Medipharma and Zhuhai Essex in relation to the Possible Acquisition, and as revised and supplemented from time to time
“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 authorisation 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)
“Product Interests Transfer Agreement”	the product interests transfer agreement dated 9 June 2021 and entered into between Parkson Pharmaceutical and Zhuhai Essex in relation to the Possible Acquisition
“RMB”	Renminbi, the lawful currency of the PRC
“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, 9 June 2021

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\$1.2126. 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, Mr. Ngiam Hian Leng Malcolm and Ms. Yau Lai Man. 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*