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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)

UPDATE ON DISCLOSEABLE TRANSACTION

AMENDMENT AGREEMENT TO THE CO-DEVELOPMENT LICENSE AGREEMENT WITH SHANGHAI HENLIUS BIOTECH, INC. FOR TREATMENT OF AGE-RELATED MACULAR DEGENERATION

Reference is made to the announcement of Essex Bio-Technology Limited (the “**Company**”) dated 15 October 2020 (the “**Announcement**”) in relation to the Co-Development License Agreement entered into between Essex Bio-Investment Limited (“**Essex Bio-Investment**”) and 珠海億勝生物製藥有限公司 (Zhuhai Essex Bio-Pharmaceutical Company Limited*) (“**Zhuhai Essex**”) (both are wholly-owned subsidiaries of the Company) as the licensee (the “**Licensee**”), and Shanghai Henlius Biotech, Inc. (上海復宏漢霖生物技術股份有限公司) as the licensor (the “**Licensor**”) for the co-development of, and the grant to the Licensee of the exclusive rights relating to, the Licensed Product in accordance with the terms of the Co-Development License Agreement. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meaning as those defined in the Announcement.

The Board announces that, on 22 February 2023 (after trading hours), each of Essex Bio-Investment and Zhuhai Essex entered into an amendment agreement with the Licensor (the “**Amendment Agreement**”), pursuant to which the parties have agreed to amend certain terms of the Co-Development License Agreement, which include, among other things: (i) payments for regulatory and commercial sales milestones; and (ii) Development Costs, with effect from the date of entering into the Amendment Agreement.

THE AMENDMENT AGREEMENT

Date

22 February 2023

Amended terms

(i) Payments for regulatory and commercial sales milestones

- (a) the regulatory milestone payment from the Licensee to the Licensor payable upon the completion of the Clinical Trial Programme as determined by the date of report (whichever is later) of Study 1 or Study 2 shall be adjusted from US\$10,000,000 (equivalent to approximately HK\$78,400,000) or its Renminbi equivalent to US\$8,000,000 (equivalent to approximately HK\$62,720,000) or its Renminbi equivalent; and
- (b) the amount to be paid by the Licensee to the Licensor after the commercialisation of the Licensed Product, in the event where the Licensee commercialises the Licensed Product by itself only, shall be adjusted as follows:

commercial sales milestone payments (which shall be paid once only) of US\$1,500,000 (adjusted downwards from US\$3,000,000 in the Co-Development License Agreement, equivalent to approximately HK\$11,760,000) and US\$7,500,000 (adjusted downwards from US\$15,000,000 in the Co-Development License Agreement, equivalent to approximately HK\$58,800,000), upon the Licensee achieving the first US\$100 million cumulative net sales and the next US\$500 million cumulative net sales above the first US\$100 million, respectively.

(ii) Development Costs

Development Costs shall be adjusted as follows:

Subject to the terms of the Co-Development License Agreement and the Amendment Agreement, the Licensee has agreed to share the Development Costs with the Licensor in the aggregate amount up to US\$55,000,000 (adjusted upwards from US\$30,000,000, equivalent to approximately HK\$431,200,000) as to 80% by the Licensee (i.e. up to US\$44,000,000 (equivalent to approximately HK\$344,960,000) ("**Amended Essex Funding**")) and as to 20% by the Licensor. The Amended Essex Funding shall be payable in accordance with the funding schedule agreed with reference to the achievement of the specified milestones.

All other principal terms of the Co-Development License Agreement as disclosed in the Announcement remain unchanged.

REASONS FOR, AND BENEFITS OF, ENTERING INTO THE AMENDMENT AGREEMENT

As a result of the (i) increased cost of clinical trial operations; (ii) increased cost of patient recruitment for the Clinical Trial Programme; (iii) general inflation in the global economy and manpower shortage in the healthcare sector during and following the COVID-19 pandemic; and (iv) increased cost associated with the establishment of new clinical trial sites in the United States and Europe to support and balance requirements imposed by various regulatory authorities for the clinical trials, the Development Costs have materially increased since the signing of the Co-Development License Agreement. Therefore, to tackle the increasing Development Costs and to support the continuous research and development of the Licensed Product further, the Licensee has agreed to provide additional funding towards the Licensor by entering into the Amendment Agreement.

The terms of the Amendment Agreement were determined after arm's length negotiations between the Licensee and the Licensor. The Directors consider that the terms of the Amendment Agreement are fair and reasonable and the transactions contemplated thereunder are in the interest of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

The transactions contemplated under the Co-Development License Agreement (including the Put-Option) constituted discloseable transactions for the Company and were announced by the Company on 15 October 2020. The Amendment Agreement constitutes a material variation to such discloseable transactions and this announcement is made in accordance with Rule 14.36 of the Listing Rules.

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

Hong Kong, 22 February 2023

In this announcement, for the purpose of illustration only, amounts quoted in US\$ have been converted into HK\$ at the rate of US\$1.00 to HK\$7.84. Such exchange rate has been used, where applicable, for the purpose of illustration only and does 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*