

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 – CONVERTIBLE LOAN AGREEMENT

This announcement is made 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.

On 8 January 2016, Essex Technology entered into the Convertible Loan Agreement, pursuant to which the Group agreed to make available a Convertible Loan in the principal amount of RMB15 million to Guangxi Medictop at an interest rate of 6% per annum.

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (“**SFO**”).

THE CONVERTIBLE LOAN AGREEMENT

The board (“**Board**”) of directors (“**Directors**”) of Essex Bio-Technology Limited (“**Company**”) and together with its subsidiaries, “**Group**”) announces that after trading hours on 8 January 2016, 珠海億勝科技發展有限公司 (Zhuhai Essex Technology Development Company Limited*) (“**Essex Technology**”), an indirect wholly-owned subsidiary of the Company, entered into a convertible loan investment agreement (“**Convertible Loan Agreement**”) with Guangxi Medictop Pharmaceutical Co., Ltd.* (廣西萬壽堂藥業有限公司) (“**Guangxi Medictop**”) and all of the existing shareholders of Guangxi Medictop, pursuant to which Essex Technology agreed to make available a convertible loan in the principal amount of RMB15 million to Guangxi Medictop (“**Convertible Loan**”). The Convertible Loan is interest bearing

at a rate of 6% per annum payable on a quarterly basis. Subject to the conversion of the principal amount of the Convertible Loan into Conversion Shares (as defined below) in accordance with the terms and conditions of the Convertible Loan Agreement, the Convertible Loan will mature on the 3rd anniversary (“**Maturity Date**”) from the date on which the Convertible Loan is advanced to Guangxi Medictop (“**Advancement Date**”).

Within the first 12-month period from the Advancement Date, Essex Technology shall have the right to (i) convert the principal amount of the Convertible Loan into such number of shares representing 10% of the enlarged total issued share capital of Guangxi Medictop (“**Conversion Shares**”); or (ii) demand early repayment of the entire principal amount of the Convertible Loan together with the accrued interest in accordance with the terms and conditions of the Convertible Loan Agreement.

At any time from the Advancement Date until the Maturity Date, where Guangxi Medictop completes its divestiture of assets and commences preparation work for the listing of its shares on the National Equities Exchange and Quotation System, Guangxi Medictop shall be entitled to require Essex Technology to convert the principal amount of the Convertible Loan into Conversion Shares (“**Conversion**”). In the event that the shares of Guangxi Medictop fail to be listed on the National Equities Exchange and Quotation System before 31 October 2018, Essex Technology is entitled to request for the acquisition by the existing shareholders of Guangxi Medictop of all of the Conversion Shares in accordance with the terms and conditions of the Convertible Loan Agreement.

The Convertible Loan will be secured by a charge in favour of Essex Technology over 20% of the equity interest in Guangxi Medictop which is owned by an individual shareholder holding more than 50% of the equity interest in Guangxi Medictop.

During the term of the Convertible Loan and, where applicable, following the conversion of the Convertible Loan, Essex Technology shall have the right to appoint one director to the board of directors of Guangxi Medictop.

REASONS FOR, AND BENEFITS OF, THE CONVERTIBLE LOAN AGREEMENT

The Group is principally engaged in the manufacturing, selling, marketing and distribution of biopharmaceutical products. Guangxi Medictop is principally engaged in the manufacturing, research and development, and sales of Chinese patent medicines (中成藥).

The Group has been appointed as an exclusive sales agent of a product of Medictop known as Yi Xue An Granules* (伊血安顆粒) in the People's Republic of China (excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan) pursuant to an agency agreement dated 22 September 2015, details of which are disclosed in the announcement of the Company dated 22 September 2015. The Convertible Loan Agreement offers the Group with an opportunity and, to a certain extent, flexibility to acquire equity interest in Guangxi Medictop, thereby fostering a strategic relationship with its existing business partner.

The Directors are of the view that the terms of the Convertible Loan Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As all of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) are less than 5% in respect of the transactions contemplated under the Convertible Loan Agreement (including the Conversion (as if the option to request for the Conversion had been exercised by Guangxi Medictop on its date of grant)), the Convertible Loan Agreement does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, Guangxi Medictop is independent of, and not connected with, the Company and its connected persons (as defined in the Listing Rules). The Convertible Loan Agreement therefore does not constitute a connected transaction under Chapter 14A of the Listing Rules.

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

Hong Kong, 8 January 2016

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 purposes only*