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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)

ANNOUNCEMENT

CONTRACT FOR INVESTOR AND MEDIA RELATIONS SERVICES AND GRANT OF SHARE OPTIONS

SERVICE CONTRACT AND GRANT OF SHARE OPTIONS

Reference is made to the announcement of the Company dated 30 October 2013. On 1 November 2017, the Company entered into the Service Contract with HK Zhixin for the appointment of HK Zhixin as the Company's investor and media relations consultant and the provision of the Services by HK Zhixin to the Company after the expiry of the term of the Previous Service Contract. In consideration of the provision of the Services by HK Zhixin, the Company shall grant an aggregate of 5,000,000 Share Options to HK Zhixin to subscribe for up to 5,000,000 ordinary shares of HK\$0.1 each in the share capital of the Company under the Share Option Scheme, subject to the acceptance of HK Zhixin.

SERVICE CONTRACT

Reference is made to the announcement of the Company dated 30 October 2013. On 1 November 2017, the Company entered into the Service Contract with HK Zhixin for the appointment of HK Zhixin as the Company's investor and media relations consultant and the provision of the Services by HK Zhixin to the Company after the expiry of the term of the Previous Service Contract.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, HK Zhixin and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Services

HK Zhixin shall act as the Company's investor and media relations consultant and shall provide to the Company certain services related to relations with investors and media for a term commencing on the date of the Service Contract up to 31 October 2021 (both days inclusive).

Consideration

In consideration of the provision of the Services by HK Zhixin to the Company, the Company shall grant an aggregate of 5,000,000 Share Options to HK Zhixin to subscribe for up to 5,000,000 ordinary shares of HK\$0.1 each in the share capital of the Company under the Share Option Scheme, subject to the acceptance of HK Zhixin.

Under the Offer Letter, the offer of the HK Zhixin Share Options is open for acceptance up to and including 15 November 2017. Once accepted, the HK Zhixin Share Options are granted as from the date of the Offer Letter. If this offer is not accepted by 15 November 2017, it will be deemed to have been irrevocably declined and shall lapse automatically without notice. HK Zhixin shall not be entitled to accept this offer if it ceases to be qualified as an Eligible Participant after the date of the Offer Letter. Payment of HK\$1.00 will be made by HK Zhixin upon acceptance of the HK Zhixin Share Options.

HK Zhixin undertakes to hold the Share Options, among other things, pursuant to the terms on which the Share Options are granted to it by the Company and on the terms and conditions contained in the Offer Letter, and to be bound by the provisions of the rules of the Share Option Scheme.

Share Options

Details of the HK Zhixin Share Options are set out below pursuant to Rule 17.06A of the Listing Rules:

Date of grant	:	1 November 2017
Number of Share Options granted	:	5,000,000 Share Options, each Share Option entitling HK Zhixin to subscribe for one Share at the relevant exercise price mentioned below
Exercise price of the Share Options granted	:	The exercise price for: (a) Share Options to subscribe for up to 1,700,000 Shares, representing 34% of the total number of Share Options granted, the exercise period of which is from 1 November 2018 to 31 October 2019 (both dates inclusive), will be HK\$6.50 per Share;

- (b) Share Options to subscribe for up to 1,700,000 Shares, representing 34% of the total number of Share Options granted, the exercise period of which is from 1 November 2019 to 31 October 2020 (both dates inclusive), will be HK\$7.50 per Share; and
- (c) Share Options to subscribe for up to 1,600,000 Shares, representing 32% of the total number of Share Options granted, the exercise period of which is from 1 November 2020 to 31 October 2021 (both dates inclusive), will be HK\$8.50 per Share.

Each of (a) HK\$6.50 per Share; (b) HK\$7.50 per Share; and (c) HK\$8.50 per Share represents not less than the highest of:

- (i) the closing price of HK\$4.96 per Share as stated in the Stock Exchange's daily quotations sheet on the Date of Grant;
- (ii) the average closing price of HK\$5.018 per Share as listed in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the Date of Grant; and
- (iii) the nominal value of HK\$0.1 per Share.

Closing price of the Shares on the Date of Grant : HK\$4.96 per Share

Validity periods of the Share Options granted : (a) from the Date of Grant to 31 October 2019 (both dates inclusive) for up to 34% of the total number of Share Options granted;

(b) from the Date of Grant to 31 October 2020 (both dates inclusive) for up to 34% of the total number of Share Options granted; and

(c) from the Date of Grant to 31 October 2021 (both dates inclusive) for up to 32% of the total number of Share Options granted.

Exercise periods of the Share Options : HK Zhixin is entitled to exercise the Share Options in accordance with the following vesting periods and in the following manner:

- (a) up to 34% of the total number of Share Options granted to HK Zhixin is exercisable during the period from 1 November 2018 to 31 October 2019 (both dates inclusive). The number of Share Options exercisable is 1,700,000 Share Options or $1,700,000 \text{ Share Options} \times \text{the average number of Shares traded per day during the period from 1 November 2017 to 31 October 2018 (both days inclusive)} / 500,000$, whichever is lower;
- (b) up to 34% of the total number of Share Options granted to HK Zhixin is exercisable during the period from 1 November 2019 to 31 October 2020 (both dates inclusive). The number of Share Options exercisable is 1,700,000 Share Options or $1,700,000 \text{ Share Options} \times \text{the average number of Shares traded per day during the period from 1 November 2018 to 31 October 2019 (both days inclusive)} / 750,000$, whichever is lower; and
- (c) up to 32% of the total number of Share Options granted to HK Zhixin is exercisable during the period from 1 November 2020 to 31 October 2021 (both dates inclusive). The number of Share Options exercisable is 1,600,000 Share Options or $1,600,000 \text{ Share Options} \times \text{the average number of Shares traded per day during the period from 1 November 2019 to 31 October 2020 (both days inclusive)} / 1,000,000$, whichever is lower;

the term “average number of Shares traded per day” means the total number of Shares traded on the trading days during the relevant period/ the total number of trading days in the relevant period, and the number of Shares traded as set out on the website of the Stock Exchange shall be relied upon in respect of the number of Shares traded on each trading day.

Each of the outstanding or unexercised Share Options granted to HK Zhixin shall lapse after the respective exercise periods. The vesting periods shall be subject to the provisions of the Service Contract in relation to early termination of the Service Contract, which are summarised in the paragraph headed “Termination of Service Contract” below.

Continuing eligibility criteria : Subject to the rules of the Share Option Scheme and the terms and conditions contained in the Offer Letter, in order to be entitled to exercise the HK Zhixin Share Options:

- (i) HK Zhixin must remain an Eligible Participant during the period when any of the HK Zhixin Share Options remains outstanding; and
- (ii) HK Zhixin shall fully comply with and duly and timely perform and discharge all provisions, terms, conditions and obligations under and in accordance with the Service Contract.

Should the Board determine that HK Zhixin fails/has failed or otherwise is/has been unable to meet the continuing eligibility criteria under the rules of the Share Option Scheme or any of the terms and conditions of the Offer Letter or the Service Contract, the Company would be entitled to deem all outstanding HK Zhixin Share Options or part thereof, and to the extent not already exercised, as lapsed and cancelled.

Breach of terms : If HK Zhixin breaches any term, condition or provision contained in the Offer Letter, the rules of the Share Option Scheme or the Service Contract, the HK Zhixin Share Options (to the extent not already exercised) shall lapse automatically and not be exercisable (unless otherwise resolved to the contrary by the Board).

HK Zhixin is not a director, chief executive or substantial shareholder of the Company, or an associate of any of them.

Termination of Service Contract

The Service Contract shall be for a term commencing on the date of the Service Contract up to 31 October 2021 (both days inclusive). The Service Contract may be early terminated by mutual agreement of both parties. In the event of (i) any breach of the Service Contract by HK Zhixin or any default or misconduct on the part of HK Zhixin; (ii) a change in shareholding of HK Zhixin such that Ms. Chen Yu Hong and Mr. Guo Xin Lin, individually or together, do not hold 100% interests of HK Zhixin; (iii) the management of HK Zhixin is not composed of Mr. Guo Xin Lin, Ms. Chen Yu Hong and Ms. Cai Min Yu; or (iv) any order made, or petition presented, or resolution passed for the winding up of, or appointment of a provisional liquidator to, HK Zhixin, or any receiver, manager or the like has been appointed in respect of any of the assets or undertakings of HK Zhixin, HK Zhixin will be deemed to have breached the Service Contract and the Company shall be entitled to terminate the Service Contract at any time, and such termination shall not affect the Company's rights or claims against HK Zhixin.

Reasons for and benefits of entering into the Service Contract

The Directors believe that it is commercially beneficial for the Company to engage the Services of HK Zhixin for the purpose of enhancing the relations between the Company and its investors, which may improve the Company's communications with investors, potential investors and media and increase the market presence of the Group.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“associate(s)”	has the meaning as ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Company”	Essex Bio-Technology Limited, a company incorporated under the laws of the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange;
“chief executive(s)”	has the meaning as ascribed to it under the Listing Rules;
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules;
“Date of Grant”	1 November 2017;
“Director(s)”	the director(s) of the Company;
“Eligible Participant(s)”	has the meaning as ascribed to it in the circular of the Company dated 28 March 2013 in relation to, among other things, the adoption of the Share Option Scheme;
“Group”	the Company and its subsidiaries;
“HK Zhixin”	Hong Kong Zhixin Financial News Agency Limited, a company incorporated under the laws of Hong Kong;

“HK Zhixin Share Options”	the aggregate of 5,000,000 Share Options granted to HK Zhixin under the Service Contract (subject to acceptance of HK Zhixin) and subject to the terms and conditions of the Offer Letter;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Offer Letter”	the letter dated 1 November 2017 issued by the Company to HK Zhixin in relation to the offer of the HK Zhixin Share Options to HK Zhixin subject to the terms thereof;
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Previous Service Contract”	the agreement dated 30 October 2013 (as supplemented by the supplemental agreement dated 22 October 2014) entered into between the Company and HK Zhixin in relation to the appointment of HK Zhixin as the Company’s investor and media relations consultant in the PRC and the provision of the Services by HK Zhixin to the Company;
“Service Contract”	the agreement dated 1 November 2017 entered into between the Company and HK Zhixin in relation to the appointment of HK Zhixin as the Company’s investor and media relations consultant and the provision of the Services by HK Zhixin to the Company;
“Services”	the services to be provided by HK Zhixin to the Company in relation to investor and media relations under the Service Contract;
“Share Option Scheme”	the share option scheme adopted by the Company on 3 May 2013, as amended and modified from time to time according to its terms;
“Share Option(s)”	the option(s) to subscribe for Share(s) granted pursuant to the Share Option Scheme;

“Share(s)”	ordinary share(s) of nominal value of HK\$0.10 each in the capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder(s)”	has the meaning as ascribed to it under the Listing Rules;
“%”	per cent.

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

Hong Kong, 1 November 2017

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.