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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**

## **SECOND SUPPLEMENTAL AGREEMENT TO EXISTING AGENCY AGREEMENT**

### **SECOND SUPPLEMENTAL AGREEMENT**

The Board is pleased to announce that on 29 November 2017 (after trading hours), Zhuhai Essex Medipharma, an indirect wholly-owned subsidiary of the Company, entered into the Second Supplemental Agreement with Parkson Pharmaceutical and Wanxin Pharmaceutical to supplement and vary the terms of the Existing Agency Agreement, among others, as follows:

- (i) the term for which Zhuhai Essex Medipharma is appointed as the exclusive agent for the distribution and marketing of the Products in the Authorised Regions will be revised from “1 January 2016 to 31 December 2022” under the Original Agreement to “1 January 2016 to 5 September 2031” under the Second Supplemental Agreement; and
- (ii) the Licence Fees payable by Zhuhai Essex Medipharma to acquire the rights under the Agency Agreement will be revised from RMB20,000,000 (equivalent to approximately HK\$23,638,000) under the Original Agreement to RMB55,000,000 (equivalent to approximately HK\$65,004,000) under the Second Supplemental Agreement, of which RMB20,000,000 had been paid by Zhuhai Essex Medipharma in December 2015 and RMB35,000,000 (equivalent to approximately HK\$41,366,000) is payable by Zhuhai Essex Medipharma within 5 days after the execution of the Second Supplemental Agreement.

## **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of Appointment pursuant to the Second Supplemental Agreement is more than 5% but less than 25%, the Appointment pursuant to the Second Supplemental Agreement constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Reference is made to the announcement of the Company dated 22 December 2015 in relation to the agency agreement entered into between Zhuhai Essex Medipharma, Parkson Pharmaceutical and Wanxin Pharmaceutical.

The Board is pleased to announce that on 29 November 2017 (after trading hours), Zhuhai Essex Medipharma, an indirect wholly-owned subsidiary of the Company, entered into the Second Supplemental Agreement with Parkson Pharmaceutical and Wanxin Pharmaceutical to supplement and vary the terms of the Existing Agency Agreement.

The principal terms of the Second Supplemental Agreement are summarised below:

### **SECOND SUPPLEMENTAL AGREEMENT**

|                                     |                                                                                                                             |
|-------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|
| Date:                               | 29 November 2017                                                                                                            |
| Parties:                            | (i) Parkson Pharmaceutical;                                                                                                 |
|                                     | (ii) Wanxin Pharmaceutical; and                                                                                             |
|                                     | (iii) Zhuhai Essex Medipharma (an indirect wholly-owned subsidiary of the Company)                                          |
| Transfer of rights and obligations: | The rights and obligations of Wanxin Pharmaceutical under the Original Agreement are transferred to Parkson Pharmaceutical. |

|                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Term:                | The term for which Zhuhai Essex Medipharma is appointed as the exclusive agent for the distribution and marketing of the Products in the Authorised Regions will be revised from “1 January 2016 to 31 December 2022” under the Original Agreement to “1 January 2016 to 5 September 2031” under the Second Supplemental Agreement.                                                                                                                                                                                                                                                    |
| Procurement targets: | The annual procurement targets under the Original Agreement shall be changed pursuant to the terms of the Second Supplemental Agreement upon the execution of the Second Supplemental Agreement.                                                                                                                                                                                                                                                                                                                                                                                       |
| Licence fees:        | The Licence Fees payable by Zhuhai Essex Medipharma to acquire the rights under the Agency Agreement will be revised from RMB20,000,000 (equivalent to approximately HK\$23,638,000) under the Original Agreement to RMB55,000,000 (equivalent to approximately HK\$65,004,000) under the Second Supplemental Agreement, of which RMB20,000,000 had been paid by Zhuhai Essex Medipharma in December 2015 and RMB35,000,000 (equivalent to approximately HK\$41,366,000) is payable by Zhuhai Essex Medipharma within 5 days after the execution of the Second Supplemental Agreement. |
| Termination:         | The amount of licence fees to be refunded by Parkson Pharmaceutical to Zhuhai Essex Medipharma in the event of termination by reason(s) due to Parkson Pharmaceutical will be changed from “RMB20,000,000 / 7 x remaining years of the term of the Original Agreement” under the Original Agreement to “RMB3,500,000 per year x remaining years of the term of the Agency Agreement (calculation on the basis of days for any remaining period which is less than a year)” under the Second Supplemental Agreement.                                                                    |

## **BASIS OF DETERMINATION OF THE LICENCE FEES**

The Licence Fees in the amount of RMB55,000,000 were determined on arm’s length basis after taking into account (i) the revised term of the Appointment; (ii) the business potential of the Products in the Authorised Regions; and (iii) the prevailing market conditions.

The payment of RMB35,000,000 under the Second Supplemental Agreement will be funded from internal resources of the Group.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE SECOND SUPPLEMENTAL AGREEMENT**

The Group is principally engaged in the manufacturing, selling, marketing and distribution of biopharmaceutical products. The term of the appointment of Zhuhai Essex Medipharma as the exclusive agent for the distribution and marketing of the Products will be extended for nearly 9 years, expiring on 5 September 2031, by payment of additional licence fees in the amount of RMB35,000,000 (equivalent to approximately HK\$41,366,000) after the execution of the Second Supplemental Agreement. The extended term covers the patent period of the Products and enables the Group to plan on longer-term visibility for the marketing and selling of the Products.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Second Supplemental Agreement and the transactions contemplated thereunder are fair and reasonable and in the best interests of the Company and its shareholders as a whole.

## **INFORMATION OF PARKSON PHARMACEUTICAL AND WANXIN PHARMACEUTICAL**

Each of Parkson Pharmaceutical and Wanxin Pharmaceutical is principally engaged in the manufacturing, research and development of medicines.

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

## **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of Appointment pursuant to the Second Supplemental Agreement is more than 5% but less than 25%, the Appointment pursuant to the Second Supplemental Agreement constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

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

|                                |                                                                                                                                                                                                                      |
|--------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Agency Agreement”             | the Original Agreement as supplemented by the First Supplemental Agreement and the Second Supplemental Agreement                                                                                                     |
| “Appointment”                  | the appointment of Zhuhai Essex Medipharma as the exclusive agent for the distribution and marketing of the Products in the Authorised Regions                                                                       |
| “Authorised Regions”           | the PRC, excluding the Liaoning Province, Hong Kong, Macau and Taiwan                                                                                                                                                |
| “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 (stock code: 1061)                                           |
| “connected persons”            | has the meaning ascribed to it under the Listing Rules                                                                                                                                                               |
| “Directors”                    | the directors of the Company                                                                                                                                                                                         |
| “Existing Agency Agreement”    | the Original Agreement as supplemented by the First Supplemental Agreement                                                                                                                                           |
| “First Supplemental Agreement” | the first supplemental agreement to the Original Agreement dated 1 January 2017 entered into between Parkson Pharmaceutical and Zhuhai Essex Medipharma in relation to certain arrangements for sale of the Products |
| “Group”                        | the Company and its subsidiaries                                                                                                                                                                                     |

|                                 |                                                                                                                                                                                                                                                                                     |
|---------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Licence Fees”                  | the licence fees payable by Zhuhai Essex Medipharma pursuant to the terms of the Agency Agreement or the Existing Agency Agreement (as the case may be)                                                                                                                             |
| “Listing Rules”                 | the Rules Governing the Listing of Securities on the Stock Exchange                                                                                                                                                                                                                 |
| “Macau”                         | the Macau Special Administrative Region                                                                                                                                                                                                                                             |
| “Original Agreement”            | the original agency agreement entered into by Zhuhai Essex Medipharma with Parkson Pharmaceutical and Wanxin Pharmaceutical on 22 December 2015 in relation to the appointment of Zhuhai Essex Medipharma as the exclusive agent for the distribution and marketing of the Products |
| “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                                                                                                                                                              |
| “PRC”                           | the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau and Taiwan                                                                                                                                                                     |
| “Products”                      | the products known as Iodized Lecithin Capsules* (適麗順)                                                                                                                                                                                                                              |
| “RMB”                           | Renminbi, the lawful currency of the PRC                                                                                                                                                                                                                                            |
| “Second Supplemental Agreement” | the second supplemental agreement dated 29 November 2017 and entered into among Parkson Pharmaceutical, Wanxin Pharmaceutical and Zhuhai Essex Medipharma to supplement and vary the terms of the Existing Agency Agreement                                                         |
| “Stock Exchange”                | The Stock Exchange of Hong Kong Limited                                                                                                                                                                                                                                             |

|                              |                                                                                                                                                                               |
|------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Wanxin<br>Pharmaceutical”   | 遼寧萬鑫藥業有限公司 (Liaoning Wanxin Pharmaceutical Co., Ltd.*),<br>a company established in the PRC with limited liability                                                            |
| “Zhuhai Essex<br>Medipharma” | 珠海億勝醫藥有限公司 (Essex Medipharma (Zhuhai) Company<br>Limited*), a company established in the PRC with limited liability and<br>an indirect wholly-owned subsidiary of the Company |

\* For identification only

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

Hong Kong, 29 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.*

*Unless otherwise specified in this announcement and for the purpose of illustration only, RMB has been translated to HK\$ at the rate of RMB1=HK\$1.18189. No representation has been made by the Company that any amount expressed in foreign currency in this announcement has been, could have been or could be converted at the above rate or any other rates at all.*