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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 IN RELATION TO CO-DEVELOPMENT AGREEMENT

THE CO-DEVELOPMENT AGREEMENT

On 16 July 2018 (Hong Kong time) (after trading hours), Essex Bio-Investment (a wholly-owned subsidiary of the Company) entered into the Co-Development Agreement with Mitotech and Russia Mitotech under which Essex Bio-Investment has agreed to fund to a maximum of US\$16,520,000 (equivalent to approximately HK\$129,682,000), for a clinical development in a U.S. FDA first Phase 3 Clinical Trial of the Product, being an ophthalmic solution containing SkQ₁ as its sole active pharmaceutical ingredient which shall be provided as a pharmaceutical product in the field of dry eye disease, in return for a share of certain income received by Mitotech in respect of the Product in accordance with the agreed percentage allocation between Essex Bio-Investment and Mitotech.

Under the Co-Development Agreement, Essex Bio-Investment has an option to fund a further Development, being the second Phase 3 Clinical Trial, of the Product to a maximum of US\$20,000,000 (equivalent to approximately HK\$157,000,000), in return for an increased percentage allocation of income received by Mitotech in respect of the Product and to be shared between Essex Bio-Investment and Mitotech.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in the Listing Rules) for the Transaction exceeds 5% but is less than 25%, the Transaction 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.

The Board is pleased to announce that, on 16 July 2018, Hong Kong time (after trading hours), Essex Bio-Investment entered into the Co-Development Agreement with Mitotech and Russia Mitotech in respect of, among others, the Development.

The principal terms of the Co-Development Agreement are as follows:

THE CO-DEVELOPMENT AGREEMENT

Date

16 July 2018, Hong Kong time (after trading hours)

Parties

- (i) Mitotech;
- (ii) Russia Mitotech; and
- (iii) Essex Bio-Investment

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, each of Mitotech and Russia Mitotech is independent of, and not connected with, the Company and its connected persons (as defined in the Listing Rules).

Subject Matter and Consideration

Pursuant to the Co-Development Agreement, (1) Essex Bio-Investment has agreed to fund to a maximum of US\$16,520,000 (equivalent to approximately HK\$129,682,000), comprising (i) initial payments of US\$1,900,000 payable to Mitotech; and (ii) a further payment to a maximum of US\$14,620,000 payable in accordance with the agreed funding schedule, for a clinical development in a U.S. FDA first Phase 3 Clinical Trial of the Product, being an ophthalmic solution containing SkQ₁ as its sole active pharmaceutical ingredient which shall be provided as a pharmaceutical product in the field of dry eye disease, in return for a share of certain income received by Mitotech in respect of the Product in accordance with the agreed percentage allocation between Essex Bio-Investment and Mitotech; and (2) Essex Bio-Investment has an option to fund a further Development, being the second Phase 3 Clinical Trial, of the Product to a maximum of US\$20,000,000 (equivalent to approximately HK\$157,000,000), in return for an increased percentage allocation of income received by Mitotech in respect of the Product and to be shared between Essex Bio-Investment and Mitotech.

The consideration, which will be financed by internal resources and/or borrowings, was determined after arm's length negotiations by the parties on normal commercial terms based on, among others, the research and development costs required of the Product and the analysis of the Product future commercial potential with reference to publicly available information in the same industry.

Conditions Precedent

The obligation of Essex Bio-Investment under the Co-Development Agreement shall be conditional upon satisfaction and/or waiver by the Long Stop Date of all Conditions Precedent, which shall include, among others, the carrying out and completion of the legal due diligence review by Essex Bio-Investment and that Essex Bio-Investment being satisfied with the business and prospects of Mitotech in all respects and the execution of the Proposed PRC Agreement.

Essex Bio-Investment may waive all or any of the Conditions Precedent at any time before the Long Stop Date by notice in writing to Mitotech. If the Conditions Precedent shall not have been fulfilled or waived (as the case may be) in full at or before 5:00 p.m. (U.K. Time) on the Long Stop Date, all rights and obligations of the parties under the Co-Development Agreement shall cease and terminate and no party shall have any claim against the other save for claim (if any) in respect of the continuing provisions or any antecedent breach thereof.

Term

The Co-Development Agreement shall be effective from the date of signing until it is terminated in accordance with its terms, subject always to certain provisions which will survive after termination.

REASONS FOR, AND BENEFITS OF, THE ENTERING INTO OF THE CO-DEVELOPMENT AGREEMENT

The Group is principally engaged in the manufacturing, selling, marketing and distribution of biopharmaceutical products.

The Company is informed by (i) Mitotech that it is a clinical-stage Luxembourg-based biotechnology company developing novel drugs for the treatment of predominantly age-related disorders; and (ii) Russia Mitotech that it is a Moscow-based drug development company concentrating its research on age-related disorders.

The Directors are of the view that the Co-Development Agreement presents a good opportunity for the parties to leverage on their respective strengths and resources to jointly pursue and accelerate the development of ophthalmic products for the global market. The Co-Development Agreement enables the Group to the share of achievements of commercial value of the Product which may be successfully derived in the Territory. This cooperation will also bring further discussion in respect of the commercialisation of the Product in the PRC Territory by the Company.

The Directors consider that the terms of the Co-Development Agreement are fair and reasonable and the transaction contemplated thereunder is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

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DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	a day that is not a Saturday, Sunday or a day on which banks in London, England are closed
“Co-Development Agreement”	the co-development agreement dated 16 July 2018, which has been entered into among Essex Bio-Investment, Mitotech and Russia Mitotech on 16 July 2018 (Hong Kong Time) (after trading hours)

“Company”	Essex Bio-Technology Limited (億勝生物科技有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“Condition(s) Precedent”	conditions precedent contained in the Co-Development Agreement
“connected person”	has the meaning ascribed thereto in the Listing Rules
“Confirmation Date”	a date, which shall be a date on or before the Long Stop Date, when Essex Bio-Investment confirms in writing whether the Conditions Precedent have been satisfied and whether any of them have been waived by Essex Bio-Investment
“Development”	with respect to the Product, clinical development in a U.S. FDA Phase 3 Clinical Trial
“Director(s)”	director(s) of the Company
“Essex Bio-Investment”	Essex Bio-Investment Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“FDA”	the United States Food and Drug Administration or any successor agency thereto
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the 10th Business Day after the date of Co-Development Agreement or such other date to be agreed by Mitotech and Essex Bio-Investment in writing
“Mitotech”	Mitotech S.A., a company established under the laws of Luxembourg

“Phase 3 Clinical Trial”	with respect to the Product, a large scale, multi-centre, human clinical trial of such Product in the field concerning ophthalmic drug administration for treatment of dry eye disease through topical administration applied to the eye and its adnexa as described in the relevant Code of Federal Regulations of the United States or the foreign equivalent thereof
“PRC Territory”	The People’s Republic of China (including Taiwan, Hong Kong and Macau)
“Product”	an ophthalmic solution containing SkQ ₁ as its sole active pharmaceutical ingredient which shall be provided as a pharmaceutical product in the field of dry eye disease
“Proposed PRC Agreement”	a license agreement proposed to be entered into between Mitotech and an affiliate of Essex Bio-Investment in respect of the proposed grant of an exclusive licence by Mitotech to the affiliate of Essex Bio-Investment the necessary intellectual property rights for, among others, undertaking development, manufacturing, marketing and commercialising of the Product in Singapore and the PRC Territory, subject to the terms and conditions thereof as to be agreed by the parties thereto
“Russia Mitotech”	Mitotech LLC, a company established under the laws of Russia, being the sole shareholder of Mitotech at the date of this announcement
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the transaction contemplated under the Co-Development Agreement
“Territory”	each country in the world excluding (a) countries of the Eurasian Economic Union (including, in any event, Russia), (b) the PRC Territory and (c) Japan

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“U.K.”	the United Kingdom
“U.S.” or “United States”	the United States of America
“US\$”	U.S. dollars, the lawful currency of the U.S.
“%”	per cent.

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\$7.85. 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.

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

Hong Kong, 16 July 2018

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.