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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)**

### **INSIDE INFORMATION**

### **PROPOSED INVESTMENT IN CHENGDU SHANGGONG MEDICAL TECHNOLOGY CO., LTD.\***

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).

#### **THE INVESTMENT**

On 18 July 2018, (i) 成都上工醫信科技有限公司 (Chengdu Shangong Medical Technology Co., Ltd.\*) (“**Chengdu Shangong**”); (ii) 珠海億勝科技發展有限公司 (Zhuhai Essex Technology Development Company Limited\*) (“**Zhuhai Essex**”), an indirect wholly-owned subsidiary of Essex Bio-Technology Limited (“**Company**”, and together with its subsidiaries referred as “**Group**”); and (iii) 9 other independent third parties (“**Other Parties**”), entered into an investment agreement (“**Investment Agreement**”), pursuant to which, among other things, Zhuhai Essex shall make an investment in cash in the amount of RMB20,000,000 (equivalent to approximately HK\$23,400,000) as capital contribution in Chengdu Shangong, which will increase the registered capital, and the capital reserve, of Chengdu Shangong (“**Investment**”).

Upon completion of the Investment, Zhuhai Essex will hold 8% of equity interests in Chengdu Shangong.

## **SHAREHOLDERS' AGREEMENT**

On 18 July 2018, a shareholders' agreement (which will take effect upon completion of the Investment) was signed by, among others, Chengdu Shangong and Zhuhai Essex ("**Shareholders' Agreement**"), pursuant to which, among other things, Zhuhai Essex will be granted an option ("**Option**") to request Chengdu Shangong and/or its founders to repurchase all, or part of, the equity interests of Chengdu Shangong held by Zhuhai Essex under the following circumstances:

- (i) certain targets as set out in the Shareholders' Agreement have not been met by Chengdu Shangong within 60 months of the completion of the Investment; or
- (ii) Chengdu Shangong and/or certain of its shareholders have materially breached the representations, warranties, undertakings or other contractual obligations under the Investment Agreement, the Shareholders' Agreement and any other transaction documents related to the Investment.

The Option is exercisable at the discretion of Zhuhai Essex and the Company will comply with the requirements under the Listing Rules as appropriate as and when the Option is exercised.

## **REASONS FOR, AND BENEFITS OF, THE ENTERING INTO OF THE INVESTMENT AGREEMENT**

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

Chengdu Shangong is a medical data analytics (AI Algorithm) company in the medical service industry in China, having fully curated, quality controlled approximately 700,000 retinal images of diabetic patients in China, which forms a retinopathy big data that enables AI Algorithm to perform its diagnosis. The AI Algorithm can screen retinal images of patients and detect diabetic retinopathy, which affects almost a third of diabetes patients that would otherwise be examined by highly trained ophthalmologists.

Diabetic retinopathy is caused by damage to blood vessels in the eye and results in a gradual deterioration of vision. If caught early it can be treated, but a sufferer may experience no symptoms early on, making screening vital. It is diagnosed, in part, by having an expert to examine images of a patient's retina, captured with a specialised device, for signs of bleeding and fluid leakage.

The AI Algorithm of Chengdu Shangong is some form of automated detection which could make the diagnosis more efficient and reliable, and could be especially useful in regions where the required expertise is scarce. The AI Algorithm has been adopted and is being used in more than 300 hospitals in China.

The investment in Chengdu Shangong is a strategic consideration that is to enhance the Group's market positioning in the ophthalmology business and Chengdu Shangong can leverage on the Group's more than 1,400 sales force for penetrating into more hospitals of its AI Algorithm.

The directors of the Company (“**Directors**”) (including the independent non-executive Directors) are of the view that the terms of the Investment Agreement and the transactions contemplated thereunder 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 the Listing Rules) in respect of the Investment are less than 5%, the Investment pursuant to the Investment 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, Chengdu Shangong, the Other Parties to the Investment Agreement, and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons. Accordingly, the Investment pursuant to the Investment Agreement does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

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

Hong Kong, 18 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.*

*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\$1.17. 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.*

\* *For identification only*