



ESSEX BIO-TECHNOLOGY LIMITED

億勝生物科技有限公司

(Stock Code: 1061)

**Essex Bio-Technology Investing in Chengdu Shangong Medical
Technology Co.,Ltd.,
A Data Analytics Company for Diabetic Retinopathy Diagnosis**

Hong Kong, 18 July 2018----Essex Bio-Technology (“EssexBio” or the “Group”—Stock Code:1061) is pleased to announce that Zhuhai Essex Technology Development Company Limited (“Zhuhai Essex”), an indirect wholly-owned subsidiary of EssexBio, entered into an investment agreement with Chengdu Shangong Medical Technology Co.,Ltd.(成都上工医信科技有限公司, “Chengdu Shangong” or “Shangong”), pursuant to which, Zhuhai Essex shall make a cash investment of RMB20,000,000 (equivalent to approximately HK\$23,400,000) as capital contribution in Chengdu Shangong. Upon completion of the investment, Zhuhai Essex will hold approximately 8% of equity of Chengdu Shangong.

Chengdu Shangong is a medical data analytics (AI Algorithm) company in the medical service 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.

Patients in the PRC where there is a lack of highly trained ophthalmologists can now receive such diagnosis remotely as Shangong’s AI Algorithm is a cloud solution.

The Board of Directors of EssexBio believes that the investment in Chengdu Shangong will benefit the Group's ophthalmology business expansion in the PRC in conjunction with one of its lead drugs, Iodized Lecithin Capsules (适丽顺), for retinopathy.

Mr. Ji Xin, founder and CEO of Shangong said: This strategic investment made by EssexBio will enable Shangong to leverage on Essexbio's salesforce to rapidly deploy its AI Algorithm in larger number of hospitals in all level cities.

About Chengdu Shangong

Chengdu Shangong is a medical data analytics (AI Algorithm) company in the medical service 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 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 deployed and is being used in more than 300 hospitals in China.

About Industry

In recent years, the PRC government has made great efforts to promote Internet healthcare services nationwide and establish a national Internet healthcare service infrastructure, via initiating a series of favourable policies endorsing the concepts of the telemedicine application system, smart healthcare and healthcare big data security system.

In addition, the emergence of new technology, such as Big data analytics, AI, Blockchain, is expected to accelerate the reformation of landscape of healthcare industry in China. With the increasingly extensive use of new technology, Internet healthcare can provide more convenient and secure access to healthcare services, narrowing the gap between China's scarce and unevenly distributed medical resources and increasing healthcare demand. Furthermore, the use of big data analytics and AI is expected to shorten the

conventional diagnostic process and lower patients' medical-related costs, partially contributing to alleviating the financial burden of China's social medical insurance.

According to Frost & Sullivan, the market size of PRC Internet healthcare industry reached approximately RMB 10.9 billion in 2016, and it is expected to reach RMB 198 billion in 2026, representing a strong CAGR of approximately 34%. Especially the eye care market and chronic disease market, which Chengdu Shangong has been involved in, shall have large growth potential with the aging population and increasing demand for corresponding disease management.

About EssexBio

Essex Bio-Technology Limited is a bio-pharmaceutical company, started in early 90's, a pioneer in bio-pharmaceutical industry in China, that develops, manufactures and commercialises genetically engineered therapeutic rb-bFGF, a basic fibroblast growth factor, with established mechanism of action in cellular proliferation, differentiation and migration.

The Company currently has five commercialised bio-pharmaceutical products, formulated with rb-bFGF, in China, out of which 3 are approved by CFDA as Category I drugs. The products are being marketed & sold as Beifushu, Beifuji & Beifuxin, for treatment of ocular surface wounds and topical (skin) surface wounds respectively. Beifuji is the first in the world to have obtained approval from CFDA for commercialisation in 1998.

The Company focuses on two main therapeutics; Ophthalmology and Surgical arena of topical (skin) surface wounds, which primarily covers Dermatology, Stomatology and Obstetrics & Gynaecology, while selectively pursuing therapeutics in Neurology, Oncology and Orthopaedics. The Company maintains a pipeline of multi-project in R&D and on various stages of clinical programs, of which several projects involving growth factors and antibody and a handful of projects are on unit dose for Ophthalmic and Respiratory disease.

The Company's products and its 3rd party products are marketed and sold through more than 5,400 hospitals in China and are managed directly by its 39 regional sales offices with about 1,410 sales and marketing people. Its 3rd party products; notably are inclusive of Xalacom eye drops and Xalatan eye drops of Pfizer (for Ophthalmology), Iodized Lecithin Capsules (for Ophthalmology), Yi Xue An Granules (for Obstetrics & Gynaecology) and Carisolv Products (for Stomatology).

This press release is issued by Zhixin Investor Relations Consultant Limited on behalf of **Essex Bio-Technology Limited**.

For further information, please contact:
Zhixin Investor Relations Consultant Limited
Ms. Tan Ronghua
Tel: 0755 8323 9767
E-mail: tanronghua@zhixincaijing.com