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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)

(I) EXTENSION OF MATURITY DATE OF CONVERTIBLE LOAN FROM IFC;

AND

(II) GENERAL DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES – LOAN AGREEMENT WITH IFC

AMENDMENT AGREEMENT

On 10 July 2020, the Company entered into the Amendment Agreement with IFC, pursuant to which the parties conditionally agreed to extend the Maturity Date for a period of 3 years to a date falling on the eighth anniversary of the date of the Disbursement (i.e. 2 August 2024 or, if such day is not a Business Day, the immediately preceding Business Day).

LOAN AGREEMENT

On 10 July 2020, the Borrowers (being the Company and two wholly-owned subsidiaries of the Company) entered into the Loan Agreement with IFC, pursuant to which IFC conditionally agrees to lend, and the Borrowers conditionally agree to borrow, the Loan in the aggregate principal amount of US\$25,000,000 (equivalent to approximately HK\$193,750,000) which shall be due and repayable by the Borrowers in five tranches from the period of December 2023 to December 2025. Pursuant to the Loan Agreement, decrease in certain specified shareholding in the Company by Mr. Ngiam Patrick, Mr. Ngiam Benjamin and Ms. Lauw (as a group) would constitute an event of default thereof and thus the entering into of the Loan Agreement by the Borrowers is subject to the disclosure and reporting obligations under Rule 13.18 and Rule 13.21 of the Listing Rules.

(I) AMENDMENT AGREEMENT

Reference is made to the announcement of Essex Bio-Technology Limited (the “**Company**”) dated 6 July 2016 in relation to the entering into of the Convertible Loan Agreement in relation to the Convertible Loan in the aggregate principal amount of HK\$150,000,000 (the “**Announcement**”). Unless otherwise stated herein, capitalised terms used in this announcement shall have the same meanings as defined in the Announcement.

The Board announces that on 10 July 2020, the Company and IFC entered into an amendment agreement to the Convertible Loan Agreement (the “**Amendment Agreement**”) to extend the Maturity Date for a period of 3 years to a date falling on the eighth anniversary of the date of the Disbursement (i.e. 2 August 2024 or, if such day is not a Business Day, the immediately preceding Business Day) (the “**Extension**”). Save as amended by the Amendment Agreement, the Convertible Loan Agreement and the terms and conditions of the Convertible Loan shall continue in full force and effect.

The Amendment Agreement shall become effective on the date on which IFC notifies the Company of its receipt of certain completion documents (including evidence that the Stock Exchange has approved the listing of, and permission to deal in, the Conversion Shares as contemplated under the Convertible Loan Agreement (as revised and amended by the Amendment Agreement)).

The Conversion Shares which may fall to be issued upon the conversion of the Convertible Loan as contemplated under the Convertible Loan Agreement (as revised and amended by the Amendment Agreement) will be issued under a general mandate granted by the Shareholders at the annual general meeting of the Company held on 7 May 2020 which authorises the Board to allot and issue a total of up to 115,587,400 new Shares. As the said general mandate has not been utilised as at the date of this announcement, the Company has sufficient general mandate to cover the issue of the Conversion Shares. Accordingly, the allotment and issue of the Conversion Shares is not subject to any additional approval from the Shareholders.

Terms of the Convertible Loan

The principal terms of the Convertible Loan Agreement (as revised and amended by the Amendment Agreement) are summarised below for ease of reference:

Parties:	(i) IFC, as lender; and
	(ii) the Company, as borrower
Principal Amount:	HK\$150,000,000

Interest: The outstanding principal of the Convertible Loan bears interest at a rate of 1.9% per annum. Interest period of the Convertible Loan shall be a period of six months in each case beginning on an Interest Payment Date and ending on the day immediately before the next following Interest Payment Date, except that the first interest period began on the date of the Disbursement and end on the day immediately before the next following Interest Payment Date and the last interest period shall begin on the Interest Payment Date immediately before the Maturity Date and end on the Maturity Date. Interest shall accrue from day to day, be pro-rated on the basis of a 360-day year for the actual number of days in the relevant interest period and be payable in arrears on the Interest Payment Date immediately following the end of that interest period or, as applicable, on the Maturity Date.

Maturity Date: The date falling on the eighth anniversary of the date of the Disbursement, provided that if the Maturity Date would otherwise fall on a day that is not a Business Day, the Maturity Date shall instead fall on the immediately preceding Business Day.

Repayment: Subject to the terms of the Convertible Loan Agreement (as revised and amended by the Amendment Agreement), the Company shall repay the outstanding principal amount of the Convertible Loan on the Maturity Date, together with the Make Whole Premium (if any).

Prepayment: Without prejudice to certain clauses in the Convertible Loan Agreement (as revised and amended by the Amendment Agreement), unless otherwise agreed in writing by IFC, the Company shall, within 10 days following the occurrence of a Change of Control, prepay the outstanding principal amount of the Convertible Loan, together with accrued interest, the Make Whole Premium (if any), Increased Costs (if any) thereon and all other amounts payable under the Convertible Loan Agreement (as revised and amended by the Amendment Agreement), including the amount of Unwinding Costs payable if the prepayment is not made on an Interest Payment Date.

Conversion: Subject to the terms of the Convertible Loan Agreement (as revised and amended by the Amendment Agreement), IFC has the right to convert all or any part of the outstanding principal amount of the Convertible Loan into Conversion Shares at any time after the date of the Disbursement and prior to the Maturity Date, provided that if the Company fails to repay the Convertible Loan on the Maturity Date in accordance with the terms of the Convertible Loan Agreement (as revised and amended by the Amendment Agreement), IFC may continue to exercise its right to convert all or any part of the outstanding principal amount of the Convertible Loan up to and including the date on which the Company has repaid the Convertible Loan in full.

Conversion Price: The Conversion Price is initially HK\$5.90 per Share, subject to customary adjustments for, amongst others, consolidation, subdivision or reclassification of Shares, capitalisation of profits or reserves, distributions, rights issues of Shares or options over Shares, rights issues of other securities and issues at less than current market price (except for issue of Shares or other securities pursuant to the Share Option Scheme) as set forth in the Convertible Loan Agreement (as revised and amended by the Amendment Agreement).

The Conversion Price of HK\$5.90 per Share was arrived at after arm's length negotiations between the Company and IFC and represents:

- (i) a premium of approximately 11.32% of the closing price of HK\$5.3 per Share as quoted on the Stock Exchange on 10 July 2020, being the date of the Amendment Agreement;
- (ii) a premium of approximately 6.19% of the average closing price of HK\$5.556 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the last trading day before the date of the Amendment Agreement; and
- (iii) a premium of approximately 8.86% of the average closing price of HK\$5.42 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the last trading day before the date of the Amendment Agreement.

Lock-up period: There is no restriction on the dealings in the Conversion Shares by IFC.

Ranking of the Conversion Shares: The Conversion Shares will rank *pari passu* with and, carry the same rights in all respects as, the Shares in issue.

Effect on the shareholding of the Company

As at the date of this announcement, (i) the Convertible Loan in the principal amount of HK\$150,000,000 remained outstanding; and (ii) assuming that the Convertible Loan would be converted in full at the Conversion Price of HK\$5.90 per Share, the aggregate outstanding principal amount of the Convertible Loan is convertible into 25,423,728 Conversion Shares, representing approximately 4.21% of the issued share capital of the Company (as enlarged by the allotment and issue of the Conversion Shares).

To the best of the Director's knowledge, information and belief after having made all reasonable enquiries, assuming that there is no change in the issued share capital of the Company prior to the conversion of the Convertible Loan, the shareholding structure of the Company (i) as at the date of this announcement; and (ii) assuming full conversion of the aggregate principal amount of the Convertible Loan at the Conversion Price will be as follows:

Shareholders	As at the date of this announcement		Immediately upon full conversion of the Convertible Loan at the Conversion Price	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Ngiam Mia Je Patrick ("Mr. Ngiam Patrick")	147,279,000	25.48	147,279,000	24.41
Ngiam Mia Kiat Benjamin ("Mr. Ngiam Benjamin")	145,354,000	25.15	145,354,000	24.09
Dynatech Ventures Pte Ltd (<i>Note 1</i>)	6,666,667	1.15	6,666,667	1.10
Directors within last 12 months (other than Mr. Ngiam Patrick) (<i>Note 2</i>)	7,280,450	1.26	7,280,450	1.21
IFC	–	–	25,423,728	4.21
Other shareholders	271,356,883	46.96	271,356,883	44.98
	<u>577,937,000</u>	<u>100</u>	<u>603,360,728</u>	<u>100</u>

Notes:

- (1) 6,666,667 Shares were held by Dynatech Ventures Pte Ltd which was wholly owned by Essex Investment (Singapore) Pte Ltd, which in turn was owned by Mr. Ngiam Patrick and Mr. Ngiam Benjamin in equal shares.
- (2) Amongst these 7,280,450 Shares, 5,244,300 Shares were registered in the name of Fang Haizhou and 2,036,150 Shares were registered in the name of Zhong Sheng (who was a Director in the last 12 months from the date of this announcement).
- (3) Lauw Hui Kian ("Ms. Lauw") is the spouse of Mr. Ngiam Patrick (an executive Director) and is deemed to be interested in the Shares in which Mr. Ngiam Patrick is interested/deemed to be interested.

Use of Proceeds

The net proceeds from the Convertible Loan (after deducting the fees and expenses in relation thereof) are approximately HK\$145.0 million. All such net proceeds had been, as intended, utilised for the Company's strategic investment in and development of the Group's biopharmaceutical business and general working capital requirements.

Listing Rules Implications

Pursuant to Rule 28.05 of the Listing Rules, any alteration in the terms of the convertible debt securities must be approved by the Stock Exchange, except where alternations take effect automatically under the existing terms of such convertible debt securities. The Company will apply to the Stock Exchange for its approval of the Extension pursuant to Rule 28.05 of the Listing Rules. As a result of the Extension, a new application will also be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

(II) LOAN AGREEMENT

The Company, Essex Bio-Investment Limited and Essex Bio-Pharmacy Limited (collectively, as "**Borrowers**") entered into a loan agreement dated 10 July 2020 with IFC (the "**Loan Agreement**"), pursuant to which IFC conditionally agrees to lend, and the Borrowers conditionally agree to borrow a loan in the aggregate principal amount of US\$25,000,000 (equivalent to approximately HK\$193,750,000) (the "**Loan**"). The Loan together with the accrued interest thereof shall be due and repayable by the Borrowers according to the following repayment schedule:

- (i) US\$2,500,000 due in December 2023;
- (ii) US\$2,500,000 due in June 2024;
- (iii) US\$5,000,000 due in December 2024;
- (iv) US\$5,000,000 due in June 2025; and
- (v) US\$10,000,000 due in December 2025.

Pursuant to the Loan Agreement, the occurrence of any of the following events would constitute an event of default, and as a result, IFC may, by notice to any of the Borrowers, require it to immediately repay the Loan (or such part of the Loan as is specified in the relevant notice) and pay all interest accrued on it together with the prepayment premium and all other amounts payable in accordance with the Loan Agreement:

- (i) Mr. Ngiam Patrick, Mr. Ngiam Benjamin and Ms. Lauw, as a group, for any reason ceases to own, directly and indirectly:
 - (A) at any time prior to the Loan Permitted Dilution Event (as defined below), at least 40%;
and
 - (B) at any time on or after the Loan Permitted Dilution Event (as defined below), at least 35%,

of both the economic and voting interests in the Company's share capital (determined on a fully diluted basis), and for the purpose of this paragraph (i), the "**Loan Permitted Dilution Event**" means the consummation of an acquisition permitted under the Loan Agreement with the consideration payable in whole or in part by the Company in the form of Shares that causes Mr. Ngiam Patrick, Mr. Ngiam Benjamin and Ms. Lauw, as a group, to own, directly and indirectly, less than 40% of both the economic and voting interests in the Company's share capital (determined on a fully diluted basis); or

- (ii) Mr. Ngiam Patrick, Mr. Ngiam Benjamin and Ms. Lauw, as a group, at any time and for any reason ceases to be the single largest direct and indirect shareholder of the Company (determined on a fully diluted basis).

Please refer to the sub-section headed "Amendment Agreement – Effect on the shareholding of the Company" of this announcement for the shareholding structure of the Company as at the date of this announcement.

The above disclosure is made pursuant to Rule 13.18 of the Listing Rules. The Company will continue to make disclosure in the subsequent interim and annual report(s) of the Company for so long as the above specific performance obligations continue to exist pursuant to the requirements of Rule 13.21 of the Listing Rules.

(III) REASONS FOR THE AMENDMENT AGREEMENT AND THE LOAN AGREEMENT

COVID-19 has negatively impacted the Group's business operation and financial performance. The Board considers that the Extension and the obtain of the Loan are prudent measures, which would effectively provide the Group with flexibility in relation to the Group's deployment of its financial resources to fund its operation and development plans during this difficult period of COVID-19. Accordingly, the Board considers the respective terms of the Amendment Agreement and the Loan Agreement are fair and reasonable and the Extension and the Loan are in the interests of the Company and its Shareholders as a whole.

By Order of the Board
Essex Bio-Technology Limited
Mr. Ngiam Mia Je Patrick
Chairman

Hong Kong, 10 July 2020

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\$7.75. 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.

Executive directors of the Company as at the date of this announcement are Mr. Ngiam Mia Je Patrick and Mr. Fang Haizhou. 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.