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Ocumention Therapeutics
歐康維視生物

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1477)

DISCLOSEABLE TRANSACTION
ACQUISITION OF RIGHTS RELATING TO
EMADINE® AND BETOPTIC® S IN CHINA

ASSET PURCHASE AGREEMENT IN RELATION TO ACQUISITION OF RIGHTS
RELATING TO EMADINE® AND BETOPTIC® S IN CHINA

On August 24, 2021, Ocumention Hong Kong, a wholly-owned subsidiary of the Company, entered into the Asset Purchase Agreement with Novartis, pursuant to which Novartis agrees to (i) transfer to Ocumention Hong Kong the Transferred Assets in the Territory; and (ii) grant to Ocumention Hong Kong a license for the Licensed Assets in the Territory, for a total consideration of US\$35 million (equivalent to approximately RMB226.9 million) exclusive of any value added, goods and services, sales, use, excise, consumption and other similar indirect taxes (if applicable).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Novartis and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

INFORMATION OF EMADINE® AND BETOPTIC® S

Emadine® is a sterile ophthalmic solution containing emedastine, a relatively selective, H1-receptor antagonist for topical administration to the eyes indicated for the treatment for the temporary relief of the signs and symptoms of allergic conjunctivitis.

Betoptic® S is a sterile ophthalmic suspension containing betaxolol, a competitive, beta (1)-selective adrenergic antagonist for topical administration to the eyes indicated for the treatment for lowering intraocular pressure of the eyes caused by chronic open-angle glaucoma or ocular hypertension.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio calculated in accordance with Chapter 14 of the Listing Rules for the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under the Listing Rules.

INTRODUCTION

On August 24, 2021, Ocumension Hong Kong, a wholly-owned subsidiary of the Company, entered into the Asset Purchase Agreement with Novartis, pursuant to which Novartis agrees to (i) transfer to Ocumension Hong Kong the Transferred Assets in the Territory; and (ii) grant to Ocumension Hong Kong a license for the Licensed Assets in the Territory, for a total consideration of US\$35 million (equivalent to approximately RMB226.9 million) exclusive of any value added, goods and services, sales, use, excise, consumption and other similar indirect taxes (if applicable).

The Transferred Assets mainly include marketing authorizations, intellectual properties (including manufacturing know-how), book and records, promotional materials, regulatory information and contracts that are solely related to the Products in the Territory.

THE ASSET PURCHASE AGREEMENT

The terms of the Asset Purchase Agreement have been arrived at after arm's length negotiations between the parties on normal commercial terms and the principal terms of which are set out below.

Date: August 24, 2021

Parties: (i) Ocumension Hong Kong; and
(ii) Novartis

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Novartis and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Transferred Assets

The Transferred Assets include:

- (i) the Product Marketing Authorizations; and
- (ii) commercial information, medical information, records, and Marketing Authorization Data (and any and all intellectual property rights in the foregoing), in each case, to the extent relating solely and exclusively to the Products in the Territory.

Consideration

The consideration for the purchase of the Transferred Assets and the license for the Licensed Assets is in the aggregate sum of US\$35 million (equivalent to approximately RMB226.9 million) exclusive of any value added, goods and services, sales, use, excise, consumption and other similar indirect taxes (if applicable). The consideration shall be paid by Ocumension Hong Kong to Novartis at the Closing.

The payment of the purchase price will be in cash and funded by the internal financial resources of the Group and/or other financing means.

Basis of Consideration

The consideration was arrived at after arm's length negotiations between Ocumension Hong Kong and Novartis after taking consideration of: (i) the historical sales of the Products in the Territory as provided by Novartis; (ii) the estimated cost of sales and other expenses in relation to the historical sales of the Products based on the Group's management in the ophthalmic pharmaceutical industry; (iii) the market reputation and brand recognition of the Products; and (iv) the reasons for the Acquisition as detailed in the paragraph headed "Reasons for and Benefits of the Acquisition" in this announcement.

Conditions

Closing is subject to the following conditions precedent having been fulfilled or waived (to the extent permissible):

- (i) consummation of the transactions not having been restrained, enjoined or otherwise prohibited or made illegal by any applicable law;
- (ii) all representations and warranties of both parties being true and correct;
- (iii) no material breach of the covenants and agreements on both sides; and
- (iv) both parties having delivered or caused to be delivered to the other party the closing deliverables as set out in the Asset Purchase Agreement.

Closing

Subject to the satisfaction or waiver of all the conditions precedent above, the closing is scheduled to take place remotely via the electronic exchange of documents and signatures on the date of the Asset Purchase Agreement.

Ocumension Hong Kong and Novartis also agreed to negotiate within three months following the Closing in good faith with a view to agreeing on (i) an implementation plan, which shall include, among other things, timelines for the transfer of Product Marketing Authorizations and Marketing Authorization Data on a country-by-country and product-by-product basis; and (ii) a technical transfer plan to support the transfer of the manufacture of Products in the Territory to Ocumension Hong Kong.

Ocumension Hong Kong and Novartis has also entered into a transitional distribution and supply agreement dated August 24, 2021 with Novartis Pharma AG for, among other things, the supply of the Products by Novartis Pharma AG and/or its affiliates during the transitional period, which is three years (extendable upon negotiation between the parties for another one year) from the Closing. The Group will acquire from Novartis and/or its affiliates the inventory of the Products, materials and components used for the manufacture, sale, distribution and commercialization of the Products in the Territory pursuant to a schedule agreed between the parties.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Emadine[®] is indicated for the treatment for the temporary relief of the signs and symptoms of allergic conjunctivitis. Betoptic[®] S is indicated for the treatment for lowering intraocular pressure of the eyes caused by chronic open-angle glaucoma or ocular hypertension. The acquisition of Emadine[®] and Betoptic[®] S will enhance the Group's ability in treating ocular itching associated with allergic conjunctivitis as well as open-angle glaucoma and ocular hypertension and further enrich the Group's existing product portfolio.

The Company believes that the Acquisition will be able to capture certain synergetic effects brought along by the Acquisition in terms of business development in the PRC. There are a large number of patients and potential patients in need of treatment of allergic conjunctivitis and high intraocular eye pressure in relation to the Products, which will present significant market opportunities for the Group. Novartis has a long history and is a well-recognized and world-renowned biopharmaceutical company. Leveraging on the reputation of the Products, the Company believes that the market competitiveness, brand awareness and popularity of the Group's ophthalmic drugs will be further enhanced alongside with the Acquisition, thereby enhancing the Group's overall sales performance. The Company also believes that it will be able to capture certain synergetic effects brought along by the Acquisition in terms of sales channels in the PRC, including but not limited to market penetration and expansion in existing sales channels, which will help further enhance the Group's brand recognition and marketing position.

The Company expects that the introduction of advanced ophthalmic manufacture technology through the Acquisition will further enhance the Group's production level and capability, laying a solid foundation for overseas expansion in the future.

Taking into account the reasons above, the Directors (including the independent non-executive Directors) also considered that the Asset Purchase Agreement and the transactions contemplated thereunder have been entered into on normal commercial terms, and the terms thereof are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

The Group

The Group is an ophthalmic pharmaceutical company dedicated to identifying, developing and commercializing first- or best-in-class ophthalmic therapies. The Group has a portfolio of 18 drug assets, covering all major front- and back-of-the-eye diseases, among which five key drug candidates are in phase III clinical trial stage. Ocumension Hong Kong is a limited liability company incorporated in Hong Kong and a wholly-owned subsidiary of the Group principally engaged in ophthalmic pharmaceutical industry.

Novartis Group

Novartis AG is a Swiss multinational pharmaceutical company based in Basel, Switzerland. Novartis is reimagining medicine to improve and extend people's lives. As a leading global medicines company, it uses innovative science and digital technologies to create transformative treatments in areas of great medical need. The shares of Novartis are traded on the Swiss Stock Exchange under the stock code "NOVN" and on the New York Stock Exchange under the ticker symbol "NVS". For more information about Novartis, see its website at <https://www.novartis.com>. Each of Novartis Ophthalmics AG, Novartis Pharma AG and Novartis Technology LLC is an affiliate of Novartis AG and a company within the Novartis Group.

INFORMATION OF THE PRODUCTS

Emadine[®], namely Emadine[®] (emedastine difumarate ophthalmic solution) 0.05%, is a sterile ophthalmic solution containing emedastine, a relatively selective, H1-receptor antagonist for topical administration to the eyes. The main indication for Emadine[®] is the treatment for the temporary relief of the signs and symptoms of allergic conjunctivitis. At present, antihistamines and mast cell stabilizers are the main drugs used in the treatment of allergic conjunctivitis.

Betoptic[®] S, namely Betoptic[®] S (betaxolol hydrochloride ophthalmic suspension) 0.25%, is a sterile ophthalmic suspension containing betaxolol, a competitive, beta (1)-selective adrenergic antagonist for topical administration to the eyes. The main indications for Betoptic[®] S are the treatment for lowering intraocular pressure of the eyes caused by chronic open-angle glaucoma or ocular hypertension. This effect is thought to be caused by reducing the production of the aqueous humor within the eye. The reduction in intraocular pressure reduces the risk of damage to the optic nerve and loss of vision in patients with elevated intraocular pressure due to glaucoma. At present, clinically used drugs for glaucoma include Prostaglandins, β -blockers, α -agonists, carbonic anhydrase inhibitors and pupil constriction drugs.

Betaxolol and emedastine has been included in the National Health Insurance Drug List for a long time and are widely accepted by ophthalmologists.

According to Novartis, the Transferred Assets carried no book value on the financial statements of Novartis. Set forth below are the revenue attributable to the Products for the period indicated, according to information provided by Novartis.

	Year ended December 31,	
	2020	2019
	<i>(RMB millions)</i>	<i>(RMB millions)</i>
Emadine [®]	40.5	44.6
Betoptic [®] S	3.4	3.6

LISTING RULES IMPLICATIONS

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DEFINITIONS

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

“Acquisition”	the acquisition of the Transferred Assets pursuant to the Asset Purchase Agreement
“Asset Purchase Agreement”	the asset purchase agreement dated August 24, 2021 entered into between Novartis and Ocumension Hong Kong
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or a public holiday) on which the banks are open for business in Basel, Switzerland, the PRC and Hong Kong
“Closing”	the completion of the Acquisition
“Closing Date”	the date on which Closing actually occurs
“Company”	Ocumension Therapeutics, a company incorporated in the Cayman Islands with with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Drug Substance”	the active pharmaceutical ingredients emedastine and betaxolol
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Licensed Assets”	the registered trademarks and pending trademark applications in the Territory, which have not been transferred under the Asset Purchase Agreement, including all goodwill associated therewith
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Marketing Authorization Data”	the existing readily available dossiers in Novartis’ possession as of the Closing Date and all dossiers that have been submitted to the National Medical Product Administration of the PRC on or prior to the Closing Date, containing the know-how actually used by Novartis and/or its Affiliates to obtain and maintain the Product Marketing Authorizations in the Territory including without limitation the Switzerland and PRC dossiers of the Product which are necessary for the maintenance of the marketing authorization with respect to Emadine [®] (Helux) in Switzerland to serve for the marketing authorization of Emadine [®] in the PRC as well as the data to maintain the marketing authorization of Betoptic [®] S in the PRC

“Novartis”	refers to (a) Novartis AG, (b) Novartis Ophthalmics AG, (c) Novartis Pharma AG, each a company organized under the laws of Switzerland, and (d) Novartis Technology LLC, a company organized under the laws of Delaware, the United States, collectively, and where the context requires, either of Novartis AG, Novartis Ophthalmics AG, Novartis Pharma AG, and Novartis Technology LLC, include their respective affiliate or affiliates
“Ocumension Hong Kong”	Ocumension (Hong Kong) Limited (歐康維視生物醫藥(香港)有限公司), a company incorporated under the laws of Hong Kong on March 7, 2018 and a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Product(s)”	the pharmaceutical product(s) containing the Drug Substance sold under the brand name(s) Emadine® and Betoptic® S, as marketed and sold by Novartis and/or its affiliates under the Product Marketing Authorizations in the Territory as of the date of this announcement
“Product Marketing Authorization(s)”	all approvals, licenses, registrations, or authorizations of any regulatory authority necessary in order to market the Products in such country including all supplements and amendments that may be filed with respect to the foregoing and, where applicable, pricing or reimbursement approval in such country
“RMB”	Renminbi, the lawful currency of the PRC
“Territory”	the PRC
“Transferred Assets”	the assets being transferred from Novartis to Ocumension Hong Kong under the Asset Purchase Agreement as further described in the paragraph headed “The Asset Purchase Agreement – Transferred Assets” in this announcement
“US\$”	United States dollars, the lawful currency of the United States

In this announcement, the terms “connected person”, “percentage ratios” and “subsidiary” have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

By order of the Board
Ocumension Therapeutics
Dr. Lian Yong CHEN
Chairman and Non-executive Director

Hong Kong, August 24, 2021

As at the date of this announcement, the Board comprises Mr. Ye LIU and Dr. Zhaopeng HU as executive Directors, Dr. Lian Yong CHEN, Dr. Wei LI, Mr. Yanling CAO and Ms. Yumeng WANG as non-executive Directors, and Mr. Ting Yuk Anthony WU, Mr. Lianming HE, and Mr. Yiran HUANG as independent non-executive Directors.