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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: 8151)

DISCLOSEABLE TRANSACTION ACQUISITION OF LAND USE RIGHTS AND CONSTRUCTION OF PRODUCTION PLANT

Reference is made to the announcement of the Company dated 19 December 2008.

The Board is pleased to announce that on 30 December 2008, Zhuhai Essex, an indirect wholly-owned subsidiary of the Company, was successful in its bid for the Land at a consideration of RMB6,431,515 (equivalent to approximately HK\$7,267,612) for the purpose of the construction of a production plant on the Land to facilitate the relocation and development plan of the Group. On the even date, Zhuhai Essex obtained a written confirmation from Zhuhai Land Exchange confirming Zhuhai Essex's successful bid for the Land and entered into the Land Grant Contract with Zhuhai Land Bureau.

A production plant will be built on the Land and the Group's operation in the Current Production Plant will be relocated by stages once the construction of the New Production Plant is completed. Based on the preliminary planning and estimation with reference to the prevailing market rate of the relevant items, the capital expenditure for the construction of the New Production Plant and the purchase of machinery and equipment for installation in the New Production Plant is estimated to be approximately RMB9,100,000 (equivalent to approximately HK\$10,283,000).

As each of the assets ratio and the consideration ratio of the total consideration for the Transaction (being the aggregate of the consideration for acquisition of the Land Use Rights, construction of the New Production Plant and purchase of the machinery and equipment for installation in the New Production Plant) which is estimated to be in the amount of approximately RMB15,531,515 (equivalent to approximately HK\$17,550,612) exceeds 5% but is less than 25%, the Transaction constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules.

A circular containing, among other things, details of the Transaction will be dispatched to shareholders of the Company as soon as practicable in compliance with the GEM Listing Rules.

THE TRANSACTION

Reference is made to the announcement of the Company dated 19 December 2008.

The Board is pleased to announce that on 30 December 2008, Zhuhai Essex, an indirect wholly-owned subsidiary of the Company, was successful in its bid for the Land at a consideration of RMB6,431,515 (equivalent to approximately HK\$7,267,612) for the purpose of the construction of a production plant on the Land to facilitate the relocation and development plan of the Group. On the even date, Zhuhai Essex obtained a written confirmation from Zhuhai Land Exchange confirming Zhuhai Essex's successful bid for the Land and entered into the Land Grant Contract with Zhuhai Land Bureau. The Land was put up for auction sale by listing (掛牌出讓) by Zhuhai Land Exchange during the period from 19 December 2008 to 30 December 2008. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Zhuhai Land Exchange and Zhuhai Land Bureau is a third party independent of the Group and the connected persons of the Group.

The Land is situated at East of Chuangxinba Road, Hi-tech Industrial Development Zone, Zhuhai, the PRC (中國珠海高新區科技創新海岸創新八路東側), with a total gross area of approximately 13,398.99 sq.m. and shall be used for industrial purpose. The Land Use Rights shall be for a term of 50 years.

The consideration for the acquisition of the Land Use Rights in the amount of RMB6,431,515 (equivalent to approximately HK\$7,267,612) was the price submitted by Zhuhai Essex for the Land after taking into account the prevailing market price of land with similar nature at locations nearby and potential value of the Land. Such amount is also the reserve price set by Zhuhai Land Exchange for the Land. As at the date of this announcement, RMB2,000,000 (equivalent to approximately HK\$2,260,000) had been paid by Zhuhai Essex as deposit for the bidding. In accordance with the Land Grant Contract, the balance of the consideration shall be paid in cash within 30 days from the date of signing of the Land Grant Contract.

A production plant will be built on the Land and the Group's operation in the Current Production Plant will be relocated by stages once the construction of the New Production Plant is completed. Based on the preliminary planning and estimation with reference to the prevailing market rate of the relevant items, the capital expenditure for the construction of the New Production Plant and the purchase of machinery and equipment for installation in the New Production Plant is estimated to be approximately RMB9,100,000 (equivalent to approximately HK\$10,283,000).

It is intended that the total consideration for the Transaction will be paid in cash and funded by internal resources of the Group.

REASONS FOR THE TRANSACTION

The Group is principally engaged in the manufacture and sale of biopharmaceutical products for the treatment and healing of surface wounds and eye wounds. The Group is also engaged in the research and development of biopharmaceutical products for the treatment of duodenal ulcers and nervous system damages and diseases, as well as other ophthalmic pharmaceutical projects. In addition, the Group is cultivating and developing the business of agricultural fertilizers.

The Group has been renting the Current Production Plant for about 10 years. On a long-term perspective and for facilitating the expansion of the Group's business, the Group has been contemplating suitable options for relocation of the Current Production Plant. The Group is of the view that the Transaction will achieve cost-effectiveness for the Group as a whole in the long run. Further, given that the Current Production Plant only has a total gross area of approximately 4,800 sq.m. whereas the New Production Plant will have a total gross area of approximately 13,398.99 sq.m., the Directors believe that the New Production Plant will provide the Group with additional space for future operational expansion and allow the Group to further enhance its research and development capability and manufacturing capacity to increase its competitiveness.

The Directors, including the independent non-executive Directors, consider that the Transaction is in the best interest of the Company and the terms of acquisition of the Land are fair and reasonable and in the interests of the Company and its shareholders as a whole.

REGULATORY ASPECTS

As each of the assets ratio and the consideration ratio of the total consideration for the Transaction (being the aggregate of the consideration for acquisition of the Land Use Rights, construction of the New Production Plant and purchase of the machinery and equipment for installation in the New Production Plant) which is estimated to be in the amount of RMB15,531,515 (equivalent to approximately HK\$17,550,612) exceeds 5% but is less than 25%, the Transaction constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules.

As at the date of this announcement, no agreement has been entered into with any party in relation to the construction of the New Production Plant and the purchase of machinery and equipment for installation therein. Further announcement will be made by the Company for further progress in relation to the construction of the New Production Plant and the estimated capital expenditure for the construction of the New Production Plant and the purchase of machinery and equipment if so required in compliance with the requirements of the GEM Listing Rules.

GENERAL

A circular containing, among other things, details of the Transaction will be dispatched to shareholders of the Company as soon as practicable in compliance with the GEM Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors;
“Company”	Essex Bio-Technology Limited, a company incorporated in the Cayman Islands with limited liability on 31 July 2000, the shares of which are listed on GEM;
“Current Production Plant”	the existing production facility located at 1st Floor and 2nd Floor, Block 3, Dongda Electronics City, No. 63 Mingzhu Bei Lu, Zhuhai Shi, Guangdong Province, the PRC (中國廣東省珠海市明珠北路63號東大電子城03棟1-2樓);
“Director(s)”	the director(s) of the Company;
“GEM”	the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Land”	the piece of land with total gross area of approximately 13,398.99 sq.m. located at East of Chuangxinba Road, Hi-tech Industrial Development Zone, Zhuhai, the PRC (中國珠海高新區科技創新海岸創新八路東側) to be acquired by Zhuhai Essex under the Land Grant Contract;
“Land Grant Contract”	the contract for acquisition of the Land Use Rights entered into between Zhuhai Land Bureau and Zhuhai Essex and dated 30 December 2008;
“Land Use Rights”	the land use rights in relation to the Land;
“New Production Plant”	a new production facility to be constructed on the Land which comprises one three-storey building to be used for production and warehouse purposes and one four-storey building to be used for research and development, quality control, training, staff catering and other administrative purposes;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Transaction”	the acquisition of the Land Use Rights together with the proposed construction of the New Production Plant and the purchase of machinery and equipment for installation therein;
“Zhuhai Essex”	珠海億勝生物製藥有限公司 (Zhuhai Essex Bio-Pharmaceutical Company Limited*), a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company;
“Zhuhai Land Bureau”	The Land and Resources Bureau of Zhuhai (珠海市國土資源局), one of the government authorities which is responsible for the management of land resources in Zhuhai, the PRC;
“Zhuhai Land Exchange”	Zhuhai Land Exchange Centre (珠海市土地房產交易中心);
“sq.m.”	square metres; and
“%”	per cent.

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

Hong Kong, 30 December 2008

* denotes an English translation of a Chinese name

For the purpose of this announcement, conversion of RMB into HK\$ or vice versa has been calculated by using an exchange rate of RMB1 to HK\$1.13.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material aspects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

As at the date of this announcement, the executive directors of the Company are Mr Ngiam Mia Je Patrick, Mr Fang Haizhou and Mr Zhong Sheng; and the Independent non-executive directors of the Company are Mr Fung Chi Ying, Mr Mauffrey Benoit Jean Marie and Ms Yeow Mee Mooi.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the website of the Company at www.essexbio.com.