

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Essex Bio-Technology Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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**

This circular, for which the directors of Essex Bio-Technology Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Essex Bio-Technology Limited. The directors of Essex Bio-Technology Limited, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this circular is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this circular misleading; and (3) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This circular will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com and on the website of Essex Bio-Technology Limited at www.essexbio.com for at least seven (7) days from the date of its posting.

20 January 2009

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

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

“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;
“Latest Practicable Date”	16 January 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular;

DEFINITIONS

“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;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time;
“Shareholder(s)”	shareholder(s) of the Company;
“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.

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

* denotes an English translation of a Chinese name

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Ngiam Mia Je Patrick (*Chairman*)

Mr. Fang Haizhou

Mr. Zhong Sheng

Independent non-executive Directors:

Mr. Fung Chi Ying

Mr. Mauffrey Benoit Jean Marie

Ms. Yeow Mee Mooi

Registered address:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Head office and principal place

of business in Hong Kong:

Room 2818

China Merchants Tower

Shun Tak Centre

168-200 Connaught Road Central

Hong Kong

20 January 2009

To the Shareholders

Dear Sir or Madam

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

THE TRANSACTION

Reference is made to the announcement of the Company dated 30 December 2008 in which the Board announced 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

LETTER FROM THE BOARD

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 is designated 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. In accordance with the Land Grant Contract, the consideration shall be settled by cash within 30 days from the date of signing of the Land Grant Contract. As at the Latest Practicable Date, such amount had been fully settled by Zhuhai Essex.

A production plant will be built on the Land and the Group's operation in the Current Production Plant will be relocated in stages once the construction of the New Production Plant is completed. Based on the preliminary planning and 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 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 relocating the Current Production Plant. The New Production Plant will have a total gross area of approximately 13,398.99 sq.m. as compared to the Current Production Plant of approximately 4,800 sq.m. The Directors believe that the additional space provided by the New Production Plant will enable the Group's future operational expansion, in both its research and development capability and manufacturing capacity for reaching better competitiveness and economies of scale of the Group.

LETTER FROM THE BOARD

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.

FINANCIAL EFFECTS OF THE TRANSACTION

The Transaction would not have any material implication on the earnings of the Group, as the Land by itself would not generate any revenue.

The Transaction would increase the non-current assets of the Group (i.e. the net book value of the Land and the capital expenditures in relation to the construction of the New Production Plant and the purchase of machinery and equipment for the New Production Plant) by approximately RMB15,531,515 (equivalent to approximately HK\$17,550,612), while the current assets of the Group will be decreased by the same amount. Save as mentioned, the Transaction would not have any material impact on the assets or liabilities of the Group.

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 Latest Practicable Date, 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.

ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendix to this circular.

By order of the board of Directors
Mr. Ngiam Mia Je Patrick
Chairman

1. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

- (a) As at the Latest Practicable Date, the interests and short positions of the Directors or chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he was taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by Directors to be notified to the Company and the Stock Exchange were as follows:

Long positions in shares of the Company

Name	Capacity	Number of ordinary shares	Approximate percentage in the entire issued share capital
Mr. Ngiam Mia Je Patrick	Beneficial owner and interest in controlled corporation (note)	297,374,667	53.41%
Mr. Fang Haizhou	Beneficial owner	2,000,000	0.36%
Mr. Zhong Sheng	Beneficial owner	1,500,000	0.27%

Note: Among the 297,374,667 shares, (i) 288,458,000 shares were held by Essex Holdings Limited ("Essex Holdings") which is owned as to 50% by Mr. Ngiam Mia Je Patrick and as to 50% by Mr. Ngiam Mia Kiat Benjamin. Therefore, Mr. Ngiam Mia Je Patrick was deemed to be interested in these shares as he was entitled to exercise or control the exercise of more than one-third of the voting power of Essex Holdings at general meetings; (ii) 6,666,667 shares were held by Dynatech Ventures Pte Ltd. ("Dynatech") which is wholly owned by Essex Investment (Singapore) Pte Ltd. ("Essex Singapore"). Since Essex Singapore is owned as to 50% by Mr. Ngiam Mia Je Patrick and as to 50% by Mr. Ngiam Mia Kiat Benjamin, Mr. Ngiam Mia Je Patrick was deemed to be interested in these shares as he was entitled to exercise or control the exercise of more than one-third of the voting power of Dynatech at general meetings and (iii) 2,250,000 shares were beneficially owned by Mr. Ngiam Mia Je Patrick.

- (b) Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors or chief executives of the Company has any interest in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7

and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by Directors to be notified to the Company and the Stock Exchange.

2. SUBSTANTIAL SHAREHOLDERS' INTERESTS AND OTHER PERSONS WHO ARE REQUIRED TO DISCLOSE THEIR INTERESTS IN THE COMPANY

(a) Substantial shareholders

As at the Latest Practicable Date, so far as is known to the Directors, the following persons, other than a Director or chief executive of the Company, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or, as the case may be, the registered capital of any other members of the Group:

Long positions in shares of the Company

Name	Capacity	Number of ordinary shares	Approximate percentage in the entire issued share capital
Essex Holdings <i>(note 1)</i>	Beneficial owner	288,458,000	51.81%
Mr. Ngiam Mia Kiat Benjamin	Beneficial owner and interest in controlled corporation	295,449,667 <i>(note 2)</i>	53.07%
Ms. Lauw Hui Kian	Interest of spouse	297,374,667 <i>(note 3)</i>	53.41%
Ms. Kee Sue Hwa	Beneficial owner	32,476,000	5.83%

Notes:

1. The directors of Essex Holdings are Mr. Ngiam Mia Je Patrick (an executive Director), Mr. Zhong Sheng (an executive Director) and Mr. Ngiam Mia Kiat Benjamin.
 2. (a) 325,000 shares were registered directly in the name of Mr. Ngiam Mia Kiat Benjamin;
(b) 288,458,000 shares were held by Essex Holdings; and
(c) 6,666,667 shares were held by Dynatech.
 3. Ms. Lauw Hui Kian is the spouse of Mr. Ngiam Mia Je Patrick (an executive Director). For the purpose of Part XV of the SFO, Ms. Lauw Hui Kian was deemed to be interested in the shares in which Mr. Ngiam Mia Je Patrick was interested. Mr. Ngiam Mia Je Patrick was interested in 297,374,667 shares of the Company.
- (b) Save as disclosed in this circular, as at the Latest Practicable Date, so far as is known to the Directors, there is no other person who had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, had a direct or indirect interests amounting to 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or, as the case may be, the registered capital of any other members of the Group.

3. LITIGATION

As at the Latest Practicable Date, so far as the Directors are aware, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any services agreements with the Company or any of its subsidiaries (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

5. COMPETING BUSINESS

As at the Latest Practicable Date, so far as the Directors are aware of, none of the Directors and management shareholders (as defined in the GEM Listing Rules) of the Company or their respective associates had any interests in any business which competes or may compete with the business in which the Group is engaged or had any other conflict of interest with the Group.

6. MISCELLANEOUS

- (a) The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

- (b) The principal place of business of the Company in Hong Kong is at Room 2818, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Hong Kong Registrars Limited at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- (d) The compliance officer of the Company is Mr. Zhong Sheng. The company secretary and qualified accountant of the Company is Ms. Yau Lai Man.

Mr. Zhong Sheng is an executive Director. He holds a master degree in Industrial Economics from 廣東省社會科學院 Guangdong Academy of Social Sciences) and has more than ten years of experience in financial management and project management.

Ms. Yau Lai Man is a member holding Practising Certificate of the Hong Kong Institute of Certified Public Accountants. Ms. Yau is also a member of the Institute of Chartered Accountants in England & Wales.

- (e) The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the audit committee are to review the Company’s annual reports and accounts, half-yearly reports and quarterly reports and to provide advice and comments thereon to the Directors. The audit committee comprises three independent non-executive Directors, namely Mr. Fung Chi Ying, Mr. Mauffrey Benoit Jean Marie and Ms. Yeow Mee Mooi, whose brief biographical details are set out below:

Mr. Fung Chi Ying, aged 54, is an independent non-executive Director of the Company. He is a practising solicitor in Hong Kong and presently a partner of Adrian Yeung & Cheng, Solicitors. He has been an independent non-executive Director of the Company since 13 June 2001.

Mr. Mauffrey Benoit Jean Marie, aged 56, is an independent non-executive Director of the Company. He is experienced in business development and sales and marketing in several industries in the Asia Pacific region. Mr. Mauffrey Benoit Jean Marie has been appointed as a director of a Mesdaq listed company, Fotronic Sdn Bhd, since January 2005. He has been an independent non-executive Director of the Company since 13 June 2001.

Ms. Yeow Mee Mooi, aged 46, is an independent non-executive Director of the Company. She graduated from The University of Southwestern Louisiana, the United States of America, with a bachelor degree in business administration. Ms. Yeow further obtained her post-graduate diploma in financial management from The University of New England, Australia. Ms. Yeow is a certified practising accountant of The Hong Kong Institute of Certified Public

Accountants and The Australian Society of Certified Practising Accountants. She has over 17 years' taxation, auditing and commercial experience in Hong Kong. Ms. Yeow is now a director of a management consulting firm in Hong Kong. She has been an independent non-executive Director of the Company since 30 September 2004.

- (f) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.