ESSEX

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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

The board of directors (the "Board") of Essex Bio-Technology Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2013 together with comparative figures for the year ended 31 December 2012 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	**2013** *HK$*	2012 *HK$*
Turnover	*3*	**347,046,987**	267,255,167
Cost of sales		**(36,114,212)**	(23,563,134)
Gross profit		**310,932,775**	243,692,033
Other revenue	*5*	**1,751,491**	2,427,379
Distribution and selling expenses		**(212,001,745)**	(168,012,021)
Administrative expenses		**(25,573,935)**	(26,754,610)
Finance costs		**(2,046,527)**	(1,701,743)
Profit before income tax expense	*6*	**73,062,059**	49,651,038
Income tax expense	*7*	**(18,165,363)**	(10,655,902)
Profit for the year		**54,896,696**	38,995,136
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**5,315,972**	697,797
Total comprehensive income for the year		**60,212,668**	39,692,933
Profit attributable to owners of the Company		**54,896,696**	38,995,136
Total comprehensive income attributable to owners of the Company		**60,212,668**	39,692,933
Earnings per share – Basic and diluted	*9*	**HK9.86 cents**	HK7.00 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2013

	Notes	2013 HK$	2012 HK$
Non-current assets			
Property, plant and equipment		**185,687,092**	149,126,817
Land use rights		**7,544,668**	7,363,056
Goodwill		**2,602,414**	2,506,707
Other intangible assets		**15,897,463**	9,714,695
Deferred tax assets		**–**	1,650,348
Convertible note receivable		**–**	2,700,130
Total non-current assets		**211,731,637**	173,061,753
Current assets			
Inventories		**6,448,962**	4,308,725
Trade and other receivables	*10*	**108,707,434**	93,213,617
Deposits and prepayments	*11*	**2,896,790**	1,328,072
Convertible note receivable		**2,700,130**	–
Cash and cash equivalents		**54,526,652**	59,830,972
		175,279,968	158,681,386
Total assets		**387,011,605**	331,743,139
Current liabilities			
Trade and other payables	*12*	**77,174,067**	55,846,628
Bank borrowings – secured		**50,767,864**	73,818,898
Taxation		**314,826**	1,683,156
		128,256,757	131,348,682
Net current assets		**47,023,211**	27,332,704
Total assets less current liabilities		**258,754,848**	200,394,457
Non-current liabilities			
Trade and other payables	*12*	**–**	1,968,504
Deferred tax liabilities		**4,760,834**	2,153,051
		4,760,834	4,121,555
Total liabilities		**133,017,591**	135,470,237
NET ASSETS		**253,994,014**	196,272,902
Capital and reserves attributable to owners of the Company			
Share capital		**55,675,000**	55,675,000
Reserves		**198,319,014**	140,597,902
TOTAL EQUITY		**253,994,014**	196,272,902

NOTES:

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENT

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Adoption of new/revised HKFRSs – effective 1 January 2013

In the current year, the Group has applied, for the first time the following new HKFRSs issued by the Hong Kong Institute of Certified Public Accountants, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2013:

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 27 (2011)	Separate Financial Statements

The adoption of these amendments has no material impact on the Group's financial statements.

3. TURNOVER

Turnover, which is also the revenue, represents sales value of biopharmaceutical products supplied to customers less discounts, returns, value added tax and other applicable local taxes.

4. SEGMENT REPORTING

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

(a) Reportable segments

No separate business segment information is presented as the Group has only one business segment which is the manufacture and sale of pharmaceutical products.

(b) Geographical information and major customers

In 2013 and 2012, the Group's revenue from external customers is derived solely from its operations in the People's Republic of China ("PRC") (country of domicile), where all of the Group's non-current assets, other than the convertible note receivables, are located in the PRC. The geographical location of external customers is based on the location at which the goods are delivered.

Revenues from one customer of the Group amounted to HK$71,282,000 (2012: HK$53,685,000) which represent 20% or more of the Group's revenue.

5. OTHER REVENUE

	2013	2012
	HK$	*HK$*
Other revenue		
Interest income from bank deposits	**218,996**	1,424,224
Reversal of accruals and other payables	**–**	6,102
Government grants	**1,498,903**	996,923
Others	**33,592**	130
	1,751,491	2,427,379

6. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived at after charging/(crediting):

	2013	2012
	HK$	*HK$*
Cost of inventories recognised as expenses	**36,114,212**	23,563,134
Staff costs excluding directors' remuneration:–		
Salaries and other benefits	**28,044,021**	20,060,468
Pension fund contributions	**1,435,926**	1,175,509
Equity settled share-based payment expenses*	**1,831,350**	–
Depreciation of property, plant and equipment	**2,331,317**	987,092
Exchange gain, net	**(1,524,463)**	(413,856)
Amortisation of other intangible assets	**125,298**	123,077
Amortisation of land use rights	**167,332**	163,079
Equity settled share-based payment expenses*	**100,000**	–
Auditor's remuneration:–		
Current year	**660,473**	532,923
Under provision for last year	**–**	70,000
	660,473	602,923
Research and development costs expensed:		
As incurred	**6,560,943**	6,516,541
Impaired	**–**	4,479,686
	6,560,943	10,996,227

* *During the year ended 31 December 2013, equity settled share-based payment expenses included in service contract to staff cost which was recognised in administrative expenses in respect of share options of the Company recognised were approximately HK$100,000 and HK$1,831,350 for service contract and staff cost respectively.*

7. INCOME TAX EXPENSE

The amount of taxation in the consolidated statement of comprehensive income represents:

	2013	2012
	HK$	*HK$*
Current tax – the PRC		
– Provision for the year	**11,424,741**	7,932,993
Deferred tax	**6,740,622**	2,722,909
	18,165,363	10,655,902

No provision for Hong Kong profits tax has been made as the Group had incurred losses for Hong Kong profits tax purpose.

The Group's major operating subsidiary in Zhuhai, the PRC, was established and carries on business in the Special Economic Zones of the PRC as a high technology enterprises. This subsidiary has obtained a 高新技術企業證書 (High Technology Enterprise Certificate) and is entitled to enjoy the enterprise income tax at the concessionary rate of 15% up to 31 December 2013.

A unified enterprise income tax rate of 25% is applied to the other operating subsidiary in Zhuhai, the PRC (2012: 25%).

The income tax expense for the year can be reconciled to the profit per the consolidated statement of comprehensive income as follows:

	2013	2012
	HK$	*HK$*
Profit before income tax expense	**73,062,059**	49,651,038
Tax calculated at Hong Kong profits tax rate of 16.5% (2012: 16.5%)	**12,055,240**	8,192,421
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(1,196,725)**	(854,173)
Tax effect of expenses not deductible for tax purposes	**962,323**	96,322
Tax effect of revenue not taxable for tax purposes	**(37,418)**	(24,085)
Tax effect of tax loss not recognised	**1,636,475**	1,335,539
Tax benefits	**(893,990)**	(829,001)
Others	**902,114**	585,033
Withholding tax arise from undistributable profits of a subsidiary in PRC	**4,737,344**	2,153,846
Income tax expense	**18,165,363**	10,655,902

8. DIVIDENDS

	2013	2012
	HK$	*HK$*
Final, proposed – HK$0.018 (2012: HK$0.01) per share	**10,021,500**	5,567,500

The directors propose a final dividend of HK$0.018 (2012: HK$0.01) per ordinary share to be paid. The amount of proposed final dividend for 2013 is based on 556,750,000 shares (2012: 556,750,000) issued as at 31 December 2013. This proposed dividend is not reflected as dividend payable as at the end of the reporting period but will be reflected as an appropriation of retained profits for the year ending 31 December 2014.

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

Earnings

	2013	2012
	HK$	*HK$*
Earnings for the purposes of basic and diluted earnings per share	**54,896,696**	38,995,136

The denominator used in calculating the earnings per share for the year ended 31 December 2013 is 556,750,000 (2012: 556,750,000) ordinary shares in issue during the year.

No diluted earnings per share has been presented because the exercise price of the Company's options was higher than the average market price of shares for the year ended 31 December 2013.

There was no potential ordinary share in issue for the year ended 31 December 2012. Accordingly, the diluted earnings per share is the same as the basic earnings per share for the year ended 31 December 2012.

10. TRADE AND OTHER RECEIVABLES

	2013	2012
	HK$	*HK$*
Trade receivables	**107,976,716**	91,786,207
Other receivables	**730,718**	1,427,410
Total	**108,707,434**	93,213,617

The Group's policy is to allow an average credit period of 90 days to its trade customers.

The directors have considered the track record of customers and age of the outstanding balances and are of the view that no provision is required as at 31 December 2013 and 2012.

The following is an ageing analysis of trade receivables, net of allowance for impairment of trade receivables, as at the end of the reporting period:

	2013	2012
	HK$	*HK$*
0 – 60 days	**61,817,179**	54,100,486
61 – 90 days	**20,723,610**	16,385,468
> 90 days	**25,435,927**	21,300,253
	107,976,716	91,786,207

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	2013	2012
	HK$	*HK$*
Not past due	**82,540,789**	70,485,954
Less than 3 months past due	**25,435,927**	21,300,253
	107,976,716	91,786,207

Receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

11. DEPOSITS AND PREPAYMENTS

	2013	2012
	HK$	*HK$*
Deposits	**417,533**	574,359
Prepayments	**2,479,257**	753,713
	2,896,790	1,328,072

Deposits and prepayments of the Group do not contain impaired assets and their carrying amounts approximate their fair values.

12. TRADE AND OTHER PAYABLES

	2013	2012
	HK$	*HK$*
Non-current liabilities		
Other payables *(Note i)*	**–**	1,968,504
Current liabilities		
Trade payables	**434,836**	186,661
Other payables *(Note i, ii)*	**20,816,027**	10,225,959
Accruals *(Note ii)*	**53,366,138**	40,885,850
VAT payable	**2,557,066**	4,548,158
	77,174,067	55,846,628
	77,174,067	57,815,132

Notes:

(i) It represents a government subsidy to the research and development projects and business expansion of a subsidiary. During the year of 2013, the subsidy amortised to profit or loss and transferred to current liabilities amounted to HK$751,346.

(ii) Other payables and accruals are principally consist of retention payable for construction, bonus, promotion and distribution and selling expenses payables.

The following is an ageing analysis of trade payables at the end of the reporting period:

	2013	2012
	HK$	*HK$*
0 – 60 days	**434,836**	182,925
61 – 90 days	**–**	960
> 90 days	**–**	2,776
	434,836	186,661

MANAGEMENT DISCUSSION AND ANALYSIS

The vision of Essex Bio-Technology Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") is to be a great corporation and be socially responsible. Strategically, the Group is in pursuit of innovations in biotechnology and pharmaceuticals to enhance the efficacy of healing and wellness of patients.

The Group ended the year with the completion and commission of its new factory at Zhuhai, the People's Republic of China (the "PRC"). The new factory offers a manufacturing floor area of approximately 20,000 sq.m, an increase of 15,000 sq.m over the previous factory premises. Together with the state-of-the-art technology of manufacturing plant and equipment installed, the new manufacturing facilities with advanced quality control systems have expanded the Group's manufacturing capacity and capability enhanced. The factory obtained Good Manufacturing Practice ("GMP") certification in December 2013 from China Food and Drug Administration ("CFDA") of the PRC and operations of the new factory have commenced since January 2014.

The Group entered into an import and service agreement with Pfizer International Trading (Shanghai) Limited ("Pfizer") on 17 February 2014. Pursuant to the import and service agreement, the Group is appointed and/or authorized by Pfizer as its exclusive importer, distributor and promoter for Xalatan® eye drops and Xalacom® eye drops (collectively the "Pfizer Eye Drops") in the Mainland China (excluding Taiwan, Hong Kong and Macau) ("China"). The Pfizer Eye Drops are medicines to lower raised pressure within the eye.

The establishment of business relationship with Pfizer will expand the range of the Group's eye drops products, benefiting the Group in striving for sustainable growth in the ophthalmology arena in China.

Indeed, 2013 ended on a positive note with these significant achievements – a testament to the Group's commitment to having the right strategic direction, focus on executing its plans, and the relentless effort put in by members of the Group.

BUSINESS REVIEW AND PROSPECTS

During the year under review, the Group's emphasis continued primarily on manufacturing and selling of its flagship biopharmaceutical products for the treatment and healing of surface wounds and eye wounds.

For the year ended 31 December 2013, the Group achieved a revenue of approximately HK$347.0 million (2012: HK$267.3 million), representing a growth rate of 29.9%. The revenue was primarily contributed from our flagship products, the Beifushu and Beifuji series.

The Group's persistent growth performance year-on-year is a proof of clinical acceptance of its products that are well executed by its robust distribution network for sales and marketing activities in the PRC.

In the past years, more than 65% of revenue has been contributed from the ophthalmic biopharmaceutical products, the Beifushu series. With its leading position in this field and the addition of Pfizer's Eye Drops products recently concluded in the agreement, the Group expects to maintain steady growth rate in the ophthalmic products.

Having built a sustainable business for the ophthalmic products, the Group is ready and determined to develop a 2nd engine of growth from its surface wound healing and treatment product, the Beifuji series. For this purpose, the Group has expanded the surgical division in 2013 to a total of 200 dedicated sales and marketing staff, more staff will be recruited in 2014, for this segment. The Company is optimistic of experiencing an accelerated growth from the Beifuji series in coming years, barring unforeseen circumstances.

Another focus this year is to improve capacity utilization and search for new clinical applications for our products and aim for leadership position in strategic markets.

We will work strategically to seek investment opportunities and scout for new technologies and/or products.

MARKET DEVELOPMENT

The Group's sales are propelled by its robust network of independent agents/distributors and directly owned regional sales offices ("RSOs"). At present the Group has 28 RSOs spreading across major cities and provinces of the PRC, which are effectively tasked with the function of promotional program of the Group's products to and interaction with medical practitioners and hospitals. In addition, these RSOs served another vital role, as market intelligence for the Group's planning on clinical studies and research and development pipeline development.

The Group's flagship products are being marketed by more than 2,600 hospitals spreading across in major cities and provinces in the PRC. During the year under review, the Group had conducted/participated in over 250 seminars and 530 market promotion activities in major cities and provinces in the PRC. Our sales and marketing team is in constant interaction with over 97,000 doctors in briefing and educating them on the clinical applications of our products.

RESEARCH AND DEVELOPMENT

The Group's technology platform is built upon a recombinant of DNA ("rDNA") more particularly the basic fibroblast growth factor ("bFGF") and its genetic engineering know-how. To capitalize on the proprietary technique on bFGF the Company plans to deliver a series of high quality products to establish itself as market leader in the arena of biopharmaceutical products for wounds healing and treatment.

Apart from its genetic engineering know-how, the Group has channeled its resources and investment in recent years to establish a new production technology platform – the Blow-Fill-Seal ("BFS"). The BFS platform would enable the Group to develop and produce a series of single dose, preservative free, eye drops. The establishment of BFS shall strengthen the Group's core competency in the field of ophthalmology.

During the year 2013, our research and development division has delivered distinct achievements, obtained an innovation patent protection for products applying recombinant bovine basic fibroblast growth factor. Up to the date of this announcement, a total of nine patents have been granted to the Group, out of which seven are innovation patents（發明專利）on the application of bFGF. The seven innovation patents will enable protection of our existing Beifuji and Beifushu series of products till 2030. The balance of two patents are utility patents（實用專利）on product packaging, which are applied in our existing Beifuji and Beifushu series of products.

FINANCIAL REVIEW

During the year under review, the Group achieved turnover of approximately HK$347.0 million (2012: HK$267.3 million), representing a growth rate of 29.9%.

The Group's gross profit has grown in tandem with expanded sales. The gross profit for the year ended 31 December 2013 was approximately HK$310.9 million (2012: HK$243.7 million), an increase of 27.6%.

The current year profit attributable to owners of the Company was approximately HK$54.9 million compared to the previous year's approximately HK$39.0 million, an increase of 40.8%.

The distribution and selling expenses this year were approximately HK$212.0 million as compared to the previous year's approximately HK$168.0 million, an increase of 26.2%, which is mainly due to hiring of 100 new staff for promotion of the wound healing and treatment products and organization of seminars for product training and awareness.

The administrative expenses for the year under review were approximately HK$25.6 million compared to approximately HK$26.8 million of last year. Administrative expenses were curtailed by 4.4% due to better costs control by the Group.

The Group had cash and cash equivalents of approximately HK$54.5 million as at 31 December 2013 (2012: HK$59.8 million).

The bank borrowings as at 31 December 2013 were RMB40 million (equivalent to approximately HK$50.8 million). They are repayable within five years and bear interest at prevailing interest rate and are secured by certain assets of the Group's subsidiary.

The total finance costs of the Group for the year ended 31 December 2013 were HK$4.0 million, from which HK$2.0 million was capitalized in construction in progress and HK$2.0 million was charged to profit or loss for the year ended 31 December 2013.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the annual report, as at 31 December 2013, the Group does not have an immediate plan for any other material investments or acquisition of material capital assets.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2013, the Group had cash and cash equivalents of approximately HK$54.5 million as compared to approximately HK$59.8 million as at 31 December 2012.

The Group monitors its capital structure on the basis of a net debts-to-adjusted capital ratio. For this purpose, the Group defines net debts as total debts (which include interest-bearing loans and borrowings and trade and other payables) less cash and cash equivalents. Adjusted capital comprises all components of equity. The net debts-to-adjusted capital ratio as at 31 December 2013 was 28.9% (2012: 36.6%).

CHARGES ON GROUP ASSETS

As at 31 December 2013, the Group's certain assets with carrying amount in aggregate of approximately HK$129.7 million were pledged to secure its bank facility.

CAPITAL COMMITMENTS

As at 31 December 2013, the Group had no material capital commitments (2012: HK$16.4 million).

CONTINGENT LIABILITIES

As at 31 December 2013, the Group did not have any significant contingent liabilities (2012: Nil).

FOREIGN EXCHANGE EXPOSURE

It is the Group's policy to borrow and deposit cash in local currencies to minimize currency risk.

TREASURY POLICY

The Group generally financed its operations with internally generated cash flows, bank and other borrowings. The Group placed these resources into interest-bearing bank accounts opened with PRC and Hong Kong banks and earned interests in accordance with the PRC and Hong Kong banks rates. Bank deposits were mainly denominated in Renminbi and Hong Kong Dollar.

EMPLOYEES

As at 31 December 2013, the Group had a total of 551 full-time employees. The aggregate remuneration of the Group's employees, including that of the Directors, for the year under review and the preceding year amounted to approximately HK$32.9 million and approximately HK$24.4 million respectively. The Group remunerates its employees based on their performance, experience and the prevailing industry practice. Share options and bonuses are also available to employees of the Group at the discretion of the Directors depending on the financial performance of the Group. Details of the share option scheme of the Company are disclosed in note 32 to the financial statements.

Each executive Director has entered into a service agreement with the Company for a term of three years commencing from 27 June 2013 and expiring on 26 June 2016 unless terminated by either party by giving the other not less than six months' written notice. The annual remuneration of each executive Directors was fixed in his service agreements and he is also entitled to a discretionary annual bonus of such amount (if any) as the Board may determined in its discretion from time to time having regard to the operating results of the Group and his performance in the relevant financial year, provided that (a) the aggregate amount of the discretionary annual bonuses payable to all directors of the Company in any financial year shall not exceed 5% of the consolidated net profit after taxation and non-controlling interests but before extraordinary items of the Company as shown in its consolidated audited accounts for such financial year ("Net Profit"); (b) the Net Profit for such financial year exceeds HK$30,000,000; and (c) the amount of the discretionary annual bonus payable to each director of the Company in respect of any financial year shall not exceed 1.3 times of his annual basic salary as a director of the Company in respect of such financial year. The discretionary annual bonus, if any, shall be payable in respect of each financial year of the Company within three (3) months after the issue of the consolidated audited accounts of the Group for such financial year.

Other remuneration and benefits, including retirement benefits scheme, remained at appropriate level.

DIVIDENDS

The Directors have recommended the payment of a final dividend of HK$0.018 per share for the financial year ended 31 December 2013 to the shareholders of the Company whose names appear on the register of members of the Company on Friday, 16 May 2014. The final dividend will be payable on 26 May 2014.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 30 April 2014 to Monday, 5 May 2014, both days inclusive, for ascertaining shareholders' right to attend and vote at the forthcoming annual general meeting to be held on Monday, 5 May 2014. During this period, no transfer of shares will be registered. In order to be entitled to attend the annual general meeting, all transfers of shares accompanied by the relevant share certificates and properly completed transfer forms must be lodged with the Hong Kong share registrar of the Company, Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 29 April 2014. The register of members of the Company will be closed from Wednesday, 14 May 2014 to Friday, 16 May 2014 for ascertaining shareholders' entitlement to the proposed final dividend. No transfer of shares will be registered during this period. In order to qualify for the proposed final dividend to be approved at the forthcoming annual general meeting to be held on Monday, 5 May 2014, all transfers of shares accompanied by the relevant share certificates and properly completed transfer forms must be lodged with the Hong Kong share registrar of the Company, Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 13 May 2014.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year under review.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, throughout the financial year ended 31 December 2013.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's results for the year ended 31 December 2013 as set out in this announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2013. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this preliminary results announcement.

AUDIT COMMITTEE

The audited consolidated financial statements of the Company for the year ended 31 December 2013 had been reviewed by the Audit Committee of the Company before they were duly approved by the Board under the recommendation of the Audit Committee.

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

Hong Kong
7 March 2014

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