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This circular, for which the directors (the “Directors”) of Essex Bio-Technology Limited collectively and individually accept full responsibility, including particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (“GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirmed that, to the best of their knowledge and belief, (i) the information contained in the circular are accurate and complete in all material aspects and not misleading; (ii) there are no other facts the omission of which would make any statement herein misleading; and (iii) opinions expressed in this circular have been arrived at after due and careful consideration on the basis and assumptions of reasonableness and fairness.

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

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



ESSEX BIO-TECHNOLOGY LIMITED

億勝生物科技有限公司

(incorporated in the Cayman Islands with limited liability)

GENERAL MANDATE TO REPURCHASE SHARES

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



ESSEX BIO-TECHNOLOGY LIMITED

億勝生物科技有限公司

(incorporated in the Cayman Islands with limited liability)

Executive Directors:

Ngiam Mia Je Patrick

Fang Haizhou

Zhong Sheng

Non-executive Director:

Wong Kui Ming

Independent non-executive Directors:

Fung Chi Ying

Mauffrey Benoit Jean Marie

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Hong Kong

25 March, 2002

To the shareholders

Dear Sir or Madam

GENERAL MANDATE TO REPURCHASE SHARES

INTRODUCTION

At the annual general meeting for the year ended 31 December, 2001 (the “**AGM**”) of Essex Bio-Technology Limited (the “**Company**”) to be held at Marriott Ballroom (Queensway & Victoria), Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Thursday, 18 April, 2002 at 10:00 a.m., resolutions will be proposed to grant to the directors (the “**Directors**”) of the Company general mandates to repurchase shares of the Company. This circular contains the explanatory statement in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market (“**GEM**”) of the Stock Exchange (the “**GEM Listing Rules**”) and to give all the information reasonably necessary to enable shareholders of the Company to make an informed decision on whether to vote for or against the resolutions to grant to the Directors of such mandate.

LETTER FROM THE BOARD OF DIRECTORS

GENERAL MANDATE TO REPURCHASE SHARES

At the AGM, an ordinary resolution will be proposed that the Directors be granted a general mandate (the “**Repurchase Mandate**”) to exercise all powers of the Company to repurchase issued and fully paid shares (“**Shares**”) of HK\$0.10 each in the Company on the GEM up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company at the date of the passing of the resolution. The Repurchase Mandate allows the Company to make or agree to make repurchases only during the period ending on the earliest of (i) the date of the next annual general meeting, (ii) the date by which the next annual general meeting of the Company is required to be held by law or by its articles of association; or (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the shareholders in a general meeting of the Company.

EXPLANATORY STATEMENT

An explanatory statement containing all relevant information relating to the proposed Repurchase Mandate is set out in the Appendix to this circular. The information in the explanatory statement is provided you with information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolution to grant to the Directors the Repurchase Mandate.

GENERAL INFORMATION

The notice for the AGM has been despatched to shareholders of the Company.

Whether or not you intend to attend the AGM in person, you are requested to complete and return the accompanying proxy form to the share registrar of the Company, Secretaries Limited at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for holding the AGM. The return of the proxy form will not preclude you from attending and voting in person if you so wish.

RECOMMENDATION

The Directors consider that the granting of the Repurchase Mandate is in the interest of the Company and so recommend you to vote in favour of the resolution at the forthcoming AGM.

Yours faithfully
By order of the Board
Essex Bio-Technology Limited
Ngiam Mia Je Patrick
Chairman and Executive Director

This is an explanatory statement given to all shareholders of the Company, as required by the GEM Listing Rules, to provide requisite information of the Repurchase Mandate.

1. GEM LISTING RULES FOR REPURCHASES OF SHARES

The GEM Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their fully-paid shares on GEM subject to certain restrictions, the more important of which are summarised below:

(a) Shareholders' approval

All proposed repurchase of securities on the Stock Exchange by a company with primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by special approval of a particular transaction.

(b) Share capital

Under the Repurchase Mandate, the number of Shares that the Company may repurchase shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company at the date of the passing of the relevant resolution. The Company's authority is restricted to purchases made on GEM in accordance with the GEM Listing Rules. On 13 March, 2002 (the "**Latest Practicable Date**"), being the latest practicable date prior to printing of this circular, there were in issue an aggregate of 512,820,000 Shares. Exercise in full of the Repurchase Mandate, on the basis that no further Shares would be issued or repurchased prior to the date of the AGM, would accordingly result in up to 51,282,000 Shares being repurchased by the Company.

(c) Reasons for repurchase

The Directors have no present intention to repurchase any Shares but consider that the Repurchase Mandate will provide the Company with the flexibility to make such repurchase as and when appropriate and is beneficial to the Company. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and its assets and/or its earnings per Share. As compared with the financial position of the Company as at 31 December, 2001 (being the date of its latest audited accounts), the Directors consider that there would not be any material adverse impact on the working capital and on the gearing position of the Company in the event that the proposed repurchases were to be made in full during the proposed repurchase period. However, the Directors will not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or on its gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

(d) Funding of repurchases

Repurchase of the Shares will be funded out of funds legally available for such purpose in accordance with the memorandum and articles of association of the Company and the applicable laws of the Cayman Islands.

The Company is empowered by its memorandum and articles of association to repurchase its Shares. The Cayman Islands law provides that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant shares, or the profits that would otherwise be available for distribution by way of dividend or the proceeds of a new issue of shares made for such purpose. The amount of premium payable on redemption may only be paid out of either the profits that would otherwise be available for distribution by way of dividend or out of the share premium of the Company. Under the Cayman Islands law, the repurchased Shares will remain part of the authorised but unissued share capital.

(e) Connected persons

None of the Directors nor, to the best of the knowledge and belief of the Directors having made all reasonable enquiries, any of the associates (as defined in the GEM Listing Rules) of any of the Directors has any present intention, in the event that the proposed Repurchase Mandate is approved by the Company's shareholders, to sell Shares to the Company.

At the Latest Practicable Date, no connected person (as defined in the GEM Listing Rules) of the Company has notified the Company that he/she has a present intention to sell Shares to the Company nor has he/she undertaken not to sell any of the Shares held by him/her to the Company in the event that the Company is authorised to make repurchases of Shares.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchase pursuant to the Repurchase Mandate and in accordance with the GEM Listing Rules, the memorandum and articles of association of the Company and any applicable laws of the Cayman Islands.

(f) Effect of takeovers code and minimum public float

If as a result of a repurchase of Shares, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of Rule 32 of the Hong Kong Code on Takeovers and Mergers ("Code"). As a result, a shareholder, or a group of shareholders acting in concert (within the meaning under the Code), depending on the level of increase in the shareholder's interests, could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Code.

As at the Latest Practicable Date, the register of the substantial shareholders maintained by the Company pursuant to 16(1) of the Securities (Disclosure of Interests) ordinance showed that the Company has been notified of the following interests, being 10% or more of the Company's issued share capital:

Name of shareholder	Number of Shares held	Approximate percentage of shareholding	Approximate percentage of shareholding if the Repurchase Mandate is exercised in full
Essex Holdings Limited	288,458,000	56.25%	62.50%
Ngiam Mia Je Patrick	333,585,733 (note 1)	65.05%	72.28%
Ngiam Mia Kiat Benjamin	321,566,650 (note 2)	62.71%	69.67%

Name of shareholder	Number of Shares held	Approximate percentage of shareholding	Approximate percentage of shareholding if the Repurchase Mandate is exercised in full
Lauw Hui Kian	333,585,733 (note 3)	65.05%	72.28%

Notes:

1. (a) 26,441,983 Shares are registered directly in the name of Ngiam Mia Je Patrick;
- (b) 12,019,083 Shares are held by Lauw Hui Kian, the spouse of Ngiam Mia Je Partick;
- (c) 288,458,000 Shares are held by Essex Holdings Limited (“Essex Holdings”) whose issued share capital is held by Ngiam Mia Je Partick and Ngiam Mia Kiat Benjamin equally; and
- (d) 6,666,667 Shares are held by Dynatech Ventures Pte Ltd (“Dynatech”) whose issued share capital is held by Essex Investment (Singapore) Pte Ltd (“Essex Singapore”) as to 60%. Essex Singapore is owned by Ngiam Mia Je Patrick and Ngiam Mia Kiat Benjamin equally.
2. (a) 26,441,983 Shares are registered directly in the name of Ngiam Mia Kiat Benjamin;
- (b) 288,458,000 Shares are held by Essex Holdings; and
- (c) 6,666,667 Shares are held by Dynatech.
3. (a) 12,019,083 Shares are registered directly in the name of Lauw Hui Kian; and
- (b) 321,566,650 Shares are held by Ngiam Mia Je Partick, the spouse of Lauw Hui Kian.

In the event that the Directors shall exercise in full the Repurchase Mandate, the total interests of the above substantial shareholders would be increased to approximately the respective percentages shown in the last column above and such increase will not give rise to an obligation to make a mandatory offer under Rule 26 of the Code.

Assuming that there is no issue of Shares in the Company between the Latest Practicable Date and the date of a repurchase, an exercise of the Repurchase Mandate whether in whole or in part will result in less than the relevant prescribed minimum percentage of the Shares of the Company being held by the public as required by the Stock Exchange. The Directors have no intention to exercise the Repurchase Mandate to an extent as may result in a public shareholding of less than such prescribed minimum percentage.

2. SHARE PURCHASE MADE BY THE COMPANY

The Company had not repurchased any of the Shares during the previous six months immediately preceding the Latest Practicable Date.

3. SHARE PRICES

From June 2001, the month that the Shares became listed on GEM to the month immediately preceding the date of this circular, the highest and lowest traded prices for the Shares on GEM were as follows:

Month	Per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2001		
June*	1.200	0.800
July	0.980	0.600
August	0.680	0.470
September	0.500	0.270
October	0.475	0.320
November	0.550	0.405
December	0.500	0.400
2002		
January	0.440	0.380
February	0.450	0.400

* *Dealing in the Shares on the Stock Exchange commenced on 27 June, 2001.*