



ESSEX BIO-TECHNOLOGY LIMITED

億勝生物科技有限公司

Press Release

**ESSEX BIO-TECHNOLOGY LIMITED TURNAROUND WITH
PROFIT OF HK\$7.6 MILLION IN FY'2004**

**SALES OF CATEGORY I FLAGSHIP BIOPHARMACEUTICAL PRODUCTS
BEIFUJI AND BEIFUSHU SKYROCKET UP 64.9%**

Hong Kong, 16 March 2005 – Essex Bio-Technology Limited (“Essex” or the “Group” – Stock Code: 8151) today announced an audited profit attributable to shareholders of approximately HK\$7.6 million for the year ended 31 December 2004, significant turnaround when compared to the loss of approximately HK\$18.4 million for the corresponding previous year.

The turnaround is attributable to the effectiveness of the Group’s market development and restructuring strategies that were implemented in 2003 and stringently adhered to throughout the period under review. These included:

- Consistent investment in market development, in particular the establishment of the Direct Representative Offices (“DROs”) which complemented the already established distribution network and are aimed at providing more effective control and management of market coverage and reach. In the period under review, the Group established nine DROs throughout major provinces in the PRC;
- Major restructuring measures which included the cessation of R&D operations in Shenzhen which enabled the Group to better utilise its resources to focus on cultivating its genetic R&D activities and realise return on investments; and
- Deeper market acceptance and penetration of its core biopharmaceutical products, particularly 貝復舒(Beifushu).

The Group recorded a revenue of approximately HK\$38.9 million primarily from the sales of its flagship category I biopharmaceutical products 貝復濟(Beifuji) and 貝復舒(Beifushu) for the year ended 31 December 2004. It increased significantly by 64.9% as compared to the year before. Sales of Beifushu are expected to further gain momentum and contribute positively to Group turnover after its listing as an approved drug on the PRC’s National Medical and Labour Insurance List (2004 Version) on 16 September 2004.

The cessation of the biopharmaceutical insulin products and the accompanying rise in the sales of the flagship biopharmaceutical products bolstered and amplified the gross profit margin from 52.1% to 88.7%.

As a result, overall gross profit for the year ended 31 December 2004 increased to approximately HK\$34.5 million when compared to approximately HK\$19.6 million in the corresponding previous year.

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Distribution and selling expenses increased to approximately HK\$23.3 million for the year ended 31 December 2004 when compared to approximately HK\$20.4 million in the previous year. The increase was mainly attributable to the increase of sales volume in the flagship biopharmaceutical products during the year under review, increase of marketing and promotional activities and increase of sales commission.

Administration expenses decreased to approximately HK\$10.4 million for the year ended 31 December 2004 when compared to approximately HK\$19.9 million in last year. The reduction was primarily attributable to the cessation of the R&D centre in Shenzhen.

The increase in gross profit and the concomitant decrease in operating expenses have resulted in profit attributable to shareholders of approximately HK\$7.6 million for the year ended 31 December 2004.

The Group maintained a healthy financial position with approximately HK\$23.4 million cash on hand (2003: approximately HK\$10.5 million).

Essex Chairman Dr Patrick Ngiam said: "The turnaround and sustainable results in 2004 are encouraging. It is a strong testimony that our business model and strategy is on the right track".

"The Group will continue to pursue market expansion for its range of existing products and to cultivate market acceptance for its newly formulated product, Beifuxin."

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About Essex Bio-Technology Limited

Essex Bio-Technology Limited ("Essex") is listed on the Growth Enterprise Market (GEM) of The Stock Exchange of Hong Kong Limited on 27 June 2001. Essex is the first genetic engineering drug developer, manufacturer and distributor listed on GEM. Essex specializes in biopharmaceutical drug development based on recombinant DNA technology and is principally engaged in the manufacture and sale of biopharmaceutical products for the treatment and healing of surface and organ wounds. Essex's flagship products are Beifuji and Beifushu.

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Summary of key information:

	For the year ended 31 December	
	2004	2003
	HK\$'m	HK\$'m
Turnover		
- Flagship category I biopharmaceutical products	38.88	23.6
- Others	<u>0.02</u>	<u>14.0</u>
	38.9	37.6
	=====	=====
Gross profit		
- in HK\$'m	34.5	19.6
- in %	88.7%	52.1%
Net Profit / (Loss)	7.6	(18.4)
Profit / (Loss) per share – basic	HK1.37cents	HK(3.31)cents
– diluted	HK1.37cents	N/A
Dividend	Nil	Nil
Cash and bank balances	23.4	10.5
Bank borrowings	Nil	Nil