



ESSEX BIO-TECHNOLOGY LIMITED
億勝生物科技有限公司

Press Release

**SALE OF FLAGSHIP PHARMACEUTICAL PRODUCTS
INCREASED 24.3%
KEEPING HIGH GROSS PROFIT RATIO 88%
OVERALL PROFIT DROPPED TO HK\$4.7 MILLION**

Hong Kong, 12 August 2009 — ESSEX BIO-TECHNOLOGY LIMITED (“Essex” or the “Group”—Stock Code: 8151) today announced that the Group reported approximately HK\$118.2 million in turnover for the period ended 30 June 2009, an increase of 5.6% over the corresponding previous period, even though the Group turnover for the three months ended 30 June 2009 was decreased by 18.9% to approximately HK\$51.3 million as compared to approximately HK\$63.2 million in the corresponding previous quarter.

The increase of turnover for the six months ended 30 June 2009 was attributed to the increase of 24.3% of the sale of flagship pharmaceutical products to approximately HK\$50 million as compared to corresponding period of last year. Sale of flagship pharmaceutical products was also increased by 28.3% for the three months ended 30 June 2009 as compared to the corresponding previous quarter. In the first half of 2009, the Group’s pharmaceutical business was resilient and able to maintain its organic growth from its core biopharmaceutical products.

The decrease of turnover for the three months ended 30 June 2009 was caused by the significant decrease of 45.8% of the sale of agricultural fertilizers to approximately HK\$21.8 million for the second quarter of 2009 as compared to approximately HK\$40.3 million in the corresponding previous quarter. Turnover from agricultural fertilizers for the six months ended 30 June 2009 also decreased by 4.9% to approximately HK\$68.2 million as compared to approximately HK\$71.8 million in the first half of 2008.

The Group had strategically decided to disposal of the entire equity interest in the fertilizer business on 30 June 2009 at a consideration of RMB8,000,000 (approximately HK\$9,061,600), this is to allow the Group to harness its resources to stay focused on developing further its pharmaceutical business arena.

Overall gross profit for the six months ended 30 June 2009 decreased to approximately

HK\$44.5 million when compared to approximately HK\$49.6 million recorded in same period of last year. The decline is mainly attributable to the volatility of prices of raw materials for agricultural fertilizers which had a negative impact on the Group's agricultural fertilizers business, whilst the pharmaceutical business of the Group is still contributing positively and maintained at over 88% gross profit ratio throughout the first half of 2009.

Distribution and selling expenses increased to approximately HK\$33.2 million for the six months ended 30 June 2009 when compared to approximately HK\$27.3 million recorded in the same period of last year. The increase was mainly attributable to higher expenses incurred in sales, marketing and promotional activities in the period under review.

Administration expenses increased to approximately HK\$9.7 million in the six months ended 30 June 2009 when compared to approximately HK\$8 million recorded in the corresponding previous period. The increase is in tandem with the expanded operations to support pharmaceutical business expansion.

The Group had cash and cash equivalents of approximately HK\$54.1 million as at 30 June 2009 (31 December 2008: HK\$49.9 million).

As at 30 June 2009, the Group had outstanding bank borrowings of approximately HK\$28.8 million of which an amount of HK\$23.8 million was secured by a charge of the land and properties owned by Shandong Baoyuan and an amount of HK\$5 million was guaranteed by Mr. Liu Bao De, a director of Shandong Baoyuan and a third party.

The Group's subsidiary Zhuhai Essex Bio-Pharmaceutical Co. Ltd, has been conferred with two Awards from Guangdong Pharmaceutical Profession Association. The two Awards are:

1. "2008 Top Five Manufacturing Enterprise in Bio-Technological and Bio-Chemistry Pharmaceutical Industries in Guangzhou" and
2. "2008 Top Sixty Enterprise in Pharmaceutical Industries in Guangdong."

The receipt of the two Awards is the result of the years of relentless investments made in research & development and market cultivation program, catapulting the Group to excel new heights.

Essex Chairman Dr. Patrick Ngiam said, "Despite suffering losses from the agricultural fertilizers business the Group remains profitable, underpinned by the resilient and sustainable contributions from the pharmaceutical business in this first half year. The divestiture of the investment in the agricultural fertilisers business was timely executed, which had unlocked resources for expanding the pharmaceutical business of the Group."

About Essex Bio-Technology Limited:

Essex Bio-Technology Limited (“Essex”) was listed on the Growth Enterprise Market (GEM) of The Stock Exchange of Hong Kong Limited on 27 June 2001, under stock code (8151).

Essex specializes in biopharmaceutical drug development based on recombinant DNA technology. It is principally engaged in the manufacture and sale of biopharmaceutical products for the treatment and healing of surface wounds and eye wounds and 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.

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Summary of key information:

	For the six months ended 30 June	
	2009	2008
	HK\$'m	HK\$'m
Turnover	118	112
Gross profit		
- in HK\$'m	44	50
- in %	37.6%	44.3%
Profit attributable to equity holders of the Company	4.7	14.2
Earnings per share – basic	HK0.85cents	HK2.54cents
Dividend	Nil	Nil
	As at	As at
	30 June	31 December
	2009	2008
	HK\$'m	HK\$'m
Cash and cash equivalents	54.1	50
Bank borrowings	28.8	34.6

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