

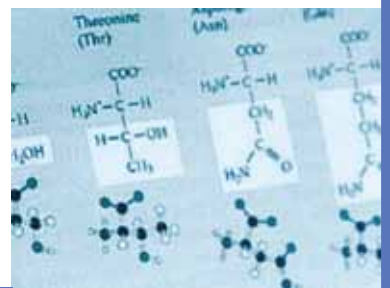


ESSEX BIO-TECHNOLOGY LIMITED

億勝生物科技有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 1061)

Interim Report 2011



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CORPORATE INFORMATION

Board of Directors

Executive Directors

Ngiam Mia Je Patrick (*Chairman*)
Fang Haizhou (*Managing Director*)
Zhong Sheng

Independent non-executive Directors

Fung Chi Ying
Mauffrey Benoit Jean Marie
Yeow Mee Mooi

Company Secretary

Yau Lai Man *MBA, ACA, CPA (practising)*

Compliance Officer

Zhong Sheng

Audit Committee

Fung Chi Ying (*Chairman*)
Mauffrey Benoit Jean Marie
Yeow Mee Mooi

Authorised Representatives

Zhong Sheng
Yau Lai Man

Website Addresses

www.essexbio.com

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of Business

Room 2818
China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Auditor

BDO LIMITED

Principal Share Registrar and Transfer Office

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 609
Grand Cayman KY1-1107
Cayman Islands

Hong Kong Share Registrar

Hong Kong Registrars Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

Principal Bankers

DBS Bank (Hong Kong) Limited
Bank of China (Hong Kong) Limited
Bank of Communications
China Merchants Bank
Industrial and Commercial Bank of China (Asia) Limited

Stock Code

1061

UNAUDITED INTERIM RESULTS

The board of directors of Essex Bio-Technology Limited (the “Company”) presents the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2011 together with the comparative figures for the corresponding period in 2010 and the relevant explanatory notes as set out below.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		2011	For the
		(Unaudited)	six months
		HK\$'000	ended 30 June
	Notes		2010
			(Unaudited)
			HK\$'000
Turnover	2	94,084	61,245
Cost of sales		(9,376)	(5,549)
Gross profit		84,708	55,696
Other revenue	2	412	554
Distribution and selling expenses		(59,114)	(36,478)
Administrative expenses		(7,936)	(6,315)
Finance costs		(20)	(13)
Profit before income tax expense	4	18,050	13,444
Income tax expense	5	(2,968)	(2,222)
Profit for the period		15,082	11,222
Other comprehensive income			
Exchange differences on translating foreign operations		1,775	522
Total comprehensive income for the period		16,857	11,744
Profit attributable to:			
Owners of the Company		15,082	11,222
Total comprehensive income attributable to:			
Owners of the Company		16,857	11,744
Earnings per share – Basic and diluted	7	HK2.71 cents	HK2.02 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 June 2011 (Unaudited) HK\$'000	At 31 December 2010 (Audited) HK\$'000
	Notes		
Non-current assets			
Property, plant and equipment	8	20,566	11,437
Land use rights		7,445	7,379
Goodwill		2,442	2,385
Other intangible assets		9,322	7,611
Convertible note receivable		2,475	2,250
		<u>42,250</u>	<u>31,062</u>
Total non-current assets			
Current assets			
Inventories		3,085	3,662
Trade and other receivables	9	62,636	50,764
Deposits and prepayments		10,368	2,218
Pledged bank deposits		2,630	2,579
Cash and cash equivalents		63,425	78,906
		<u>142,144</u>	<u>138,129</u>
Total assets			
		184,394	169,191
Current liabilities			
Trade and other payables	10	38,015	34,508
Taxation		2,552	2,149
		<u>40,567</u>	<u>36,657</u>
Net current assets			
		<u>101,577</u>	101,472
Total assets less current liabilities			
		<u>143,827</u>	132,534
Non-current liabilities			
Deferred tax liabilities		220	216
Total liabilities			
		<u>40,787</u>	36,873
NET ASSETS			
		<u>143,607</u>	<u>132,318</u>
Capital and reserves attributable to owners of the Company			
Share capital		55,675	55,675
Reserves		87,932	76,643
		<u>143,607</u>	<u>132,318</u>
Equity attributable to owners of the Company			
		<u>143,607</u>	<u>132,318</u>
TOTAL EQUITY			
		<u>143,607</u>	<u>132,318</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Statutory surplus reserve HK\$'000	Foreign currency translation reserve HK\$'000	Retained profits HK\$'000	Attributable to owners of the Company HK\$'000	Total HK\$'000
At 1 January 2010	55,675	970	362	8,363	8,004	34,660	108,034	108,034
Profit or loss	-	-	-	-	-	11,222	11,222	11,222
Other comprehensive income	-	-	-	-	522	-	522	522
Total comprehensive income for the period	-	-	-	-	522	11,222	11,744	11,744
Dividend paid	-	-	-	-	-	(5,568)	(5,568)	(5,568)
Appropriation of profits	-	-	-	1,439	-	(1,439)	-	-
At 30 June 2010 (Unaudited)	<u>55,675</u>	<u>970</u>	<u>362</u>	<u>9,802</u>	<u>8,526</u>	<u>38,875</u>	<u>114,210</u>	<u>114,210</u>
At 1 January 2011	55,675	970	362	12,894	11,271	51,146	132,318	132,318
Profit or loss	-	-	-	-	-	15,082	15,082	15,082
Other comprehensive income	-	-	-	-	1,775	-	1,775	1,775
Total comprehensive income for the period	-	-	-	-	1,775	15,082	16,857	16,857
Dividend paid	-	-	-	-	-	(5,568)	(5,568)	(5,568)
Appropriation of profits	-	-	-	1,931	-	(1,931)	-	-
At 30 June 2011 (Unaudited)	<u>55,675</u>	<u>970</u>	<u>362</u>	<u>14,825</u>	<u>13,046</u>	<u>58,729</u>	<u>143,607</u>	<u>143,607</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	2011 (Unaudited) HK\$'000	For the six months ended 30 June 2010 (Unaudited) HK\$'000
NET CASH GENERATED FROM OPERATING ACTIVITIES	9,092	8,575
NET CASH USED IN INVESTING ACTIVITIES	(20,264)	(2,757)
NET CASH USED IN FINANCING ACTIVITIES	(5,567)	(5,567)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(16,739)	251
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	78,906	67,741
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	1,258	419
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>63,425</u>	<u>68,411</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
CASH AND BANK BALANCES	<u>63,425</u>	<u>68,411</u>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES AND BASIS OF PREPARATION

The Group's unaudited condensed consolidated interim financial statements for the six month ended 30 June 2011 have been prepared in accordance with the applicable disclosure requirements of Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The principal accounting policies used in the preparation of these unaudited condensed consolidated interim financial statements for the six months ended 30 June 2011 are consistent with those used in the annual audited financial statements for the year ended 31 December 2010, except for the new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by HKICPA that are adopted for the first time for the current financial statements. The adoption of these new and revised HKFRSs has had no material impact on the Group's financial statements. The Group has not early adopted any new HKFRSs that have been issued but are not yet effective.

2. TURNOVER AND OTHER REVENUE

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.

The analysis of the Group's turnover and other revenue is as follows:

	2011 (Unaudited) HK\$'000	For the six months ended 30 June 2010 (Unaudited) HK\$'000
Turnover:		
Sales of biopharmaceutical products	<u>94,084</u>	<u>61,245</u>
Other revenue:		
Interest income on a convertible note receivable	<u>225</u>	413
Other	<u>187</u>	141
	<u>412</u>	<u>554</u>
	<u>94,496</u>	<u>61,799</u>

3. 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

The Group's revenue from external customers is derived solely from its operations in the People's Republic of China ("PRC"), where all its non-current assets, except for convertible note receivable, are located. For the six months ended 30 June 2011 and 2010, the revenue from the Group's largest customer amounted to less than 10% of the Group's total revenue.

4. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived at after charging:

	2011 (Unaudited) HK\$'000	For the six months ended 30 June 2010 (Unaudited) HK\$'000
Cost of inventories recognised as expenses	9,376	5,549
Amortisation of other intangible assets	59	186
Amortisation of land use rights	78	76
Depreciation of property, plant and equipment	480	930
Staff costs excluding directors' remuneration:		
Salaries and allowances	8,432	5,341
Pension fund contributions	68	60
Auditor's remuneration	200	240
Research and development costs expensed immediately	<u>2,609</u>	<u>293</u>

5. INCOME TAX EXPENSE

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 operating subsidiary in Zhuhai, the PRC, was established and carries on business in the Special Economic Zones of the PRC as a high technology enterprise. The subsidiary has obtained a 高新技術企業證書 (High Technology Enterprise Certificate) and is entitled to enjoy enterprise income tax at the concessionary rate of 15% for the three years from 2008 to 2010. The Group applied for a further extension of the concessionary rate of 15% in January 2011. The Group expects that such subsidiary in Zhuhai is able to fulfil the requirements and will continue to enjoy the concessionary rate of 15% in 2011.

The Group's other operating subsidiary in Zhuhai, the PRC, which was established and carries on business in the Special Economic Zones of the PRC, is subject to enterprise income tax at a concessionary rate of 24% (2010: 22%).

In accordance with the new law on PRC Enterprise Income Tax approved on 16 March 2008, a unified enterprise income tax rate of 25% will be applied to both domestic-invested enterprises and foreign-invested enterprises. Enterprises eligible for preferential tax treatment in accordance with the currently prevailing tax laws and administrative regulations shall, under the regulations of the State Council, gradually be subject to the new tax rate over a five-year transitional period until the unified enterprise income tax rate becomes fully effective in 2012.

6. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2011 (2010: Nil).

7. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2011 is based on the profit attributable to owners of the Company for the period of HK\$15,082,000 (corresponding period in 2010: HK\$11,222,000), and the weighted average of 556,750,000 (corresponding period in 2010: 556,750,000) ordinary shares in issue during the period.

During the six months ended 30 June 2011 and 2010, the diluted earnings per share is the same as basic earnings per share as there were no dilutive potential ordinary shares in issue during these two periods.

8. PROPERTY, PLANT AND EQUIPMENT

	Buildings and leasehold improvements HK\$'000	Construction in progress HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost						
At 1 January 2010	4,388	–	9,005	3,245	1,695	18,333
Additions	–	5,930	833	82	–	6,845
Reclassification	(314)	314	–	–	–	–
Write offs	–	–	–	(110)	–	(110)
Exchange adjustment	154	173	364	(312)	64	443
At 31 December 2010	4,228	6,417	10,202	2,905	1,759	25,511
Additions	–	9,184	6	78	–	9,268
Exchange adjustment	83	247	202	49	35	616
At 30 June 2011	<u>4,311</u>	<u>15,848</u>	<u>10,410</u>	<u>3,032</u>	<u>1,794</u>	<u>35,395</u>
Accumulated depreciation						
At 1 January 2010	3,382	–	5,524	2,549	938	12,393
Charge for the year	700	–	626	193	180	1,699
Write offs	–	–	–	(97)	–	(97)
Exchange adjustment	146	–	226	(334)	41	79
At 31 December 2010	4,228	–	6,376	2,311	1,159	14,074
Charge for the period	–	–	331	59	90	480
Exchange adjustment	83	–	131	37	24	275
At 30 June 2011	<u>4,311</u>	<u>–</u>	<u>6,838</u>	<u>2,407</u>	<u>1,273</u>	<u>14,829</u>
Carrying amount						
At 30 June 2011 (Unaudited)	<u>–</u>	<u>15,848</u>	<u>3,572</u>	<u>625</u>	<u>521</u>	<u>20,566</u>
At 31 December 2010 (Audited)	<u>–</u>	<u>6,417</u>	<u>3,826</u>	<u>594</u>	<u>600</u>	<u>11,437</u>

The Group's buildings and construction in progress are in the PRC under medium-term leases.

9. TRADE AND OTHER RECEIVABLES

	At 30 June 2011 HK\$'000 (Unaudited)	At 31 December 2010 HK\$'000 (Audited)
Trade receivables	62,416	50,737
Less: provision for impairment	(283)	(278)
Trade receivables – net	62,133	50,459
Other receivables	503	305
Total	<u>62,636</u>	<u>50,764</u>

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

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

	At 30 June 2011 HK\$'000 (Unaudited)	At 31 December 2010 HK\$'000 (Audited)
0-60 days	38,560	31,125
61-90 days	15,371	9,315
> 90 days	8,202	10,019
	<u>62,133</u>	<u>50,459</u>

10. TRADE AND OTHER PAYABLES

	At 30 June 2011 HK\$'000 (Unaudited)	At 31 December 2010 HK\$'000 (Audited)
Trade payables	386	210
Other payables	5,765	12,141
Accruals	26,883	17,680
VAT payable	4,981	4,477
	<u>38,015</u>	<u>34,508</u>

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

	At 30 June 2011 HK\$'000 (Unaudited)	At 31 December 2010 HK\$'000 (Audited)
0-60 days	338	126
61-90 days	–	23
> 90 days	48	61
	<u>386</u>	<u>210</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business review and prospects

During the period under review, the Group's principal activities were the manufacture and sale of biopharmaceutical products for the treatment and healing of surface wounds and eye wounds. The Group was also engaged in the research and development of bFGF products for new indications and other ophthalmic pharmaceutical projects.

During the period under review, the Group recorded results of approximately HK\$94.1 million and HK\$15.1 million of turnover and after tax profit respectively.

To cater for higher manufacturing capacity and capability as the Group's business expands into the future, the group has, in December 2010, started the construction of a new factory in Zhuhai, the PRC, which is targeted for completion in the year 2012. Upon completion, the new factory will have a total manufacturing floor space of approximately 20,000 sq.m.

The Group will continue to instil prudent financial and cash management and channel its resources into building a stronger foundation for its core business.

Guided by the aforesaid objective, the Group will seek to invest in new pharmaceutical products, particularly in ophthalmology, for its product pipeline enhancement and remain committed to expand its sales and marketing coverage for reaching out to potential patients of its products.

In addition, the Group will continue to seek sound investment opportunities to expand its business progressively and to achieve synergistic benefits to its current operations, with a view to enhancing the Group's competitiveness and shareholders value.

On 23 June 2011, the Company had transferred the listing of its shares from the GEM Board to the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Market development

Distribution network

During the period under review, the Group established 3 more direct representative offices ("DROs") in Shaanxi, Ganzhou and Shantou, bringing the total number of DROs to 26. The DROs are located in major cities and provinces in the PRC. There are over 1,300 hospitals in major provinces in the PRC that carry the Group's flagship pharmaceutical products.

To cultivate further market coverage for reaching out to potential patients of its genetic products, the Group has conducted over 47 seminars and 266 market promotion activities in major cities and provinces in the PRC during the period under review, educating more than 14,000 doctors and medical practitioners on the clinical applications of the Group's products.

Research and development

The Group continues to focus on research and development of bFGF products for new indications so as to maintain its leadership position in the application of bFGF. In 2011, the Group obtained a patent in the PRC on bFGF medical amniotic membrane. The Group also continues to focus on the research and development of eye-drop products to enhance the Group's core portfolios.

Financial review

The Group recorded approximately HK\$94.1 million in turnover from sale of pharmaceutical products for the six months ended 30 June 2011, a significant increase of 53.6% over the corresponding figure in the previous year.

Overall gross profit for the six months ended 30 June 2011 increased to approximately HK\$84.7 million when compared to approximately HK\$55.7 million recorded in the corresponding previous period.

Distribution and selling expenses increased to approximately HK\$59.1 million for the six months ended 30 June 2011 when compared to approximately HK\$36.5 million recorded in the corresponding previous period. Higher expenses incurred in sales, marketing and promotional activities are in line with the increase in turnover in the period under review.

Administrative expenses increased to approximately HK\$7.9 million in the six months ended 30 June 2011 when compared to approximately HK\$6.3 million recorded in the corresponding previous period. The increase was mainly due to higher expenditures incurred in research and development activities and for business expansion.

The Group had cash and cash equivalents of approximately HK\$63.4 million as at 30 June 2011 (31 December 2010: HK\$78.9 million). As at 30 June 2011, the bank deposits of RMB2.2 million (equivalent to HK\$2.6 million) were pledged to a bank to secure bank guarantees issued in respect of construction in progress of the new factory in Zhuhai.

As at 30 June 2011, the Group had no bank and other borrowings.

Liquidity and financial resources

The Group generally financed its operations with internally generated cash flows, short-term bank and other borrowings.

Foreign exchange exposure

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

Charges on group assets

Save for the bank deposits of RMB2.2 million (equivalent to HK\$2.6 million) which were pledged to a bank to secure bank guarantees issued in respect of construction in progress of the new factory in Zhuhai, the Group did not have any charges on its assets as at 30 June 2011.

Contingent liability

The Group did not have any significant contingent liabilities as at 30 June 2011.

Employees

As at 30 June 2011, the Group had a total of 212 full-time employees. The aggregate remuneration of the Group's employees, including that of directors of the Company (the "Directors"), for the period under review and the previous year amounted to approximately HK\$9.6 million and approximately HK\$6.5 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 and depending on the financial performance of the Group.

Each of the three executive Directors has entered into a service agreement with the Company whereby each of them had been appointed to act as an executive Director for a term of three years commencing from 27 June 2010 and expiring on 26 June 2013 unless terminated (without cause) by the Company giving not less than six months' prior written notice to the relevant Director. The executive Directors shall not be entitled to terminate their respective appointments at any time during the term unless with the written consent of the Company deliberated by the board of Directors. The annual remuneration of the executive Directors was fixed in the respective service agreements and each of the executive Directors is also entitled to a discretionary management bonus to be determined having regard to the operating results of the Group and his performance in the relevant financial year, provided that the aggregate amount of such management bonuses payable to all executive Directors in any financial year shall not exceed 6% of the consolidated net profits after taxation and minority interests but before extraordinary items of the Company for such financial year and that the said consolidated net profits for such year exceeds HK\$5,000,000. Such management bonuses shall be payable within three months after the issue of the audited consolidated accounts of the Group for the relevant financial year.

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

ADDITIONAL INFORMATION
Directors' interests and short positions in shares, underlying shares and debentures of the Company and its associated corporations

As at 30 June 2011, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Long positions in shares of the Company:

Name of Director	Capacity	Number of ordinary shares in the Company	Approximate percentage of interest in the Company's issued share capital as at 30 June 2011
Ngiam Mia Je Patrick	Beneficial owner and interests of controlled corporations	297,374,667 <i>(Notes 1, 2 and 3)</i>	53.41%
Fang Haizhou	Beneficial owner	2,000,000	0.36%
Zhong Sheng	Beneficial owner	1,500,000	0.27%

Notes:

- 2,250,000 shares were registered in the name of Ngiam Mia Je Patrick.
- 288,458,000 shares were held by Essex Holdings Limited ("Essex Holdings") which is owned as to 50% by Ngiam Mia Je Patrick and as to 50% by Ngiam Mia Kiat Benjamin. Therefore, 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.
- 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 by Ngiam Mia Je Patrick and Ngiam Mia Kiat Benjamin in equal shares, 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.

Long positions in shares of the associated corporation of the Company:

Name of Director	Capacity	Associated corporation	Number of ordinary shares in associated corporation	Approximate percentage of the issued share capital of the associated corporation
Ngiam Mia Je Patrick	Beneficial owner	Essex Holdings Limited	5,000	50.00

Save as disclosed above, as at 30 June 2011, none of the Directors and the chief executive of the Company or their respective associates had any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

Substantial shareholders and other persons who are required to disclose their interests pursuant to Part XV of the SFO

As at 30 June 2011, the following persons or entities, other than a Director or chief executive of the Company, had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Long positions in shares of the Company:

Name	Capacity	Number of ordinary shares in the Company	Approximate percentage of interest in the Company's issued share capital as at 30 June 2011
Essex Holdings Limited	Beneficial owner	288,458,000	51.81%
Ngiam Mia Kiat Benjamin	Beneficial owner and interests of controlled corporations	295,449,667 <i>(Note 1)</i>	53.07%
Lauw Hui Kian	Family interest	297,374,667 <i>(Note 2)</i>	53.41%
Kee Sue Hwa	Beneficial owner	32,476,000	5.83%

Notes:

1. (a) 325,000 shares were registered in the name of Ngiam Mia Kiat Benjamin.
- (b) 288,458,000 shares were held by Essex Holdings which was owned as to 50% by Ngiam Mia Je Patrick and as to 50% by Ngiam Mia Kiat Benjamin. Therefore, Ngiam Mia Kiat Benjamin 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.
- (c) 6,666,667 shares were held by Dynatech which was wholly owned by Essex Singapore, which in turn was owned by Ngiam Mia Je Patrick and Ngiam Mia Kiat Benjamin in equal shares. Therefore, Ngiam Mia Kiat Benjamin 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 meeting.
2. Lauw Hui Kian is the spouse of Ngiam Mia Je Patrick (an executive Director). Lauw Hui Kian was deemed to be interested in the shares in which Ngiam Mia Je Patrick was interested. Ngiam Mia Je Patrick was interested in 297,374,667 shares of the Company.

Save as disclosed above, as at 30 June 2011, there was no other person (other than the directors and chief executive of the Company whose interests are set out under the paragraph headed “Directors’ interests and short positions in shares, underlying shares and debentures of the Company and its associated corporations” above) had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

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 period under review.

Corporate governance

The Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules throughout the period under review.

Audit committee

The audit committee of the Company has reviewed with management the accounting principles and practices adopted by the Group, and discussed internal control and financial reporting matters, including reviewing the Group’s unaudited condensed consolidated interim financial statements for the six months ended 30 June 2011.

Model code for securities transactions

The Company has adopted a code of conduct regarding securities transactions by Directors and senior management of the Group on terms no less exacting than the required standard under the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the “Model Code”). Having made specific enquiry of all Directors and senior management of the Group, all Directors and senior management of the Group confirmed that they have complied with the required standard set out in the Model Code and the Company’s code of conduct regarding securities transactions by Directors and senior management during the period under review.

ON BEHALF OF THE BOARD

Ngiam Mia Je Patrick

Chairman

Hong Kong
3 August 2011