



t e c h n o l o g i e s

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Accsys Signs Full License Agreement in China

Accsys Technologies PLC ("Accsys" or "the Company") announces that its 100% owned subsidiary, Titan Wood Limited, has signed a full license agreement with Diamond Wood China Limited ("Diamond Wood"), in respect of rights to manufacture Accoya™ wood in The People's Republic of China for an annual nameplate capacity of 500,000 cubic metres of production of Accoya™.

The terms of the license agreement include an initial payment of €9,500,000 and three years exclusivity. The total 500,000 cubic metres nameplate capacity agreed between the two companies will include both Diamond Wood's own manufacturing capacity as well as sub-licensing agreements within China. Further technology fees, in the amount of €90,000,000 in aggregate, will be payable as Diamond Wood develops project plans and secures regulatory approval. Payments will be over the planning, construction and commissioning periods of each project. These license fee payments reflect €200 per cubic metre of nameplate capacity. In addition there will be €22 per cubic metre of production royalties for twenty years.

Diamond Wood acquired the rights to China, following Titan Wood's exclusive option agreement with Skanfore China, announced in September.

Willy Paterson-Brown, Executive Chairman of Accsys commented, "We are obviously delighted to announce our first full license agreement, with Diamond Wood China. This is not only the culmination of a huge amount of work by both parties, but it is also a step-change for Accsys as it underwrites significant licensing volume and propels Accsys into new levels of commercial expectations. We look forward to working very closely with Diamond Wood to assist its development and also in conjunction with them to protect the intellectual property surrounding our wood acetylation technology".

Greg Lee, President, Diamond Wood, added, " We see enormous opportunities for Accoya™ wood in the Chinese market, one of the fastest growing markets in the world, and have moved fast to secure exclusive production rights. The agreement with Titan Wood reflects the scale and timing of our commitment to the Accoya production technology. We are planning a series of projects with different volumes and are currently preparing details for our first project in Nanjing, in conjunction with Nanjing Chemical Industry Park (NCIP). Further projects are already being planned in other regions of China. We anticipate securing approval from Chinese regulatory authorities for the different projects, and to have approval in respect of the entire 500,000 cubic metres capacity within three years. Our expectation over a five year period would be to increase that capacity further, agree to increased volumes and extend our exclusive rights for a longer period of time".

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Notes to Editors:

Diamond Wood China Limited (www.diamondwoodchina.com) is a privately held company based in Hong Kong.

Titan Wood Limited (www.titanwood.com) is a wholly owned subsidiary of the Accsys Technologies PLC (www.accsysplc.com) group of companies. Accsys Technologies PLC is listed on the London Stock Exchange AIM market, and on Euronext Amsterdam by NYSE Euronext, under the symbols 'AXS'.

Wood Acetylation is a process, which increases the amount of 'acetyl' molecules in wood, thereby changing its physical properties. The process protects wood from rot by making it "inedible" to most micro-organisms and insects, without – unlike conventional treatments – making it toxic. It also greatly reduces the wood's tendency to swell and shrink, making it less prone to cracking and ensuring that when painted it requires dramatically reduced maintenance.

Accoya™ wood (www.accoya.info) is produced using a patented process that effectively converts sustainably grown softwoods and non-durable hardwoods into what is best described as a "new wood species". Distinguished by its durability, dimensional stability and, perhaps most importantly of all, its reliability (in terms of consistency of both supply and quality), Accoya™ wood is particularly suited to exterior applications where performance and appearance are valued. Unlike most tropical and European hardwoods, its colour does not degrade when exposed to ultraviolet

light. Moreover, the Accoya™ wood production process does not compromise the wood's strength or machinability. The combination of UV resistance, dimensional stability, durability and retained strength means that Accoya™ wood offers a wealth of new opportunities to architects, designers and specifiers. For marine uses where weight is also important, Accoya™ wood for the first time provides boat builders with a wood that is strong, lightweight, durable and which retains its natural beauty for far longer.

ACCOYA is a registered trademark owned by Titan Wood Limited