

Regulatory Announcement

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Company Accsys Technologies PLC
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Accsys announces 500,000 m3 License Option Agreement for China.

Accsys Technologies PLC ("Accsys" or "the Company") announces that its 100% owned subsidiary, Titan Wood Ltd., has signed a licence option agreement with Skanfore China S.A. ("Skanfore China"), a subsidiary of Skanfore S.A. ("Skanfore"), in respect of rights to manufacture Accoya™ in the People's Republic of China for a nameplate capacity of 500,000 cubic metres of production of Accoya™ wood.

The terms of the license option agreement provide twelve months during which Skanfore China enjoy exclusive rights to enter into a technology license with Titan Wood Limited for the licensing of Accoya™ production capacity within the People's Republic of China. Upon exercising the option, Skanfore China has one month to sign a Technology License for the nameplate capacity. If Skanfore China fails to exercise its option under the agreement or does so in respect of a smaller capacity, it loses the territorial exclusivity granted under the agreement. Skanfore China is paying a premium of €500,000 (€1 per cubic metre of nameplate capacity) in consideration of the one year exclusivity, which sum will be deductible from the list price of €200 per cubic metre of nameplate capacity payable under any Technology License entered into within the period of the license option agreement.

Willy Paterson-Brown, Executive Chairman, of Accsys commented, "Accsys is delighted by the rapid success of the agency arrangement entered into with Skanfore in June. Whilst much hard work remains to be done before the parties will be ready to sign a Technology License, this early commitment bodes well for a substantial licensing of capacity over future years. Whilst the potential appetite for Accoya™ within China is enormous, Accsys is very conscious that it is imperative that its intellectual property be fully respected in all its markets and this relationship gives us confidence regarding this issue".

David Popejoy, Managing Director of Skanfore said: "The China market offers exceptional potential. China currently consumes huge volumes of tropical hardwood and despite vigorous economic growth, imported volumes of tropical hardwood are already beginning to fall as availability reduces. Skanfore China offers strategic benefits to the Chinese economy – as the use of Accoya™ will mainly be in substitution of environmentally insensitive tropical hardwood, softwoods treated with toxic chemicals or uPVC and aluminium – in both cases helping reduce the reliance on more energy intensive raw materials. Skanfore's discussions with potential partners have rapidly led to conclude we must secure maximum rights as a matter of urgency, hence we have now committed our entire agency rights through our Chinese subsidiary and are in discussion with Titan Wood to extend our commercial relationship with them."

The Company officially opened the world's first commercial production facility manufacturing commercial volumes of Accoya™ wood at its subsidiary in The Netherlands in May.

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Notes to Editors

Skanfore LLC (www.skanfore.com) is a privately owned, diversified trading company, based in Abu Dhabi, UAE, with interests in mining, engineering, construction, finance and environmental projects. Skanfore China is a subsidiary of Skanfore S.A. a BVI company.

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 under the symbol '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

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