聯康生物科技集團有限公司*

Uni-Bio Science Group Limited

(incorporated in the Cayman Islands with limited liability)

(stock code: 690)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2010

The board (the "Board") of directors (the "Directors") of Uni-Bio Science Group Limited (the "Company", together with its subsidiaries, the "Group") is pleased to announce the preliminary consolidated results of the Group for the financial year ended 31 March 2010 together with the comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2010

	Note	**2010** **HK$'000**	2009 HK$'000
Turnover	4	**148,286**	526,270
Cost of sales		**(71,074)**	(200,995)
Gross profit		**77,212**	325,275
Other revenue and net income	5	**5,497**	8,441
Selling and distribution expenses		**(36,021)**	(96,400)
General and administrative expenses		**(162,937)**	(344,637)
Other expenses		**–**	(893)
Impairment loss on trade receivables		**(83)**	(20,486)
Impairment loss on goodwill		**(30,510)**	(193,626)
Impairment loss on other receivables, deposits and preplayments		**(24,877)**	(108,882)
Impairment loss on leasehold land and land use rights		**–**	(2,727)
Impairment loss on intangible assets		**(123,969)**	(2,177)
Impairment loss on property, plant and equipment		**(22,215)**	(16,895)
Change in fair value of investment properties		**–**	(489)
Loss on disposal of intangible assets		**(13,159)**	–
Loss on disposal of property, plant and equipment		**(47,434)**	–
Property, plant and equipment written off		**(65,572)**	(750)
Inventories written off		**(3,062)**	–

* *For identification purposes only*

	Note	**2010** **HK$'000**	2009 HK$'000
Loss from operating		**(447,130)**	(454,246)
Finance costs		**(2,455)**	(967)
Share of loss or profit of associates		**(886)**	1
Loss before taxation	6	**(450,471)**	(455,212)
Income tax	7	**(4,182)**	(53,111)
Loss for the year		**(454,653)**	(508,323)
Other comprehensive income			
Exchange differences arising on translation of financial statements of foreign entities		**8,986**	31,683
Total comprehensive loss for the year		**(445,667)**	(476,640)
Loss attributable to:			
Owners of the Company	9	**(454,653)**	(476,640)
Total comprehensive loss attributable to:			
Owners of the Company		**(445,667)**	(476,640)
Loss per share			
Basic (cents per share)		**(8.00)**	(6.11)
Diluted (cents per share)		**(7.90)**	(6.11)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2010

	Note	**2010** **HK$'000**	2009 HK$'000
Non-current Assets			
Property, plant and equipment		**239,131**	417,822
Investment properties		**4,925**	4,920
Leasehold land and land use rights		**22,188**	23,718
Goodwill		**349,416**	379,926
Intangible assets		**327,132**	318,610
Interests in associates		**13,333**	9,980
		956,125	1,154,976
Current Assets			
Leasehold land and land use rights		**1,597**	1,641
Inventories		**4,274**	8,570
Trade receivables	12	**14,288**	161,307
Other receivables, deposits and prepayments		**71,643**	71,088
Cash and cash equivalents		**62,943**	50,009
		154,745	292,615
Current Liabilities			
Trade payables	13	**13,169**	18,147
Accrued charges and other payables		**16,143**	55,985
Amounts due to directors		**5,928**	12,072
Amounts due to associates		**18,442**	–
Tax payables		**455**	20,294
Bank loans		**15,355**	26,705
Other borrowings		**16,720**	10,000
		86,212	143,203
Net current assets		**68,533**	149,412
Total assets less current liabilities		**1,024,658**	1,304,388
Non-current liabilities			
Bank loans		**–**	15,341
Net assets		**1,024,658**	1,289,047
Capital and reserves attributable to owners of the Company			
Share capital		**13,048**	869,898
Reserves		**1,011,610**	419,149
Total equity		**1,024,658**	1,289,047

EXTRACTS OF INDEPENDENT AUDITORS' REPORT

BASIS FOR QUALIFIED OPINION

(i) They were initially appointed auditors subsequent to the end of the Group's financial year. In consequence they were unable to carry out auditing procedures necessary to obtain adequate assurance regarding the quantities and condition of inventories appearing in the consolidated statement of financial statements at approximately HK$4,274,000. There were no other satisfactory audit procedures that we could adopt to obtain sufficient evidence regarding the existence of inventories.

(ii) The Group has not recognised any deferred tax liabilities/assets for the year ended 31 March 2010 and as at 31 March 2010. Due to the insufficient information provided to them, they have not been able to satisfy themselves as to whether the deferred tax liabilities/assets were properly accounted for and disclosed in accordance with Hong Kong Accounting Standard 12 "Income Taxes" ("HKAS 12") issued by the HKICPA. It is not practicable for them to quantify the effects of the departure from the HKAS 12.

Any adjustments found to be necessary in respect of the above matters would affect the Group's loss for the year and net assets at 31 March 2010, and the related disclosures in the financial statements.

QUALIFIED OPINION ARISING FROM LIMITATION OF AUDIT SCOPE

In their opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had they been able to satisfy themselves as to the matters described in the basis for qualified opinion paragraph, the consolidated financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 March 2010 and of the Group's results and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

NOTES:

1. GENERAL INFORMATION

The Company is an exempted company incorporated with limited liability in the Cayman Islands with its securities listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Automatic Result Limited, a company incorporated in the British Virgin Islands with limited liability, is the single largest shareholder of the Company. The Company's registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business in Hong Kong is at 13/F, Public Bank Building, 120 Des Voeux Road Central, Central, Hong Kong.

The principal activities of the Company are investment holding and its subsidiaries are principally engaged in bioscience related business (with focus on the research, development and commercialisation of biopharmaceuticals through recombinant DNA and other technologies); the manufacture, sale and trading of pharmaceutical products.

The consolidated financial statements are presented in Hong Kong dollars, which is different from the functional currency of the Group, being Renminbi ("RMB").

Trading in the Shares on the Stock Exchange has been suspended since 9 March 2010 at the request of the Securities and Futures Commission in Hong Kong (the "SFC") pursuant to sub-Rule 8(1) of the Securities and Futures (Stock Market Listing) Rules (subsidiary legislation V of Chapter 571 of the Laws of Hong Kong).

As set out in the Company's announcements dated 24 March 2010 and 23 June 2010, the Independent Commission against Corruption ("ICAC") executed a search warrant at the Company's premises and seized certain property/documents. Two of the Company's accounting staff (one of whom is the Company's Chief Financial Officer and Company Secretary who resigned on 1 May 2010) were arrested by the ICAC and subsequently released on bail. The Chairman and executive director of the Company, Mr. Tong Kit Shing, was arrested by the ICAC and subsequently released unconditionally. To the best of the knowledge, information and belief of the Company and based on the information available to the Company as at the date of this report, no other director and/or employee of the Company has been arrested; and no charge has been laid by the ICAC against the Company, or any of the Company's subsidiaries, directors and/or employees. The Company confirms that the incident and investigation have no material adverse impact on the daily operation of the Company and its subsidiaries.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2010 comprise the Company and its subsidiaries (collectively referred to as the "Group").

The Group incurred a loss for the year attributable to owners of the Company of approximately HK$454,653,000 and had significant accumulated losses approximately HK$722,716,000 as at 31 March 2010. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the financial supports from the substantial shareholders to cover the Group's operating costs and meet its financial commitments. The substantial shareholders have confirmed their intention and ability to provide continuing financial support to the Group so as to enable it to meets its liabilities as and when they fall due and to carry on its business for the foreseeable future.

In light of the measures described above, the directors are confident that the Group will have sufficient working capital to meet its financial obligation as and when they fall due. Accordingly, the directors are of opinion that it is appropriate to prepare these financial statements on a going concern basis. These financial statements do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

The measurement basis used in the preparation of the financial statements is the historical cost basis except the following assets which are stated at their fair value as explained in the accounting policies set out below:

The preparation of financial statements are conformity to HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for current accounting period of the Group and the Company. Note 3 provides information on the changes in accounting policies resulting from initial application of these developments to the extent they are relevant to the Group for the current and prior accounting periods reflect in these financial statements.

4. TURNOVER

The Group is principally engaged in bioscience related business (with focus on the research, development and commercialisation of biopharmaceuticals through recombinant DNA and other technologies).

Turnover represents the gross invoiced value of goods sold, net of value added tax, sales returns and discounts.

Details of the main business segments of the Group are set out in note 10.

5. OTHER REVENUE AND NET INCOME

	2010	2009
	HK$'000	HK$'000
Interest income	**226**	641
Rental income	**512**	180
Government grants for research and development project and sundry income	**1,171**	7,620
Exchange loss, net	**(5)**	–
Sundry income	**3,367**	–
Reversal of impairment on trade receivables	**226**	–
	5,497	8,441

6. LOSS BEFORE TAXATION

		2010	2009
		HK$'000	HK$'000
a)	Finance costs		
	Interest and expenses on bank advances and other bank borrowings wholly repayable within five years	**2,323**	367
	Other borrowing costs	**132**	600
	Total borrowing costs	**2,455**	967
b)	Staff costs (including directors' emoluments)		
	Contributions to defined contribution retirement plans	**438**	1,142
	Salaries, wages and other benefits	**9,787**	17,866
	Share-based payments expenses	**36,296**	–
		46,521	19,008
	Less: Staff costs included in research and development costs	**(333)**	(4,823)
		46,188	14,185
c)	Other items		
	Auditor's remuneration		
	– provided during the year	**1,100**	980
	Less: overprovision in last year	**–**	(200)
		1,100	780
	Cost of inventories	**70,572**	180,616
	Amortisation of intangible assets	**43,247**	48,760
	Amortisation of land use rights	**1,596**	1,820
	Depreciation	**44,534**	53,614
	Less: Depreciation included in research and development costs	**(13,089)**	(37,166)
		31,445	16,448
	Operating lease charges: minimum lease payments – property rentals	**376**	1,818
	Research and development costs	**189,906**	270,893

7. INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

a) No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Group's operations in Hong Kong had no assessable profits for the year (2009: Nil).

Taxation on overseas profit has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

On 16 March 2007, the PRC promulgated the Law of the People's Republic of China of Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations will change the tax rate from 33% to 25% for certain subsidiaries from 1 January 2008.

Pursuant to the laws and regulations in the PRC, certain Group's PRC subsidiaries are entitled to exemption from PRC income tax for two years commencing from their first profit-making year of operation and thereafter, these PRC subsidiaries will be entitled to a 50% relief from PRC income tax for the following three years ("preferential tax treatment"). According to the Circular of the State Council on the Implementation of Transitional Preferential Policies for Enterprise Income Tax (Guofa 2007 No. 39), those entities that previously enjoyed preferential tax treatment would be granted a five-year transitional period. The tax exemption and deduction from PRC income tax for the foreign investment enterprises is still applicable until the end of the five-year transitional period under the New Law.

Income tax in the consolidated statement of comprehensive income represents:

	2010	2009
	HK$'000	HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	**–**	–
Current tax – Overseas		
Provision for the year	**4,182**	53,111
Deferred tax		
Origination and reversal of temporary differences	**–**	–
	4,182	53,111

b) Reconciliation between tax expense and accounting loss at applicable tax rates:

	2010	2009
	HK$'000	HK$'000
Loss before income tax	**(450,471)**	(455,212)
Notional tax on loss before income tax, calculated at the rates applicable to loss in the countries concerned	**(74,327)**	(75,110)
Tax effect on operation in different jurisdiction	**(31,107)**	(21,105)
Tax effect of non-deductible expenses and non-taxable income	**94,823**	83,195
Tax effect of unused tax losses not recognised	**14,793**	66,131
Actual tax expense	**4,182**	53,111

8. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated loss attributable to equity holders of the Company includes a loss of approximately HK$255,234,000 (2009: HK$165,489,000) which has been dealt with in the financial statements of the Company.

9. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to equity holders of the Company is based on the following data:

	2010	2009
	HK$'000	HK$'000
Loss for the year attributable to equity holders of the Company for the purpose of basic and diluted loss per share	**(454,653)**	(508,323)
	2010	2009
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic	**5,671,016,718**	8,323,446,845
Effect of dilutive potential ordinary shares – Share options	**68,546,605**	–
Weighted average number of ordinary shares for the purpose of calculating diluted loss per share	**5,739,563,323**	8,323,446,845

10. SEGMENT REPORTING

Segment revenues and result

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

Business segments

The Group comprises the following main business segments:

Distribution of third party pharmaceutical products – Distribution of third party pharmaceutical products.

In-house chemical pharmaceutical products – Manufacture and sale of in-house chemical pharmaceutical products.

In-house biological pharmaceutical products – Manufacture and sale of in-house biological pharmaceutical products.

Primary reporting format – business segments

For the year ended 31 March 2010

	Distribution of third party pharmaceutical products HK$'000	In-house chemical pharmaceutical products HK$'000	In-house biological pharmaceutical products HK$'000	Total HK$'000
Revenue from external customers	**83,847**	**10,418**	**54,021**	**148,286**
Intersegment sales	**4,089**	**–**	**(4,089)**	**–**
Segment results – gross	**32,884**	**3,843**	**40,485**	**77,212**
Operating income & expenses	**(16,966)**	**(26,967)**	**(106,115)**	**(150,048)**
Impairment loss on trade receivables	**–**	**(83)**	**–**	**(83)**
Impairment loss on other receivables, deposits and prepayments	**–**	**(24,759)**	**(118)**	**(24,877)**
Impairment loss on leasehold land and land use rights	**–**	**–**	**–**	**–**
Impairment loss on intangible assets	**–**	**(123,969)**	**–**	**(123,969)**
Impairment loss on property, plant and equipment	**–**	**(22,215)**	**–**	**(22,215)**
Loss on disposal of intangible assets	**–**	**–**	**(13,159)**	**(13,159)**
Loss on disposal of property, plant and equipment	**(47,434)**	**–**	**–**	**(47,434)**
Property, plant and equipment written off	**–**	**(63,790)**	**(827)**	**(64,617)**
Inventories written off	**–**	**–**	**(3,062)**	**(3,062)**
Segment results	**(27,427)**	**(257,940)**	**(86,885)**	**(372,252)**
Unallocated operating income and expenses				**(74,878)**
Operating loss				**(447,130)**
Finance costs				**(2,455)**
Share of loss of associates				**(886)**
Loss before taxation				**(450,471)**
Income tax				**(4,182)**
Loss for the year				**(454,653)**
Segment assets	**73,962**	**136,878**	**733,863**	**944,703**
Unallocated corporate assets				**166,167**
Total assets				**1,110,870**
Segment liabilities	**26,599**	**2,490**	**53,133**	**82,222**
Unallocated corporate liabilities				**3,990**
Total liabilities				**86,212**
Capital expenditure	**8**	**638**	**195,053**	**195,699**
Amortisation	**–**	**9,744**	**35,099**	**44,843**
Depreciation	**12,677**	**15,556**	**16,301**	**44,534**
Loss on disposal of property, plant and equipment	**47,434**	**–**	**–**	**47,434**

For the year ended 31 March 2009

	Distribution of third party pharmaceutical products HK$'000	In-house chemical pharmaceutical products HK$'000	In-house biological pharmaceutical products HK$'000	Total HK$'000
Revenue from external customers	245,183	57,245	223,842	526,270
Intersegment sales	2,858	–	(2,858)	–
Segment results – gross	97,440	38,620	189,215	325,275
Operating income & expenses	(35,571)	(57,685)	(328,305)	(421,561)
Impairment loss on trade receivables	(20,486)	–	–	(20,486)
Impairment loss on goodwill	–	(193,626)	–	(193,626)
Impairment loss on other receivables, deposits and prepayments	–	(92,973)	(15,909)	(108,882)
Impairment loss on leasehold land and land use rights	–	–	(2,727)	(2,727)
Impairment loss on intangible assets	–	(2,177)	–	(2,177)
Impairment loss on property, plant and equipment	–	(12,891)	(4,004)	(16,895)
Change in fair value of investment properties	–	–	(489)	(489)
Segment results	44,241	(320,732)	(165,077)	(441,568)
Unallocated operating income and expenses				(12,678)
Operating loss				(454,246)
Finance costs				(967)
Share of profit of associate				1
Loss before taxation				(455,212)
Income tax				(53,111)
Loss for the year				(508,323)
Segment assets	318,791	322,928	801,860	1,443,579
Unallocated corporate assets				4,012
Total assets				1,447,591
Segment liabilities	56,133	18,912	45,962	121,007
Unallocated corporate liabilities				37,537
Total liabilities				158,544
Capital expenditure	42,843	88,573	5,532	136,948
Amortisation	–	18,448	32,132	50,580
Depreciation	16,448	17,587	19,579	53,614
Loss on disposal of property, plant and equipment	750	–	–	750

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

The Group's operations are located in the PRC and Hong Kong. The following table provides an analysis of the Group's geographical segment information:

For the year ended 31 March 2010

	Turnover HK$'000	**Total assets HK$'000**	**Capital expenditure HK$'000**
Hong Kong	**–**	**166,167**	**–**
PRC	**148,286**	**944,703**	**195,699**
Other countries	**–**	**–**	**–**
	148,286	**1,110,870**	**195,699**

For the year ended 31 March 2009

	Turnover HK$'000	Total assets HK$'000	Capital expenditure HK$'000
Hong Kong	–	80,418	–
PRC	526,084	1,367,173	136,948
Other countries	186	–	–
	526,270	1,447,591	136,948

Information about major customers

There is no customer who represents more than 10% of the sales of the Group.

11. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2010 (2009: Nil), nor has any dividend been proposed since the end of the reporting period (2009: Nil).

12 TRADE RECEIVABLES

	The Group	
	2010	2009
	HK$'000	HK$'000
Trade receivables	**14,288**	161,307

At 31 March 2010, trade receivables of the Group amounting to approximately HK$29,022,000 (2009: approximately HK$20,486,000) were determined to be impaired. These receivables were due from companies with financial difficulties.

The ageing analysis of the trade and bills receivables is as follows:

	The Group	
	2010	2009
	HK$'000	HK$'000
Within 30 days	**5,268**	42,257
31 – 60 days	**3,590**	16,516
61 – 90 days	**3,567**	16,736
Over 90 days	**30,885**	114,795
	43,310	190,304
Less: Provision for impairment	**(29,022)**	(28,997)
	14,288	161,307

Customers are generally granted with credit terms of 30 to 90 days (2009: 30 to 90 days). Longer payment terms are granted to those customers which have good payment history and long-term business relationship with the Group. All of the trade receivables are expected to be recovered within one year.

At the end of the reporting period, the Group first assesses whether objective evidence of impairment exists individually for trade receivables that are individually significant, and individually or collectively for trade receivables that are not individually significant. The Group also assesses collectively for trade receivables with similar credit risk characteristics for impairment. The impaired receivables, if any, are recognised based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions. Consequently, specific impairment provision is recognised if the amount is determined to be irrecoverable.

The following is an ageing analysis of the Group's trade receivables that are not impaired at the end of the reporting period:

	The Group	
	2010	2009
	HK$'000	HK$'000
Neither past due nor impaired	**11,303**	60,445
Past due and not impaired		
Not more than one month past due	**1,181**	14,740
Over one month past due	**1,804**	86,122
	2,985	100,862
	14,288	161,307

Trade receivables that are not yet past due relate to a wide range of customers for whom there was no recent history of default. Trade receivables that were past due but not impaired relate to a number of independent customers that have good track record with the Group. Base on past experiences, the management believes that no impairment provision is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

13 TRADE PAYABLES

	The Group	
	2010	2009
	HK'000	HK'000
Trade payables	**13,169**	18,147

At 31 March 2010, all the trade payables are expected to be settled within one year and the ageing analysis of the trade payables is analysed as follows:

	The Group	
	2010	2009
	HK'000	HK'000
Within 30 days	**2,974**	4,782
31-60 days	**1,806**	4,103
61-90 days	**3,591**	5,784
Over 90 days	**4,798**	3,478
	13,169	18,147

Included in trade payables are the following amounts denominated in a currency other than the reporting currency of the Group to which they relate:

	2010	2009
	HK'000	HK'000
RMB	**13,169**	18,147

MANAGEMENT DISCUSSION AND ANALYSIS

During the year under review, the Company (together with its subsidiaries, the "Group") recorded a consolidated turnover of HK$148,286,000 representing a decrease of 71.8% compared with HK$526,270,000 recorded in the last financial year. The gross profit was HK$77,212,000 representing a decrease of 76.3% as compared with HK$325,275,000 recorded in the last financial year. The Group recorded a net loss of approximately HK$454,653,000 for the year ended 31 March 2010 compared to a net loss of approximately HK$508,323,000 in the last financial year.

Business Review and Prospect

During the year under review, the healthcare reform in the People's Republic of China (the "PRC") has continued and the PRC healthcare industry continues to grow. However, the Group continued to face challenges of surging material and operating costs, and increasing competition. The economic conditions have recently been fluctuating significantly in many countries and regions, including the PRC, and the added risks and uncertainties may remain for prolonged periods. In order to tackle the prolonged turmoil noted in the financial market which has adversely affected, and is expected to continue to affect, the real economy, we have adopted a more prudent business and financial management policy to ensure that we maintain adequate working capital to finance our operations. The Group also decided to suspend the development of its chemical pharmaceutical products in pipeline and concentrate its resources

in developing its pipeline of innovative biological pharmaceutical products which are more promising.

During the period under review, impairment loss of intangible assets of HK$123,969,000; impairment loss of other receivable, deposits and prepayments of HK$24,877,000; impairment loss on goodwill of HK$30,510,000 and written off of property, plant and equipment of HK$22,215,000 were recognised as a result of re-assessment of the Group's asset portfolio.

Despite these challenges, the Group has continuously strengthened its management team which has been committed to rationalizing and re-engineering its work flow and processes to reduce costs and increase efficiency. Moreover, the government of the PRC has recently announced an array of policies, including a loosening of credit restrictions and stimulation of domestic consumption to drive up the GDP growth. These new policies have helped to release certain negative impact on our operations. In the long run, the Group is optimistic that the business opportunities in the pharmaceutical and healthcare industry in the PRC will remain buoyant given the increasing income and health awareness of the mainland population.

Distribution of pharmaceutical products

This division achieved a turnover of HK$83,847,000 with segment results of HK$(27,427,000) for the year ended 31 March 2010. The turnover and segment results of corresponding period was HK$245,183,000 and HK$41,383,000 respectively. The decrease was mainly due to increased competition and the Group exercising tighter credit control over customers. Sales of rhEGF products distributed for Shenzhen Watsin Genetech Company Limited ("Shenzhen Watsin") was classified under "in-house biological pharmaceutical products".

In-house biological pharmaceutical products

The sales of rhEGF products achieved a turnover of HK$54,021,000 and a segment results of HK$(86,885,000) for the year ended 31 March 2010. The turnover and segment results of last year were HK$223,842,000 and HK$(162,219,000) respectively. The reported figure for segment results of in-house biological pharmaceutical products was affected by the increase in research and development of HK$44,466,000 (2009: HK$227,303,000) and impairment loss on goodwill of HK$0 (2009: 23,129,000). During 2010, an amount of HK$150,262,000 development costs were capitalized as intangible assets to reflect the development breakthrough in four of the Group's self-developed projects. The Group expects that these four projects will bring the Group into a profitable position in the near future.

In-house chemical pharmaceutical products

This division achieved a turnover of HK$10,418,000 with segment results of HK$(257,940,000) for the year ended 31 March 2010. The turnover and segment results were HK$57,245,000 and HK$(320,732,000) respectively in last financial year. The decrease was mainly due to increase in competition and the Group's strategy to focus its marketing efforts on biological pharmaceutical products on sale and in pipeline which, the Group believes, are more promising. The reported figure for segment results of in-house chemical pharmaceutical products was affected by the impairment loss on other receivable of HK$24,759,000 (2009:HK$92,973,000); impairment loss on intangible assets of HK$123,969,000 (2009:HK$2,177,000) and Property, plant and equipment written off of HK$22,215,000 (2009:HK$12,891,000).

Research Platforms

The Group has developed several pharmaceutical R&D technology platforms and are continuously improving them. These include E.coli expression system, Pichia Yeast expression system, Mammalian cell expression system, E.coli constitutive secretion system, Gene therapy drug development system and Gene targeting system. Recently the PRC Government changed its policy as to tighten the assessment and approval requirements and procedures for chemical medicines. While the relative profitability in the chemical medicine field is lower and now even worse, the Group has quickily responsed to the changes as to stop its further development in chemical products in pipeline, including CTP-5, and concentrate its resources in developing its pipeline of innovative biological pharmaceutical products which are more promising. Progress of these innovative projects had been very encouraging.

E.coli, Pichia Yeast and Mammalian cell expression system

The Group has established gene cloning, genetic engineering expression, fermentation, purification and examination technology systems. These systems exhibit the characteristics of high efficiency, high flux and high stability. With a series of B. Braun's bioreactors from 2L–50L, the Group may carry on the pilot scale protein preparation. Each time of fermentation may produce up to ten thousand lyophilized injection products. At the same time, mainly by making use of the AKTA liquid chromatography separation system, the Group has established the high flux two steps standard operating procedure for protein purification. With this standard method, the protein purity after purification is up to 98 percent, which is higher than the official standard in the PRC.

E.coli constitutive secretion system

The Group is in the process of developing a revolutionary E.coli expression system, whereby the fermentation process could be self promulgated without using the standard promoters. This process, if successful, is expected to improve tremendously the yield that can normally be produced under the traditional fermentation process. Since most of the fermentation process uses E.coli expression system, this new platform could provide significant value for the Group.

Gene therapy drug development system

Adenovirus becomes one of the most important gene carrier systems because of so many important characteristics such as its clear structure and function. The Group has established an entire set of recombinant adenovirus technology, such as recombinant virus construction, transfection, monoclonal preparation, as well as highly effective cell packing. At present, the Group's independently developed adenovirus product is at the stage of animal experimentation.

Gene targeting system

Gene targeting system has already produced more than five hundred different mouse models of human disorders, including cardiovascular and neuro-degenerative diseases, diabetes and cancer. Gene targeting has now been used by many research groups. Three scientists with great contribution in this area were the winners of 2007 Nobel Laureates. The Group has already reconstructed a gene-targeted Bacillus licheniformis producing EGF by this technique. The Group can use gene-targeted Bacillus licheniformis cells as vehicles to introduce genetic material into the human body, and the gene-targeted Bacillus licheniformis carrying various health genes could be established directly from this gene-targeting technique in the near future.

Chemical medicines development system

This system is capable of designing, synthesizing and analyzing various small molecular chemical drugs and can prepare various new pharmaceutical delivery systems such as orally disintegrating tablets, soft capsules, ophthalmic gel, lyophilized powders and small dripping solutions. There are additional systems in which the Group has invested which improved the R&D capabilities and reduce the cost of production of the chemical medications.

Product Development

The Group is currently engaging in the development of a number of new patent protected Class I & II prescription drugs. The Class I prescription drugs include Recombinant Exendin-4 (rExendin-4), Recombinant Human Erythropoletin-Fc (rhEPO-Fc), and the Class II prescription drugs include Recombinant Human Parathyroid Hormone 1-34 (rhPTH 1-34). The Group achieved progresses in various key projects, in particular considerable progresses were made on Recombinant Exendin-4 (rExendin-4) and Recombinant Human Parathyroid Hormone 1-34 (rhPTH 1-34). Over half of the Phase III clinical trial work in Exendin-4 was completed with respect to the classification of all patients. At the same time, commercialization were commenced for these two projects. Data regarding the interim testing on the drugs for these two projects were collected and analysed. All data derived from interim testing were submitted to Beijing Genetech Pharmaceutical Co., Ltd., which is a subsidiary of the Group. Beijing Genetech Pharmaceutical Co., Ltd. also commenced the construction of plants according to such data in full force. Design for civil construction was completed. Tendering work for major equipment was completed. It is expected that construction work will commence in October 2010 and the construction of the main structure will be completed by December. Preparation for GMP certification will commence by May 2011. Another prescription drug under Class II, namely, Recombinant Human Interleukin 11 (rhIL-11) is undergoing Phase III clinical trial work. As the State enhanced the standard for classification of patients, clinical trial for rhIL-11 is still under progress.

rExendin-4

With the rapid increase in population with diabetes, it is expected that the expenditure on diabetes treatment in the PRC will increase significantly in the years ahead. The demand for diabetes drugs are one of the fastest growing segments in the pharmaceutical market, increased by approximately 40% when compared to in 2004 and accounting for approximately 20% of all prescription drugs in the global markets. In the PRC, the size of pharmaceutical market is estimated to be about US$23–50 billion.

rExendin-4 is a non-insulin antidiabetic treatment candidate that stimulates the incretin pathway (a distinct mechanism of action) which is drawing attention in the medical community and has received the approval from State Food and Drug Administration in the PRC ("SFDA") for clinical trials. Phase I clinical trials started in July 2006 and completed in 2007, Phase II clinical trials were also completed by the end of 2008. Phase III clinical trials commenced in June 2009 and has completed the sub-division work of trial patients.

On 6 July 2009, the Company announced that it has initiated pre-clinical trial on application of rExendin-4 on treatment of Type I diabetes. On 8 July 2009, the Company announced that the rExendin-4 project has been approved after evaluation by authoritative experts in the PRC during the first batch topic presentation for the "New Key Drug Formulation" of the State's Major Science and Technology Project under the "Eleventh Five-Year Plan", topic numbered 2008ZX09101-036; and has secured the "Specialty Contract of the State's Major Science and Technology Project" with the Ministry of Science and Technology of the PRC. Among the 15 Class 1 new drug finalists of the first batch of genetic engineering drugs nationwide, the rExendin-4 project developed by the Group is the only project to receive grants in the Guangdong Province.

Classified as Class I prescription new drug with nominal side effects, rExendin 4 stimulates the body's ability to produce insulin in response to elevated levels of blood glucose, inhibits the release of glucagon following meals and slows down the rate at which glucose is being absorbed into the bloodstream. This new generation drug will be an effective treatment for Type 2 diabetes and is the only class of diabetic drugs that causes weight loss, the first of its kind to be in the PRC. Furthermore, the Group is in the process of investigating the long acting version ("LExendin-4").

On 4 May 2009, the Company announced that study shows that the LExendin-4 has the biological activity of natural Exendin-4. If the subsequent studies prove to be successful, LExendin-4 will be a new generation of Exendin-4 that can be used for the treatment of Type II diabetes, and potentially, of Type I diabetes as well.

rhEPO-Fc

This medication candidate can be used for treatment of anemia associated with renal diseases, cancer related therapies or surgical blood loss. EPO is currently commercialized by several pharmaceutical companies for a worldwide market that exceeds USD12 billion, and the EPO market is growing at an average annual rate of 21%. The pre-clinical trial of rhEPO-Fc has been completed and human clinical trial will commence upon approval.

As a Class I prescription drugs Recombinant Human Erythropoletin-Fc (rhEPO-Fc) has completed all pre-clinical trial, and has submitted an application to the State Administration for Food and Drugs for clinical trial. Two rounds of supplementary information were filed to support the application. It is now pending the approval from the State Administration for Food and Drugs so as to commence clinical trials on human beings in the next phase.

On 8 July 2009, the Company announced that the rhEPO-Fc project has joined the second batch topic presentation for the "New Key Drug Formulation" of the State's Major Science and Technology Project under the "Eleventh Five-Year Plan", topic numbered 2009ZX09102-229. The master budget of this project has been submitted to the Ministry of Science and Technology.

cTP-5 (previously known as rTP-5)

rTP-5 has been converted to cTP-5 as a class I chemical drug candidate for the treatment of chronic hepatitis B. It is well known that hepatitis is an epidemic in the PRC, especially hepatitis B. The global statistics of patients that have chronic infections with hepatitis B is around 400 million. The chronically infected population in the PRC is about 130 million (–30% of the global infected population).

cTP-5 is a chemical medical preparation for treating chronic hepatitis B and the research progress is currently at the final stages of pre-clinical trials. After stages of research and experiments, the Group is able to synthesize cTP-5 at a much lower cost than that of rTP-5 with similar effectiveness. Since most biopharmaceuticals products are bigger in size, the cost in production is much higher using the chemical method. However cTP-5 is only 5 amino acids in length, whereas most biopharmaceuticals are from 30 to 150 amino acids in length.

LFA3-Fc

LFA3-Fc is a Class I biopharmaceutical candidate for the treatment of psoriasis. The current treatment for psoriasis is suppression – orientated, but LFA3-Fc offers a potential cure for psoriasis. This is currently in the middle stages of pre-clinical trials.

rhIL-11

rhIL-11 is currently under Phase 3 clinical trials approved by the SFDA for the treatment of chemotherapy-induced thrombocytopenia.

rhIL-11 is a Class II prescription new drug candidate that stimulates human body to make platelets, which is a type of blood cell. It is suitable for patients who have received certain types of chemotherapy and is used to help prevent the number of platelets circulating in the blood from dropping to dangerously low level which can cause the patient to have difficulties in blood clotting.

rhIL-11 may reduce the need for platelet transfusions after chemotherapy. A study shows that after applying the drug to nonmyelosuppressed cancer patients, platelet counts increased significantly. Upon cessation of the treatment, platelet counts continued to increase for up to 7 days then returned to baseline within 14 days. Besides treating chemotherapy-induced thrombocytopenia, rhIL-11 is also shown to have a variety of non-haematological actions such as stimulation of osteoclast development, inhibition of proliferation of adipocytes, protection of the gastrointestinal mucosa, induction of acute phase response proteins and rheumatoid arthritis.

As the State enhanced the standard for classification of patients, clinical trial is still under progress and may need to postpone the time for launching.

rhPTH 1-34

rhPTH 1-34 (a Class II prescription new drug) has its Phase II clinical trial completed by the end of 2008. Phase III clinical trial commenced in April 2009. rhPTH 1-34 is a type of bone-active agent that primarily works by stimulating new bone formation on quiescent bone surface that is not simultaneously undergoing remodeling. It increases bone mass to a greater degree instead of just filling in the bone remodeling space.

Osteoporosis is a worldwide epidemic. In 2005, the affected population in the PRC with osteoporosis is approximately 90 million (almost 8% of the country's population). The severe prevalence of this disease is partly due to the dietary habit (lack of calcium). rhPTH 1-34 has the potential to restore bone mass, bringing it back towards normal, and may reduce the risk of osteoporotic fracture more than the currently available antiresorptive agents.

According to the preliminary information gathered, a group which is treated daily with rhPTH 1-34 is expected to reduce the risk of new vertebral fractures by about 65% and the risk of non-vertebral fractures by about 35% as compared with another group treated with placebo.

The Group has commenced the Phase III clinical trial for rhPTH 1-34 on April 2009. Over half of the Phase III clinical trial work was completed with respect to the classification of all patients. Data regarding the interim testing on the drugs were collected and analysed.

Research and development projects at pre-clinical state

Apart from above, the Group also conduct research and development on other new drugs. For example, IL-4, a class I prescription drugs in the pipeline and is very effective in the treatment of asthma. The market for IL-4 is expected to be promising.

Another one is FSH, a drug used for healing women sterility (or infecundity), which is now a very hot topic for the pharmaceutical industry. Apart from economic benefit that might be brought to the Group, the FSH would contribute a lot to society as a whole.

The Group will closely monitor the market and once favourable conditions appear, the Group will start the corresponding research and development works in full force.

Strategic Alliance

The Group has also formed a strategic alliance with DaAn Gene Co., Ltd of Sun Yat-sen University ("DaAn") to cooperate on individualized diagnostic reagents and new drugs. DaAn is a public company listed on the Shenzhen Stock Exchange, PRC. specialising in the field of biotechnologies, especially in the development and application of gene diagnostic technologies and related products.

DaAn was one of the first companies in the PRC to develop in 2003 the FQ-PCR kit for early detection of SARS-coronavirus (SARS-CoV) upon the platform of FQ-PCR.

The Directors expect that the formation of the strategic alliance with DaAn will bring positive effect to the Group's bio-science related business.

Liquidity and Financial Resources

During the year under review, 132,950,000 ordinary shares of HK$0.10 each were issued resulting from the exercise of share options granted by the Company at a subscription price of HK$0.2229 per share and 525,333,332 ordinary shares of HK$0.10 each were issued at issue price of HK$0.15 per share upon capitalisation of debts of the Group amounting to approximately HK$78,800,000.

At 31 March 2010, the Group's bank deposits, bank balances and cash amounted to HK$62,943,000 and bank and other borrowings amounted to HK$32,075,000. At 31 March 2010, the Group has total assets of approximately HK$1,110,870,000, current assets of the Group at 31 March 2010 amounted to approximately HK$154,745,000 while current liabilities were HK$86,212,000. The gearing ratio, calculated by dividing the total debts over its total assets, was 6.0%.

The Group's major interest and operations are in the PRC. The Group also contracts with suppliers for goods and services that are denominated in Renminbi ("RMB"). The Group does not hedge its foreign currency risks as the rate of exchange between Hong Kong dollar and RMB is controlled within a narrow range.

The following table illustrates the sensitivity analysis of the Group's profit after tax for the year and equity in regards to a 5% (2009: 5%) depreciation in the group entities' functional currencies against RMB. These percentages are the rates used when reporting foreign currency risk internally to key management personnel and represents management's best assessment of the possible change in foreign exchange rates.

The sensitivity analysis of the Group's exposure to foreign currency risk at the balance sheet date was determined based on the assumed percentage changes in foreign currency exchange rates taking place at the beginning of the financial year and held constant throughout the year.

	2010	2009
	RMB	RMB
	HK$'000	HK$'000
Profit for the year and retained profits	**163**	7,959

A 5% appreciation in the group entities' reporting currencies against RMB would have the same magnitude on the Group's profit for the year and equity but of opposite effect.

These are the same method and assumption used in preparing the sensitivity analysis included in the financial statements of the year ended 31 March 2009.

Exposures to foreign exchange rates vary during the year depending on the volume of transactions in RMB. Nevertheless, the analysis above is considered to be representative of the Group's exposure to foreign currency risk.

Pledge of Assets and Contingent Liabilities

As at 31 March 2010, leasehold building, leasehold land and land use rights and investment properties with an aggregate netbook value of HK$28,710,000 had been pledged to the Group's bankers for banking facilities granted to the Group.

At 31 March 2010, the Group did not have any material contingent liabilities.

Employment and Remuneration Policy

At 31 March 2010, the Group employed approximately 400 staff, including approximately 50 staff in the PRC R&D centres, approximately 200 staff in total in the PRC sales offices, approximately 140 staff in the PRC production sites and approximately 10 staff in Hong Kong. The Group adopts a competitive remuneration package for its employees. Promotion and salary increments are assessed based on performance. Share options may also be granted to staff with reference to the individual's performance.

CORPORATE GOVERNANCE

The Group is committed to maintaining and improving the quality of corporate governance so as to ensure better transparency and protection of shareholders' interest in general. The Directors believes that good corporate governance practices are increasingly important for maintaining and promoting investor confidence and for stable growth of the Group.

The Directors are of the opinion that the Company has complied with all the code provisions set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on Stock Exchange (the "Listing Rules") for the financial year 2009/2010, except for the following deviations.

According to code provision A.4.1 of the CG Code, the non-executive directors should be appointed for a specific term, subject to re-election. Currently, none of the three independent non-executive Directors is appointed for a specific term. However, all independent non-executive Directors are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the articles of association of the Company, and the terms of their appointment will be reviewed when they are due for re-election. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those set out in the CG code.

AUDIT COMMITTEE

The Company sets up the audit committee ("Audit Committee") for the purpose of reviewing and providing supervision over the Company's financial reporting procedures and the internal control system, and maintaining an appropriate relationship with the Company's auditors.

The written terms of reference which govern the authority and duties of the Audit Committee were adopted in 2001 and subsequently amended in 2005 to align with the requirements of the code provisions of the CG Code set out in the Listing Rules.

The Audit Committee provides an important linkage between the Board and the Company's auditors in relation to audit, financial reporting and internal control matters. The Audit Committee, comprising of all the five independent non-executive Directors (namely Mr. TSAO Hoi Ho (chairman), Mr. ZHOU Yaoming, Mr. LIN Jian, Mr. LOU Iok Kuong and Mr. LEUNG Ka Chun) had reviewed with the auditors and the management of the Company the audited results of the Group for the year ended 31 March 2010, the accounting principles and practices adopted by the Company and certain other matters relating to the internal control and financial reporting procedures of the Company.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the annual results for the year ended 31 March 2010 with the management.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this report, the Company has maintained sufficient public float as required under the Listing Rules as at the date of this report.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules. Upon enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 March 2010.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Group had no material acquisition or disposal of any subsidiaries and associated companies for the year ended 31 March 2010.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

During the year ended 31 March 2010, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company for the year ended 31 March 2010 will be dispatched to the shareholders and, for information only, holders of warrants and holders of share options of the Company and published on the website of the Stock Exchange at www.hkex.com.hk and the designated website of the Company at http://www.uni-bioscience.com/ in due course.

By order of the board of directors of
Uni-Bio Science Group Limited
Tong Kit Shing
Chairman

Hong Kong, 30 August 2010

As at the date of this announcement, the executive directors of the Company are Mr. Tong Kit Shing (Chairman) and Mr. Liu Guoyao; the independent non-executive directors of the Company are Mr. Zhou Yaoming, Mr. Lin Jian, Mr. TSAO Hoi Ho, Mr. LOU Iok Kuong and Mr. LEUNG Ka Chun.