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 2011

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 2011 together with the comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

	Note	**2011 HK$'000**	2010 HK$'000
Turnover	4	**76,764**	148,286
Cost of sales		**(29,112)**	(71,074)
Gross profit		**47,652**	77,212
Valuation gains on investment property		**3,408**	–
Other revenue and net income	5	**11,894**	5,497
Selling and distribution expenses		**(32,496)**	(36,021)
General and administrative expenses		**(94,030)**	(162,937)
Impairment loss on trade receivables		**(700)**	(83)
Impairment loss on goodwill		**(90,000)**	(30,510)
Impairment loss on other receivables, deposits and prepayments		**–**	(24,877)
Impairment loss on intangible assets		**(9,756)**	(123,969)
Impairment loss on property, plant and equipment		**(8,819)**	(22,215)
Loss on disposal of intangible assets		**–**	(13,159)
Loss on disposal of property, plant and equipment		**–**	(47,434)
Property, plant and equipment written off		**(572)**	(65,572)
Bad debts written off		**(4,163)**	–
Inventories written off		**–**	(3,062)
Loss from operation		**(177,582)**	(447,130)

	Note	2011 HK$'000	2010 HK$'000
Finance costs	6(a)	**(1,938)**	(2,455)
Share of loss of associates		**(3,230)**	(886)
Loss before taxation	6	**(182,750)**	(450,471)
Income tax	7	**(2,406)**	(4,182)
Loss for the year		**(185,156)**	(454,653)
Other comprehensive income			
Exchange differences arising on translation of financial statements of foreign entities		**8,302**	8,986
Total comprehensive loss for the year		**(176,854)**	(445,667)
Loss attributable to:			
Equity shareholders of the Company		**(185,156)**	(454,653)
Total comprehensive loss attributable to:			
Equity shareholders of the Company		**(176,854)**	(445,667)
Loss per share			
Basic (cents per share)	9	**(14.19)**	(8.00)
Diluted (cents per share)		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2011

	Note	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment		**200,910**	239,131
Investment property		**19,728**	4,925
Leasehold land and land use rights		**17,962**	22,188
Goodwill		**259,416**	349,416
Intangible assets		**308,570**	327,132
Interests in associates		**10,619**	13,333
		817,205	956,125
Current assets			
Leasehold land and land use rights		**1,050**	1,597
Inventories		**5,900**	4,274
Trade receivables	12	**16,710**	14,288
Other receivables, deposits and prepayments		**64,424**	71,643
Cash and cash equivalents		**16,545**	62,943
		104,629	154,745
Current liabilities			
Trade payables	13	**5,345**	13,169
Accrued charges and other payables		**15,527**	16,143
Amounts due to directors		**8,772**	5,928
Amounts due to associates		**15,819**	18,442
Bank loans		**23,766**	15,355
Other borrowings		**–**	16,720
Tax payables		**2,472**	455
		71,701	86,212
Net current assets		**32,928**	68,533
Total assets less current liabilities		**850,133**	1,024,658

	Note	2011 HK$'000	2010 HK$'000
Non-current liabilities			
Other borrowings		**1,545**	–
Deferred tax liabilities		**784**	–
		2,329	–
NET ASSETS		**847,804**	1,024,658
CAPITAL AND RESERVES			
Share capital		**13,048**	13,048
Reserves		**834,756**	1,011,610
TOTAL EQUITY		**847,804**	1,024,658

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2011

	Attributable to equity shareholders of the Company								
	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000	Statutory reserve HK$'000	Share-based payments reserve HK$'000	Distributable reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
1 April 2009	869,898	540,855	(267)	6,289	11,851	–	128,484	(268,063)	1,289,047
Total comprehensive (loss)/ income for the year	–	–	–	–	–	–	8,986	(454,653)	(445,667)
Issue of shares –									
– open offer	144,982	–	–	–	–	–	–	–	144,982
– bonus issue	289,966	(289,966)	–	–	–	–	–	–	–
Equity settled share-based payment transaction	–	–	–	–	36,296	–	–	–	36,296
Capital reorganisation	(1,291,798)	–	–	–	–	1,291,798	–	–	–
	(856,850)	(289,966)	–	–	36,296	1,291,798	8,986	(454,653)	(264,389)
At 31 March 2010	13,048	250,889	(267)	6,289	48,147	1,291,798	137,470	(722,716)	1,024,658
Total comprehensive (loss)/ income for the year	–	–	–	–	–	–	8,302	(185,156)	(176,854)
At 31 March 2011	**13,048**	**250,889**	**(267)**	**6,289**	**48,147**	**1,291,798**	**145,772**	**(907,872)**	**847,804**

Note: The distributable reserve represents credit arising from Capital Reorganisation effected by the Company during the year ended 31 March 2010.

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2011 and of the Group's loss 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.

EMPHASIS OF MATTER IN RELATION TO THE GOING CONCERN BASIS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

Without qualifying our opinion, we draw attention to note 2(b) to the consolidated financial statements which indicates that the Group incurred a loss attributable to equity shareholders of the Company of approximately HK$185,156,000 for the year ended 31 March 2011 and, as of that date, the Group had significant accumulated losses of approximately HK$907,872,000. These conditions, along with other matters as set forth in note 2(b) to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

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"). As the Company is a public company with the shares listed on the Hong Kong Stock Exchange with most of its investors located in Hong Kong, the directors consider that Hong Kong dollars is preferable in presenting the operating results and financial position of the Group.

Trading in the Shares on the Stock Exchange has been suspended since 9 March 2010 at the request of the Company.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2011 comprise the Company and its subsidiaries (collectively referred to as the "Group").

The Group incurred a loss for the year attributable to equity shareholders of the Company of approximately HK$185,156,000 and had significant accumulated losses of approximately HK$907,872,000 as at 31 March 2011. 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 investment property which are stated at their fair value as explained in the accounting policies set out below:

The preparation of financial statements in conformity with 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 judgements 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 reflected 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.

	2011 **HK$'000**	2010 HK$'000
Sales of pharmaceutical products	**76,764**	148,286

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

5 OTHER REVENUE AND NET INCOME

	2011	2010
	HK$'000	HK$'000
Interest income	**132**	226
Rental income from investment property	**974**	512
Government grants for research and development project	**2,150**	1,171
Exchange gain/(loss), net	**84**	(5)
Reversal of impairment on trade and other receivables	**3,540**	226
Amount waived by a creditor	**3,002**	–
Gain on disposal of property, plant and equipment	**276**	–
Reversal of impairment on inventories	**168**	–
Sundry income	**1,568**	3,367
	11,894	5,497

6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

		2011	2010
		HK$'000	HK$'000
a)	Finance costs		
	Interest on bank borrowings wholly repayable within five years	**1,683**	2,323
	Bank handling charges	**255**	132
	Total borrowing costs	**1,938**	2,455
b)	Staff costs (including directors' emoluments)		
	Contributions to defined contribution retirement plans	**662**	438
	Salaries, wages and other benefits	**13,250**	9,787
	Equity settled share-based payments expenses	**–**	36,296
		13,912	46,521
	Less: Staff costs included in research and development costs	**(323)**	(333)
		13,589	46,188

		2011 HK$'000	2010 HK$'000
c)	Other items		
	Auditor's remuneration	**1,100**	1,100
	Cost of inventories	**33,933**	70,572
	Amortisation of intangible assets	**30,219**	43,247
	Amortisation of land use rights	**1,628**	1,596
	Depreciation	**35,318**	44,534
	Less: Depreciation included in research and development costs	**(438)**	(13,089)
		34,880	31,445
	Minimum lease payments – property rentals		
	Operating lease charges:	**71**	376
	Research and development costs	**12,968**	360,814
	Less: Capitalisation on intangible assets	**(7,514)**	(170,908)
		5,454	189,906

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Income tax in the consolidated statement of comprehensive income represents:

	2011 HK$'000	2010 HK$'000
Current tax – Overseas		
PRC enterprise income tax for the year	**1,941**	4,555
Overprovision in prior years	**(300)**	(373)
	1,641	4,182
Deferred tax		
Origination and reversal of temporary differences	**765**	–
	2,406	4,182

a) No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Group did not have any assessable profits arising in Hong Kong during the year (2010: Nil).

Pursuant to the Corporate Income Tax Law of PRC, the statutory tax rate applicable to the Group's PRC subsidiaries is 25%, except for Shenzhen Watsin Genetech Pharmaceutical Co., Limited, which was recognised as advanced and new technology enterprises to enjoy a preferential enterprise income tax rate of 15%.

Pursuant to the Corporate Income Tax Law of the PRC and its relevant regulations, PRC-resident enterprises are levied withholding income tax at 10% on dividends to their non-PRC-resident corporate investors for earnings accumulated beginning on 1 January 2008. Undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. Under the Sino-Hong Kong Double Tax Arrangement and its relevant regulations, a qualified Hong Kong tax resident which is the "beneficial owner" and holds 25% or more of the equity interest of a PRC-resident enterprise is entitled to a reduced withholding tax rate of 5%. The Group is subject to withholding tax rate of 5% on retained earnings beginning on 1 January 2008.

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

	2011	2010
	HK$'000	HK$'000
Loss before income tax	**(182,750)**	(450,471)
Notional tax on loss before income tax, calculated at the rate applicable to loss in the countries concerned	**(36,928)**	(105,992)
Tax effect of non-taxable income	**(4,196)**	(66,018)
Tax effect of non-deductible expenses	**33,544**	121,419
Effect of tax concessionary rates granted to the PRC subsidiaries	**(1,295)**	(608)
Overprovision in prior years	**(300)**	(373)
Tax effect of unused tax losses not recognised	**11,581**	55,754
Actual tax expense	**2,406**	4,182

8 LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated loss attributable to equity shareholders of the Company includes a loss of approximately HK$338,646,000 (2010: HK$339,113,000) 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 shareholders of the Company is based on the following data:

	2011 **HK$'000**	2010 HK$'000
Loss for the year attributable to equity shareholders of the Company for the purpose of basic and diluted loss per share	**(185,156)**	(454,653)

	2011 **Number of shares**	2010 Number of shares
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**1,304,846,000**	5,671,016,718
Effect of dilutive potential ordinary shares – Share options	**59,854,951**	68,546,605
Weighted average number of ordinary shares for the purpose of calculating diluted loss per share	**1,364,700,951**	5,739,563,323

10 SEGMENT REPORTING

Segment revenues and results

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 2011

	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	20,459	14,159	42,146	76,764
Inter-segment sales	–	–	4,959	4,959
Reportable segment revenue	20,459	14,159	47,105	81,723
Reportable segment results – gross	5,307	9,046	33,299	47,652
Operating income and expenses	(13,208)	(20,441)	(68,314)	(101,963)
Impairment loss on trade receivables	(700)	–	–	(700)
Valuation (loss)/gain on investment property	–	(1,693)	5,101	3,408
Impairment loss on intangible assets	–	(2,258)	(7,498)	(9,756)
Impairment loss on property, plant and equipment	–	(8,819)	–	(8,819)
Property, plant and equipment written off	–	(514)	–	(514)
Bad debts written off	(4,163)	–	–	(4,163)
Segment results	(12,764)	(24,679)	(37,412)	(74,855)
Unallocated operating income and expenses	–	–	–	(102,727)
Operating loss				(177,582)
Finance costs				(1,938)
Share of loss of associates				(3,230)
Loss before taxation				(182,750)
Income tax				(2,406)
Loss for the year				(185,156)
Segment assets	65,453	109,289	484,592	659,334
Unallocated corporate assets				262,500
Total assets				921,834
Segment liabilities	31,961	3,204	28,640	63,805
Unallocated corporate liabilities				10,225
Total liabilities				74,030
Capital expenditure	–	1,539	9,826	11,365
Amortisation	–	3,692	28,155	31,847
Depreciation	9,841	10,135	15,314	35,290
Gain on disposal of property, plant and equipment	–	269	7	276

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
Inter-segment sales	4,089	–	–	4,089
Reportable segment revenue	87,936	10,418	54,021	152,375
Reportable segment results – gross	32,884	3,843	40,485	77,212
Operating income and 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 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	(31,516)	(257,940)	(82,796)	(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

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 2011

	Turnover HK$'000	**Total assets HK$'000**	**Capital expenditure HK$'000**
Hong Kong	**–**	**579,090**	**81**
PRC	**76,764**	**342,744**	**11,365**
	76,764	**921,834**	**11,446**

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
	148,286	1,110,870	195,699

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 2011 (2010: Nil), nor has any dividend been proposed since the end of the reporting period (2010: Nil).

12 TRADE RECEIVABLES

	The Group	
	2011	2010
	HK$'000	HK$'000
Trade receivables	**16,710**	14,288

At 31 March 2011, trade receivables of the Group amounting to approximately HK$7,071,000 (2010: approximately HK$29,022,000) were determined to be impaired. These receivables were due from companies with financial difficulties. The Group does not hold any collateral over these balances.

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

	The Group	
	2011	2010
	HK$'000	HK$'000
Within 30 days	**5,872**	5,268
31 – 60 days	**1,418**	3,590
61 – 90 days	**4,104**	3,567
Over 90 days	**12,387**	30,885
	23,781	43,310
Less: Provision for impairment	**(7,071)**	(29,022)
	16,710	14,288

Customers are generally granted with credit terms of 120 days (2010: 120 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	
	2011	2010
	HK$'000	HK$'000
Neither past due nor impaired	**14,861**	11,303
Past due and not impaired		
Not more than one month past due	**810**	1,181
Over one month past due	**1,039**	1,804
	1,849	2,985
	16,710	14,288

The movement in the allowance for doubtful debts during the year is as follows:

	The Group	
	2011	2010
	HK$'000	HK$'000
At 1 April	**29,022**	28,997
Impairment loss recognised	**700**	83
Bad debts written off	**(21,186)**	–
Reversal of impairment	**(2,485)**	(226)
Exchange differences	**1,020**	168
At 31 March	**7,071**	29,022

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

	The Group	
	2011	2010
	HK$'000	HK$'000
RMB	**16,710**	14,288

13 TRADE PAYABLES

	The Group 2011 HK'000	2010 HK'000
Trade payables	**5,345**	13,169

At 31 March 2011, 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 2011 HK'000	2010 HK'000
Within 30 days	**389**	2,974
31-60 days	**168**	1,806
61-90 days	**753**	3,591
Over 90 days	**4,035**	4,798
	5,345	13,169

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

	2011 HK'000	2010 HK'000
RMB	**5,345**	13,169

MANAGEMENT DISCUSSION AND ANALYSIS

During the year under review, the Company (together with its subsidiaries, the "Group") recorded a consolidated turnover of HK$76,764,000 representing a decrease of 48% compared with HK$148,286,000 recorded in the last financial year. The gross profit was HK$47,652,000 representing a decrease of 38% as compared with HK$77,212,000 recorded in the last financial year. The Group recorded a net loss of approximately HK$185,156,000 for the year ended 31 March 2011 compared to a net loss of approximately HK$454,653,000 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. In order to tackle the prolonged turmoil noted in the financial market which has adversely affected the 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.

Because of the foregoing, impairment loss on trade receivables of HK$700,000; impairment loss on goodwill of HK$90,000,000; impairment loss on intangible assets of HK$9,756,000; impairment loss on property, plant and equipment of HK$8,819,000 and valuation gain on investment properties of HK$3,408,000 were recognized as a result of re-assessment of the Group's assets portfolio for the current financial year.

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. The government of the PRC continued to support a series of policies, in particular, loosening of credit restrictions and stimulation of domestic consumption to drive up the GDP growth. These policies helped to ease certain negative impact, such as increased costs and market competition, 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$20,459,000 with segment results of HK$(12,764,000) for the year ended 31 March 2011. The turnover and segment results of corresponding period were HK$83,847,000 and HK$(27,427,000) 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 "inhouse biological pharmaceutical products".

In-house biological pharmaceutical products

The sales of rhEGF products achieved a turnover of HK$42,146,000 and a segment results of HK$(32,453,000) for the year ended 31 March 2011. The turnover and segment results of last year were HK$54,021,000 and HK$(82,796,000) respectively. The reported figure for segment results of in-house biological pharmaceutical products was affected by the research and development expenditure from HK$44,466,000 (2010: HK$44,466,000) and impairment loss on goodwill of HK$90,000,000 (2010: HK$0). During 2011, an amount of HK$7,154,000 (2010: 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.

This division achieved a turnover of HK$14,159,000 with segment results of HK$(24,679,000) for the year ended 31 March 2011. The turnover and segment results were HK$10,418,000 and HK$(257,940,000) 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$0 (2010: HK$24,759,000); impairment loss on intangible assets of HK$2,258,000 (2010: HK$123,969,000) and impairment loss on property, plant and equipment of HK$8,819,000 (2010: HK$22,215,000).

Research Platforms

The Group has developed several pharmaceutical R&D technology platforms, which include E.coli expression system, Pichia Yeast expression system, Mammalian cell expression system, E.coli constitutive secretion system, Gene therapy drug development system, Gene targeting system and Chemical medicines development system.

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 genetargeted 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

Developing and focusing its research on pharmaceutical products in the PRC, the Group has a number of new patent protected Class I & II prescription drugs in the pipeline. The Class I prescription new drugs include Recombinant Exendin-4 (rExendin-4), Recombinant Human Erythropoietin-Fc (rhEPO-Fc), Recombinant Thymopentin (rTP-5) which has been changed to cyclic Thymopentin (cTP-5). The Class II prescription new drugs include Recombinant Human Parathyroid Hormone 1-34 (rhPTH 1-34) and Recombinant Human Interleukin 11 (rhIL-11).

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. The self-developed bio-logical product is near to completion and the Board expects that upon formal approval by State Food and Drug Administration ("SFDA") and after marketing of the product, there will be a drastic jump on the Company's performance in the very near future.

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.

As announced on 21 January 2011, the rhEPO-Fc has obtained approval to conduct Phase I Human Clinical trial on its applications in the People's Republic of China (the "PRC").

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 early 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 chemotherapyinduced 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.

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.

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, no ordinary shares of HK$0.10 each were issued.

At 31 March 2011, the Group's bank deposits, bank balances and cash amounted to HK$16,545,000 and bank and other borrowings amounted to HK$25,311,000. At 31 March 2011, the Group has total assets of approximately HK$921,834,000, current assets of the Group at 31 March 2011 amounted to approximately HK$104,629,000 while current liabilities were HK$71,701,000. The gearing ratio, calculated by dividing the total debts over its total assets, was 8%.

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% (2010: 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.

	2011	2010
	HK$'000	HK$'000
Loss for the year and accumulated loss	**(2,462)**	(163)

A 5% appreciation in the group entities' functional currencies against RMB would have the same magnitude on the Group's loss 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 2010.

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 2011, leasehold land and land use rights and investment properties with an aggregate carrying value of HK$18,346,000 had been pledged to the Group's bankers for banking facilities granted to the Group.

At 31 March 2011, the Group did not have any material contingent liabilities.

Employment and Remuneration Policy

At 31 March 2011, the Group employed approximately 480 staff, including approximately 60 staff in the PRC R&D centres, approximately 250 staff in total in the PRC sales offices, approximately 160 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 Company is committed to the establishment of good corporate governance practices and procedures. The Company's corporate governance principles and practices are set out in the Corporate Governance Report on pages 16 to 17 of this report.

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, Terry (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 2011, 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.

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.

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 2011.

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

During the year ended 31 March 2011, 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 2011 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 June 2011

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.