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 2008

SUMMARY

Results for the year ended 31 March 2008

The Board is pleased to announce that, on 29 September 2008, the Board re-convened upon shorter notice the Board meeting adjourned on 31 July 2008, at which the publication of the audited consolidated results of the Group for the financial year ended 31 March 2008, which is now presented in this announcement below, was approved.

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 that, on 29 September 2008, the Board re-convened upon shorter notice the Board meeting adjourned on 31 July 2008, at which the publication of the audited consolidated results of the Group for the financial year ended 31 March 2008, which is now presented in this announcement below, was approved.

* *For identification purposes only*

RESULTS FOR THE YEAR ENDED 31 MARCH 2008

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2008

	Note	2008 HK$'000	2007 HK$'000
Continuing operations:			
Turnover	4	**869,946**	259,519
Cost of sales		**(332,264)**	(87,315)
Gross profit		**537,682**	172,204
Other revenue and net income	5	**702**	7,617
Selling and distribution costs		**(67,438)**	(21,806)
Administrative expenses		**(120,263)**	(35,479)
Other expenses		**(14,525)**	–
Operating profit		**336,158**	122,536
Finance costs		**(1,745)**	(4,726)
Profit before income tax	6	**334,413**	117,810
Income tax	7	**(139,134)**	(55,665)
Profit for the year from continuing operations		**195,279**	62,145
Discontinued operations:			
Profit/(Loss) for the year from discontinued operations		**3,101**	(1,829)
Profit for the year		**198,380**	60,316
Attributable to:			
Equity holders of the Company	8	**198,380**	60,322
Minority interests		**–**	(6)
		198,380	60,316
Dividends	11	**–**	11,044

	Note	2008 HK cents	2007 HK cents (restated)
Earnings per share	9		
From continuing and discontinued operations			
Basic		**2.60**	1.06
Diluted		**2.55**	1.01
From continuing operations			
Basic		**2.55**	1.09
Diluted		**2.51**	1.04

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2008

	Note	2008 HK$'000	2007 HK$'000
Non-current assets			
Goodwill		**573,552**	557,541
Property, plant and equipment		**353,840**	334,549
Investment properties		**5,277**	–
Leasehold land and land use rights		**28,144**	14,697
Intangible assets		**358,896**	114,257
Interests in associates		**9,979**	–
Deferred tax assets		**–**	1,874
		1,329,688	1,022,918
Current assets			
Leasehold land and land use rights		**1,036**	784
Inventories		**9,115**	15,352
Trade receivables	12	**209,033**	59,737
Other receivables, deposits and prepayments		**278,823**	142,919
Dividend receivable		**–**	1,100
Tax recoverable		**–**	219
Pledged bank deposits		**–**	13,550
Cash and cash equivalents		**38,353**	42,868
		536,360	276,529
Current liabilities			
Trade payables	13	**48,588**	30,380
Accrued charges and other payables		**86,223**	55,311
Tax payables		**60,979**	20,813
Amount due to a director		**3,007**	–
Current portion of long-term loans		**–**	12,645
Current portion of obligations under finance leases		**–**	161
Other loan		**10,000**	–
Trust receipts		**–**	2,962
Bank overdrafts, secured		**–**	8,951
		208,797	131,223
Net current assets		**327,563**	145,306
Total assets less current liabilities		**1,657,251**	1,168,224

	2008	2007
	HK$'000	*HK$'000*
Non-current liabilities		
Long-term loans	**–**	36,950
Obligations under finance leases	**–**	202
Convertible bonds	**–**	51,876
Deferred tax liabilities	**–**	8,766
	–	97,794
Net assets	**1,657,251**	1,070,430
Capital and reserves		
Share capital	**804,069**	100,400
Reserves	**853,182**	968,936
Total equity attributable to equity shareholders of the Company	**1,657,251**	1,069,336
Minority interests	**–**	1,094
Total equity	**1,657,251**	1,070,430

NOTES TO CONSOLIDATED ACCOUNTS:

1. GENERAL

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 Room 1502, 15/F, AXA Centre, No. 151 Gloucester Road, Wan Chai, Hong Kong.

The principal activity of the Company is investment holdings 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; and the manufacture and trading package products, paper gifts items and promotional products. The packaging products, paper gifts items and promotional products business were disposed of in September 2007.

The consolidated financial statements are presented in Hong Kong Dollars ("HKD"), which is the functional currency of the Group.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for the first time, the following new standards, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1 April 2007.

HKAS 1 Amendment	Capital disclosures
HKFRS 7	Financial instruments: Disclosures
HK(IFRIC) – INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC) – INT 8	Scope of HKFRS 2
HK(IFRIC) – INT 9	Reassessment of embedded derivatives
HK(IFRIC) – INT 10	Interim financial reporting and impairment
HK(IFRIC) – INT 11	HKFRS 2: Group and treasury share transactions

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new, amended or revised standards and interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of financial statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and separate financial statements[2]
HKAS 32 and HKAS 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation[1]
HKFRS 2 (Amendment)	Vesting conditions and cancellations[1]
HKFRS 3 (Revised)	Business combinations[2]
HKFRS 8	Operating segments[1]
HK(IFRIC) – INT 12	Service concession arrangements[3]
HK(IFRIC) – INT 13	Customer loyalty programmes[4]
HK(IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction[3]

1 Effective for annual periods beginning on or after 1 January 2009.
2 Effective for annual periods beginning on or after 1 July 2009.
3 Effective for annual periods beginning on or after 1 January 2008.
4 Effective for annual periods beginning on or after 1 July 2008.

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual report period beginning on or after 1 July 2009. HKAS 23 (Revised) will affect the accounting treatment of borrowing costs recognized on or after the beginning of the first annual report period beginning on or after 1 January 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The Directors anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

3. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with all applicable HKFRSs, which collectively include all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the 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 ("Listing Rules").

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting periods. Note 2 provides information on the changes in accounting policies resulting from initial application of these developments to the extent that 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), and the manufacture and trading of packaging products, paper gifts items and promotional products in Hong Kong and in the People's Republic of China (the "PRC"). The packaging products, paper gifts items and promotional products business were disposed of in September 2007.

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 to consolidated accounts.

5. OTHER REVENUE AND NET INCOME

	2008			2007		
	Continuing operation	**Discontinued operation**	**Consolidated**	Continuing operation	Discontinued operation	Consolidated
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Tax indemnity from an ex-director	**–**	**–**	**–**	–	6,676	6,676
Interest income	**557**	**249**	**806**	4,716	478	5,194
Waiver of loan from ex-shareholders of a subsidiary	**–**	**–**	**–**	2,901	–	2,901
Bad debts recovery	**–**	**–**	**–**	–	2,206	2,206
Rental income	**108**	**–**	**108**	–	360	360
Sundry income	**37**	**211**	**248**	–	1,475	1,475
	702	**460**	**1,162**	7,617	11,195	18,812

6. PROFIT BEFORE INCOME TAX

		2008			2007	
	Continuing operation	**Discontinued operation**	**Consolidated**	Continuing operation	Discontinued operation	Consolidated
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
a) Finance costs						
Imputed interest on convertible bonds wholly repayable within five years	**910**	**–**	**910**	4,726	–	4,726
Interest on bank advances and other bank borrowings wholly repayable within five years	**55**	**1,149**	**1,204**	–	2,121	2,121
Finance charges on obligations under finance leases	**–**	**6**	**6**	–	380	380
Other borrowing costs	**780**	**2,850**	**3,630**	–	7,634	7,634
Total borrowing costs	**1,745**	**4,005**	**5,750**	4,726	10,135	14,861
b) Staff costs (including directors' emoluments)						
Contributions to defined contribution retirement plans	**105**	**76**	**181**	74	212	286
Salaries, wages and other benefits	**20,710**	**2,213**	**22,923**	5,541	5,297	10,838
Share-based payments expenses	**7,007**	**–**	**7,007**	32,540	–	32,540
	27,822	**2,289**	**30,111**	38,155	5,509	43,664
Less: Staff costs included in research and development costs	**(5,072)**	**–**	**(5,072)**	(10,663)	–	(10,663)
	22,750	**2,289**	**25,039**	27,492	5,509	33,001

	2008			2007		
	Continuing operation	**Discontinued operation**	**Consolidated**	Continuing operation	Discontinued operation	Consolidated
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
c) **Other items**						
Auditors' remuneration	**4,900**	**–**	**4,900**	2,113	–	2,113
Cost of inventories	**316,569**	**45,030**	**361,599**	87,315	68,387	155,702
Amortisation of intangible assets	**29,096**	**–**	**29,096**	3,815	–	3,815
Amortisation of land use rights	**899**	**–**	**899**	194	–	194
Depreciation						
– assets held under finance leases	**–**	**–**	**–**	–	114	114
– other assets	**33,600**	**4,180**	**37,780**	11,793	8,684	20,477
	33,600	**4,180**	**37,780**	11,793	8,798	20,591
Less: Depreciation included in research and development costs	**(23,140)**	**–**	**(23,140)**	(400)	–	(400)
	10,460	**4,180**	**14,640**	11,393	8,798	20,191
Loss on disposal of property, plant and equipment	**4,177**	**–**	**4,177**	–	91	91
Operating lease charges: minimum lease payments – property rentals	**1,760**	**531**	**2,291**	850	1,248	2,098
Research and development costs	**55,399**	**–**	**55,399**	12,408	–	12,408

7. INCOME TAX

Hong Kong profits tax is calculated at the rate of 17.5% (2007: 17.5%) on the estimated assessable profit for the year.

Taxation on overseas profit has been calculated on the estimated assessable profit 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. Accordingly, the deferred tax balance had been calculated using the applicable rate of 25% to reflect the change in tax rate.

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.

8. PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The profit attributable to equity shareholders of the Company includes a loss of approximately HK$20,440,000 (2007: HK$8,136,000) which has been dealt with in the financial statements of the Company.

9. EARNINGS PER SHARE

(i) From continuing and discontinued operations

The calculation of basic and diluted earnings per share from continuing and discontinued operations attributable to equity holders of the Company is based on the following data:

	2008	2007
	HK$'000	*HK$'000*
Profit for the period attributable to equity holders of the Company for the purpose of basic and diluted earnings per share	**198,380**	60,322

	2008	2007
		(Note)
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**7,637,117,665**	5,704,109,593
Effect of dilutive potential ordinary shares – Share options	**129,930,586**	243,278,392
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**7,767,048,251**	5,947,387,985

Note: The weighted average number of ordinary shares for the year ended 31 March 2007 had been adjusted for the effect of bonus issue in August 2007.

(ii) From continuing operations

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

	2008	2007
	HK$'000	*HK$'000*
Profit for the purpose for calculating basic and diluted earnings per share from continuing operations	**195,279**	62,145

	2008	2007
		(Note)
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**7,637,117,665**	5,704,109,593
Effect of dilutive potential ordinary shares – Share options	**129,930,586**	243,278,392
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**7,767,048,251**	5,947,387,985

Note: The weighted average number of ordinary shares for the year ended 31 March 2007 had been adjusted for the effect of bonus issue in August 2007.

10. SEGMENT REPORTING

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.

Packaging products, paper gifts items and promotional products business – Manufacture and sale of packaging products, paper gifts items and promotional products.

Packaging products, paper gifts items and promotional products business were disposed of in September 2007.

There are no sale or other transactions between the business segments.

Primary reporting format-business segments
For the year ended 31 March 2008

	Continuing Operations				Discontinued Operations	
	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*	Packaging products, paper gifts items and promotional products business *HK$'000*	Consolidated *HK$'000*
Revenue from external customers	463,847	248,822	157,277	869,946	62,570	932,516
Segment results	233,758	174,074	129,850	537,682	17,540	555,222
Unallocated operating income and expenses				(201,524)	(10,434)	(211,958)
Profit from operations				336,158	7,106	343,264
Finance costs				(1,745)	(4,005)	(5,750)
Profit before income tax				334,413	3,101	337,514
Income tax				(139,134)	–	(139,134)
Profit for the year				195,279	3,101	198,380
Segment assets	355,876	835,766	649,910	1,841,552	–	1,841,552
Unallocated corporate assets				24,496	–	24,496
Total assets				1,866,048	–	1,866,048
Segment liabilities	79,822	61,641	32,202	173,665	–	173,665
Unallocated corporate liabilities				35,132	–	35,132
Total liabilities				208,797	–	208,797
Capital expenditure	60,073	124,753	159,447	344,273	–	344,273
Amortisation	–	17,179	12,816	29,995	–	29,995
Depreciation	10,460	16,788	6,352	33,600	4,180	37,780
Write down of obsolete inventories	–	–	–	–	1,950	1,950
Impairment loss of property, plant and equipment	–	–	10,348	10,348	–	10,348
Loss on disposal of property, plant and equipment	–	–	4,177	4,177	–	4,177
Impairment loss on intangible assets	–	3,050	–	3,050	–	3,050
Write off of inventories	–	–	–	–	–	–
Write off of bad debts	–	–	–	–	–	–

For the year ended 31 March 2007

	Continuing Operations				Discontinued Operations	
	Distribution of third party pharmaceutical products	In-house chemical pharmaceutical products	In-house biological pharmaceutical products	Total	Packaging products, paper gifts items and promotional products business	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	212,526	46,993	–	259,519	81,375	340,894
Segment results	133,030	39,174	–	172,204	12,988	185,192
Unallocated operating income and expenses				(49,668)	(9,989)	(59,657)
Profit from operations				122,536	2,999	125,535
Finance costs				(4,726)	(10,135)	(14,861)
Gain on deconsolidation of a subsidiary				–	10,147	10,147
Profit before income tax				117,810	3,011	120,821
Income tax				(55,665)	(4,840)	(60,505)
Profit/(loss) for the year				62,145	(1,829)	60,316
Segment assets	193,643	475,269	466,966	1,135,878	91,480	1,227,358
Unallocated corporate assets	–	–	–	41,011	31,078	72,089
Total assets				1,176,889	122,558	1,299,447
Segment liabilities	34,001	1,585	–	35,586	113,482	149,068
Unallocated corporate liabilities				78,893	1,056	79,949
Total liabilities				114,479	114,538	229,017
Capital expenditure	227,152	75,323	102,113	404,588	793	405,381
Amortisation	–	4,009	–	4,009	–	4,009
Depreciation	7,576	3,817	400	11,793	8,798	20,591
Write down of obsolete inventories	–	–	–	–	(3,360)	(3,360)
Impairment loss of bad and doubtful debts	–	–	–		(548)	(548)
Write off of inventories	–	–	–	–	(646)	(646)
Write off of bad debts	–	–	–	–	(287)	(287)

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 2008

	Turnover			**Total assets**			**Capital expenditure**		
	Continuing operations *HK'000*	**Discontinued operations** *HK$'000*	**Consolidated** *HK$'000*	**Continuing operations** *HK$'000*	**Discontinued operations** *HK$'000*	**Consolidated** *HK$'000*	**Continuing operations** *HK$'000*	**Discontinued operations** *HK$'000*	**Consolidated** *HK$'000*
Hong Kong	**–**	**42,084**	**42,084**	**787,378**	**–**	**787,378**	**–**	**–**	**–**
The PRC	**869,811**	**17,985**	**887,796**	**1,078,670**	**–**	**1,078,670**	**344,273**	**–**	**344,273**
Other countries	**135**	**2,501**	**2,636**	**–**	**–**	**–**	**–**	**–**	**–**
	869,946	**62,570**	**932,516**	**1,866,048**	**–**	**1,866,048**	**344,273**	**–**	**344,273**

For the year ended 31 March 2007

	Revenue			Total assets			Capital expenditure		
	Continuing operations *HK'000*	Discontinued operations *HK$'000*	Consolidated *HK$'000*	Continuing operations *HK$'000*	Discontinued operations *HK$'000*	Consolidated *HK$'000*	Continuing operations *HK$'000*	Discontinued operations *HK$'000*	Consolidated *HK$'000*
Hong Kong	–	78,343	78,343	751,042	122,558	873,600	84	793	877
The PRC	259,519	1,279	260,798	425,847	–	425,847	404,504	–	404,504
Other countries	–	1,753	1,753	–	–	–	–	–	–
	259,519	81,375	340,894	1,176,889	122,558	1,299,447	404,588	793	405,381

11. DIVIDENDS

	2008 *HK$'000*	2007 *HK$'000*
Proposed final dividend	**–**	11,044

The Directors do not recommend the payment for a dividend for the year ended 31 March 2008. The dividend payment for the year ended 31 March 2007 was reflected as an appropriation of retained profits for the year ended 31 March 2008.

12. TRADE RECEIVABLES

	The Group	
	2008	2007
	HK$'000	*HK$'000*
Trade receivables	**209,033**	59,737

At 31 March 2008, trade receivables of the Group amounting to approximately HK$9,392,000 (2007: approximately HK$9,322,000) were determined to be impaired and full provision had been made. These receivables were due from companies with financial difficulties.

Customers are generally granted with credit terms of 30 to 90 days (2007: 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. The aging analysis of the trade receivables is analysed as follows:

	The Group	
	2008	2007
	HK$'000	*HK$'000*
Within 30 days	**73,289**	47,720
31 – 60 days	**45,983**	1,629
61 – 90 days	**39,278**	2,935
Over 90 days	**59,875**	16,775
	218,425	69,059
Less: Provision for impairment of receivables	**(9,392)**	(9,322)
	209,033	59,737

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

	The Group	
	2008	2007
	HK$'000	*HK$'000*
Renminbi ("RMB")	**209,033**	40,897

13. TRADE PAYABLES

	The Group	
	2008	2007
	HK$'000	*HK$'000*
Trade payables	**48,588**	30,380

At 31 March 2008, all the trade payables are expected to be settled within one year and the aging analysis of the trade payables is analysed as follows:

	The Group	
	2008	2007
	HK$'000	*HK$'000*
Within 30 days	**7,539**	16,842
31 – 60 days	**25,426**	3,254
61 – 90 days	**8,524**	1,813
Over 90 days	**7,099**	8,471
	48,588	30,380

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

	The Group	
	2008	2007
	HK$'000	*HK$'000*
RMB	**48,588**	16,997

MANAGEMENT DISCUSSION AND ANALYSIS

During the year under review, the Group recorded a consolidated turnover of HK$869,946,000, representing an increase of 235% compared with HK$259,519,000 recorded in the last corresponding period. The gross profit was HK$537,682,000 representing 3.12 times of the gross profit of HK$172,204,000 (adjusted) as of last year. The Group achieved a net income of approximately HK$198,380,000 for the year compared to a net income of approximately HK$60,316,000 in year 2007.

The significant corporate events during the period under review include:

(i) Acquisition of 100% interest in Zethanel Properties Limited, holding the entire equity interests in Shenzhen Watsin Genetech Co. Ltd. (深圳市華生元基因工程發展有限公司) ("Shenzhen Watsin"). The acquisition was completed on 22 August 2007. Shenzhen Watsin is a wholly-foreign owned enterprise established in the PRC and it is principally engaged in the development, manufacturing and marketing of biopharmaceutical products. Its main products are recombinant human epidermal growth factor products ("rhEGF products") in liquid preparations primarily indicated for external use for burn and wound care. The flagship product, "GENETIME", is a liquid spray rhEGF formulation and has been granted a Class I prescription new drug certificate by the Ministry of Health of the PRC.

    In July 2007, Shenzhen Watsin obtained the approval to distribute and sell its flagship rhEGF product "GENETIME" in the Russian Federation and have succeeded in making sales of such products in the Russian Federation following the grant of such approval.

    The consideration for the acquisition was approximately HK$366.7 million and was settled partly in cash of HK$165,000,000 and the balance of HK$201,700,000 by the allotment and issue of 36,670,000 new ordinary shares (each a "Share") of HK$0.10 each at issue price of HK$5.50 per Share. Before the acquisition, the Group was the sole distributor of pharmaceutical products for Shenzhen Watsin since April 2007. The acquisition was completed on 22 August 2007 and the results of Shenzhen Watsin was consolidated and sales of rhEGF products was accounted for as in-house bio-pharmaceutical sales from 22 August 2007. rhEGF products distributed by the Group for Shenzhen Watsin before 22 August 2007 amounted to HK$72,188,000 was included in "distribution of third party pharmaceutical products" business segment.

(ii) Disposal of 100% equity interest in New Master Group Limited ("New Master" and its subsidiaries, the "New Master Group"), an investment vehicle holding the packaging products, paper gifts items and promotional products operation of the Group for HK$36 million. The disposal was completed on 30 September 2007 and as a result, the packaging products, paper gifts items and promotional products business was classified as discontinued operations.

Business Review

During the year under review, the healthcare reform in the PRC continues in full momentum. The PRC healthcare industry continues to be modernized and measures combating counterfeiting and substandard drugs were introduced to further regulate the industry. The PRC healthcare industry has already become one of the fastest growing healthcare markets in the world over the last decade. Total health expenditure and per capita health expenditure have been growing at an annual average rate of over 16 percent. Underpinning such phenomenal growth are enhanced living standard, increase in per capita income, growth of the aging population, increasing healthcare consciousness, and the PRC Government's commitment to reform and to increase the healthcare budget for both the urban and rural medical systems as part of its committed effort to establish a harmonious society.

Distribution of pharmaceutical products

This division achieved a turnover of HK$463,847,000 with gross profit of HK$233,758,000 for the year ended 31 March 2008. The turnover and gross profit of the corresponding period was HK$212,526,000 and HK$133,030,000 respectively. The improvement in performance was mainly attributed to significant increase in market penetration, the increase in number of products distributed and growing demand for products distributed by the Group.

In-house chemical pharmaceutical products

After completion in December 2006 of the acquisition of Nan Hoo Properties Limited (which directly owns Beijing Genetech Pharmaceutical Co., Ltd., a wholly foreign-owned enterprise established in the PRC engaging principally in the manufacture of tablets, capsules, granules and large volume parenteral solutions and the research and development of pharmaceutical drugs with its own production facilities in Changping District, Zhong-Guan-Cun, Beijing, the PRC), the Group took advantage of its well balanced portfolio of chemical pharmaceutical products and established distribution networks. This division achieved a turnover and gross profit of HK$248,822,000 and HK$174,074,000 respectively for the year ended 31 March 2008. The turnover and gross profit of the corresponding period was HK$46,993,000 and HK$39,174,000 respectively. The improvement in performance was mainly attributed to the significant increase in market penetration, the increase in number of products distributed and growing demand for products manufactured by the Group.

In-house biological pharmaceutical products

After completion of the acquisition of Shenzhen Watsin through the acquisition of Zethanel Properties Limited in August 2007, the sales of rhEGF products continued to grow. The sale of rhEGF products following the completion of acquisition of Shenzhen Watsin was accounted for as "in-house biological pharmaceutical products" and this division achieved a turnover of HK$157,277,000 and a gross profit of HK$129,850,000.

Packaging products, paper gifts items and promotional products business

During the year under review, the Group disposed of its packaging products, paper gifts items and promotional products business carried on by the New Master Group for HK$36 million, resulting in a profit on disposal of HK$1,246,000.

Given the sustainable economic growth of the PRC and the increase in demand for pharmaceutical and healthcare products over the past years, the Company is optimistic about the future prospects of the pharmaceutical and healthcare industry. The Company believes and considers it more realistic that, by way of (i) re-deploying resources to expand the relatively more promising bio-science related business and (ii) disposal of the continuous loss-making printing and packaging business, the Group would result in a rationalization of its business direction and an increase in its profitability and market competitiveness.

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 are 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 biologic 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 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 so 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 carried various health gene 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 types such as orally disintegrating tablets, soft capsule, ophthalmic gel, lyophilized powder and small dripping solution. 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 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 last financial year and currently are in the final stages of Phase II clinical trials.

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.

rhEPO-Fc

This medication 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 USD$12 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 be commenced upon approval.

cTP-5 (previously known as rTP-5)

rTP-5 has been converted to cTP-5 as a class I chemical drug 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 China 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 product 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 and is expected to be launched by 2009.

rhIL-11 is a Class II prescription new drug 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 non-myelosuppressed 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.

rhPTH 1-34

Another bio-pharmaceutical product of the Group, namely rhPTH 1-34 (a Class II prescription new drug) is scheduled to complete the Phase II clinical trial by second half of 2008 and Phase III clinical trial will start soon after. 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 do.

According to the preliminary information gathered, a group which is daily treated 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.

Chemical medicines in pipeline

Asides from a series of innovative bio-medicines in the pipeline, the Group also has a series of both innovative and generic chemical medicines in the pipeline. The indications of the chemical medicines include: allergic rhinitis, nausea and vomiting, Parkinson's disease, high blood pressure, obesity, lipid lowering, cough, asthma, allergy and heart failure. The research is at various stages of pre-clinical and clinical trials.

Future Outlook and Prospects

The key growth driver for the Group is a diversified product portfolio and a low cost to high premium mix, in which the research and development ("R&D") cost is only 3-5% of the counterparts in USA. The Group would expect to further increase the number of distributed products and will expand the sales and distribution coverage. Sales and profitability are expected to be boosted significantly upon the marketing of drugs currently being developed in the pipeline. The corporate strategy is to adopt vertical integration by integrating production process, supply of raw materials or active pharmaceutical ingredients, R&D and manufacturing so as to enable the Group to become a leading player in the biotechnology industry in the PRC.

The outlook for fiscal year 2008/2009 is favourable. The Company 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. The Company will maintain its strategic focus on growth enhancement and anticipates the Group's overall business in fiscal year 2008/2009 to further prosper. It is one of the Company's primary objectives to make every effort to enhance the investment value of the shareholders of the Company.

Liquidity and Financial Resources

During the year under review, 182,000,000 Shares were issued resulting from the exercise of share options.

At 31 March 2008, the Group's bank deposits, bank balances and cash amounted to HK$38,353,000 and bank and other borrowings amounted to HK$10,000,000. At 31 March 2008, the Group has assets of approximately HK$1,866,048,000. Current assets of the Group at 31 March 2008 amounted to approximately HK$536,360,000 while current liabilities were HK$208,797,000. The gearing ratio, calculated by dividing the total debts over its total assets, was 0.5%.

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. The Group does not hedge its foreign currency risks as the rate of exchange between Hong Kong dollar and Renminbi is controlled within a narrow range. However, any permanent changes in foreign exchange rates in Renminbi may have an impact on the Group's results.

Pledge of Assets and Contingent Liabilities

At 31 March 2008, the Group did not have any assets pledged or any material contingent liabilities.

Employment and Remuneration Policy

At 31 March 2008, the Group employed approximately 600 staff, including approximately 80 staff in the PRC R&D centres, approximately 300 staff in total in the PRC sales offices, approximately 200 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

As at 31 March 2008, the Company has complied with the code provisions prescribed in the Code on Corporate Governance Practices ("CG Code") set out in Appendix 14 of the Listing Rules except for the deviation from the Code Provision A.4.1.

Under code provision A.4.1 of the CG Code, 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 link 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 three independent non-executive Directors (namely Mr. SO Yin Wai, Mr. ZHOU Yaoming and Mr. LIN Jian) had reviewed with the auditors and the management of the Company the audited results of the Group for the year ended 31 March 2008, 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 2008 with the management.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of its Directors as at the latest practicable date prior to the issue of this announcement, the Company has maintained sufficient public float as required under the Listing Rules during the year ended 31 March 2008.

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 2008.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Other than the acquisitions and disposal as disclosed under the paragraph headed "Management Discussion and Analysis" in this announcement above, the Group had no material acquisition or disposal of any subsidiaries and associated companies for the year ended 31 March 2008.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2008, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company for the year ended 31 March 2008 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.finance.thestandard.com.hk/en/0690unibioscience in due course.

By order of the Board
TONG Kit Shing
Chairman

Hong Kong, 29 September 2008

* *For identification purposes only*

As at the date of this announcement, the executive Directors of the Company are Mr. TONG Kit Shing (Chairman), Mr. LIU Guoyao and Mr. CHENG Wai Man; the independent non-executive Directors are Mr. ZHOU Yaoming, Mr. LIN Jian and Mr. SO Yin Wai.