UNI-BIO SCIENCE GROUP LIMITED
聯康生物科技集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0690)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2021

- For the year ended 31 December 2021 (the "**Year**"), the Group achieved a record high turnover of HK$353.4 million, representing a noticeable increase of 69.3% year-on-year ("**YoY**").
- Sales of GeneTime® and GeneSoft® had fully recovered and exceeded the pre-COVID-19 level, registered an increase of 24.3% and 14.8% YoY respectively. The Group started the mass production of Boshutai® and the sales of Boshutai® met the Group's initial expectation.
- The Group narrowed its loss to HK$19.6 million (2020: loss of HK$71.3 million), which was mainly attributed to the significant increase in sales of all major drugs which drove up the profitability of the Group.

* *For identification purposes only*

- The clinical trial for the 2nd Generation liquid form Uni-PTH had been successfully completed and clinical trial-related works for Uni-GLP-1 liquid formulation were launched.

- The Group developed a strategic partnership with DotBio Pte. Ltd. ("**DotBio**") to co-develop next-generation best-in-class compounds in ophthalmology and other potential therapeutic areas.

- Formed a strategic partnership with Alephoson Biopharmaceuticals Ltd. ("**Alephoson**") to explore new technology in retinal diseases as well as to overcome the limitations of intravitreal injection treatment.

- Collaborated with Nano and Advanced Materials Institute ("**NAMI**") to co-develop an innovative formulation of rhEGF (recombinant human epidermal growth factor) products including GeneTime®.

The board (the "**Board**") of directors (the "**Directors**") of the Uni-Bio Science Group Ltd. (the "**Company**", together with its subsidiaries, the "**Group**") is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2021 as follows:

KEY FINANCIAL HIGHLIGHTS

For the year ended 31 December

	2021	2020
Revenue *(HK$'000)*	**353,405**	208,776
Adjusted EBITDA *(HK$'000)*	**13,666**	(40,963)
Gross profit margin *(%)*	**78.4%**	86.7%
R&D costs to revenue *(%)*	**14.2%**	19.5%
As at 31 December		
Current ratio *(times)*	**2.18**	3.01
Gearing ratio *(%)*	**0.0%**	0.0%
Total assets turnover *(%)*	**132.1%**	82.6%

FINANCIAL FIGURES BASED ON REPORTABLE SEGMENT FOR THE YEAR ENDED 31 DECEMBER 2021 AND 2020

	Year ended 31 December		
	2021	2020	Change
	HK$'000	*HK$'000*	
Revenue	**353,405**	208,776	69.3%
Cost of sales	**(76,398)**	(27,682)	176.0%
Gross profit	**277,007**	181,094	53.0%
Other revenue	**5,935**	16,323	-63.6%
Other gains and losses	**134**	(7,077)	-101.9%
Selling and distribution costs	**(185,671)**	(145,515)	27.6%
General and administrative expenses	**(47,177)**	(35,830)	31.7%
Research and development expenses	**(50,219)**	(40,728)	23.3%
Provision for litigation	**(15,610)**	–	N/A
Equity-settled share-based payment expenses	**(3,934)**	(10,890)	-63.9%
Write-off of intangible assets	**–**	(28,245)	-100%
Finance costs	**(477)**	(73)	553.4%
Loss before taxation	**(20,012)**	(70,941)	-71.8%
Income tax credit/(expense)	**421**	(378)	-211.4%
Loss for the year	**(19,591)**	(71,319)	-72.5%

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

China's pharmaceutical market has maintained a rapid growth that exceeds the global market. From 2016 to 2020, China's pharmaceutical market grew from RMB1,329.4 billion to RMB1,791.9 billion and is expected to reach RMB1,885.8 billion in 2021 along with the economic rebound, thanks to the effective control of the COVID-19 pandemic by the Chinese government. In 2021, the Group successfully captured the recovery with the sales of Pinup®, GeneTime®, GeneSoft® and Boshutai®, which recorded significant increases and even exceeded the pre-COVID-19 level in 2019.

In recent years, China has been in the process of upgrading its generic drug market by encouraging research and development ("**R&D**") of high-end generic drugs, and this has created a huge market with favorable policies for high-value generic drugs. On the other hand, driven by government incentives and capital from the market, the rise of domestic innovation has also accelerated. Domestic innovative drugs have started entering the harvest period, and it is believed that more first-in-class and best-in-class innovative products will be available in China in the coming decade. Functional cosmetics is one of the most important and popular downstream applications of innovative drugs. Data from Markets & Markets shows that the global functional cosmetics market is projected to reach USD4.1 billion by 2026, at a CAGR of 5.2% from USD3.2 billion in 2021. According to iResearch Consulting Group's report, it is also observed that Chinese consumers nowadays pay more attention to skincare, and the national policies in China are encouraging product innovation of functional cosmetics. The Chinese market is expected to become more diversified, with participation of more companies with aesthetic medicine and pharmaceutical background, bringing higher value products to the industry. Uni-Bio will seize all these opportunities and aim to become one of the top niche biopharmaceutical companies in China.

BUSINESS REVIEW

Uni-Bio Science — A Fully Integrated Biopharmaceutical Company

Uni-Bio Group is a biopharmaceutical company focusing on diabetes and related metabolic disorders, dermatology and ophthalmology. From R&D, production, manufacturing, to sales and distribution of biopharmaceutical and chemical drugs, the Group has established a fully integrated business platform serving the entire value chain. As of 31 December 2021, the group has launched four products into the market, namely GeneTime®, GeneSoft®, Pinup® and Boshutai®.

KEY ACCOMPLISHMENTS IN 2021

Achieved a Record High Turnover

During the Year, the turnover of the Group achieved a record high and recorded a noticeable increase of 69.3% year-on-year ("**YoY**"). The revenue growth was mainly attributable to the strong rebound of the Group's core products. Sales of GeneTime® and GeneSoft® performed well and had fully recovered and exceeded the pre-COVID-19 level, thanks to the Group's direct sales team and robust distributor networks, both channels strengthened since 2018.

Strategic Partnership with DotBio to Explore New Technology in Retinal Diseases

In March 2021, the Group and DotBio Pte. Ltd. ("**DotBio**") formed a partnership to co-develop next-generation, best-in-class therapeutics for patients with retinal diseases, such as age-related macular degeneration (AMD), diabetic macular edema (DME), retinal vein occlusion (RVO), and myopic choroidal neovascularization (mCNV). Under the agreement, DotBio's Hong Kong subsidiary, DotBioHK, is responsible for generating multiple multi-valent and/or bi-specific stabilized and humanized single-domain antibody candidates for various targets using DotBio's proprietary DotBody technology. The Group is responsible for chemical manufacturing control (CMC), investigation New Drug (IND) submission, clinical trial and commercialization. During the Year, the Group had been exploring different innovative technology with DotBio to overcome the limitations of intravitreal injection treatment. This includes the strategic alliance formed with Alephoson Biopharmaceuticals later in the year of 2021.

Strategic Alliance with Alephoson to Co-develop Next-generation Best-in-class Compounds

In September 2021, the Group formed a strategic alliance with Alephoson Biopharmaceuticals Ltd. ("**Alephoson**") to explore the use of Cell Penetration Protein Alternation Technology (CePPA) with the Group's next-generation, best-in-class compounds for patients with retinal diseases and other potential therapeutic areas. Alephoson is a technology-based biopharmaceutical company focusing on innovative CePPA delivery system, which facilitates cellular intake and uptake of molecules like nanosize particles, commonly through endocytosis. In recent years, a great number of studies reported the potential of Cell Penetrating Peptides (CPPs) as carriers for the treatment of various diseases and a crucial advantage of CPP-based therapies is the peptides low toxicity and increased efficiency compared to most other carriers. Forming partnerships and alliances with Alephoson not only aligns with the Group's long-term development plan of expanding the pipeline of next-generation drugs, but it also diversifies formulation choices of the Group's marketed and pipeline products.

Collaborated with NAMI to Co-develop an Innovative Formulation of rhEGF

In September 2021, the Group collaborated with Nano and Advanced Materials Institute (NAMI) to explore an innovative formulation of rhEGF (recombinant human epidermal growth factor) products including GeneTime®. The Group has been exploring the new formulation of rhEGF product with one of NAMI's core technologies, Healthcare Nanofiber. The alliance with NAMI aligns with the Group's long-term development plan of expanding usage of its rhEGF products. Leveraging NAMI's innovative material technology, the Group can diversify the formulation of rhEGF products and potentially expand application scope in the future.

R&D and Pipeline Progress

During the Year, the Group continued to focus on developing innovative and proprietary products in endocrinology, ophthalmology and dermatology areas. Currently, the Group has several leading patented biopharmaceutical products and certain high-value generic products under various stages of development. The Group's R&D team is working diligently to research and discover newly-patented drugs to fulfill the unmet medical needs of patients.

Patented Biologic Drugs

Products/ Components	Indication	Discovery	Pre-clinical	Phase 1	Phase 2	Phase 3	BE	NDA	Marketed
Metabolic									
Uni-PTH (liquid)	Osteoporosis	✓	✓	CTE	CTE	CTE	✓		
Uni-PTH (oral)	Osteoporosis	✓	✓						
Uni-GLP (liquid)	Type 2 Diabetes	✓	✓	CTE	CTE	✓			
Uni-GLP (liquid)	Obesity	✓	✓						
Uni-GLP (oral)	Type 2 Diabetes	✓	✓						
Ophthalmology									
UB101	AMD	✓							
UB102	AMD	✓							
Dermatology									
UB103	TBD	✓							
Wound Healing									
UB104	Wound Healing	✓							

Note: BE, bioequivalence, CTE, the abbreviated form of clinical trial exemption, refers to the authorization to administer an investigational agent to patients or volunteer subjects under specified conditions of a particular research study in a clinical setting. Upon approval, the new drug can be exempted from Phase I/II/III clinical trial.

UNI-PTH

Uni-PTH (a recombinant human parathyroid hormone 1-34 analogue), a proprietary product that is under R&D of the Group, is effective in treating osteoporosis and bone pain, increasing bone density and reducing the risk of bone fracture. Currently, the drug is the only class of anabolic agent which can actively increase bone density and reduce the chance of vertebral and hip fractures by stimulating osteoblasts activity. Through stimulating new bone formation, Uni-PTH can quickly improve bone quality and increase bone density within 6 months of treatment, therefore reducing fracture incidence and bone pain, which is especially helpful in treating patients with moderate-to-severe osteoporosis and ostealgia. 2nd Generation Uni-PTH improves upon the formulation of 1st Generation Uni-PTH in terms of patient convenience. Uni-PTH is also one of the few fully biological expressed parathyroid hormone analogue in the world, which has very limited competition in the Chinese market.

In September 2020, the 2nd Generation Uni-PTH (pre-filled injection pen) had been approved by the National Medical Products Administration ("**NMPA**") for clinical trial. During the Year, clinical trial for the 2nd Generation liquid form Uni-PTH had been successfully completed and the Group has planned to apply for New Drug Application ("**NDA**") in 2022. Currently, the Group is in preparation for data collecting for the development of the 3rd Generation oral form Uni-PTH.

Uni-GLP-1

The Group's GLP-1 product is the first biologically expressed GLP-1 agent in the world. Although the biological expression of GLP-1 has the same primary structure sequence as the chemically synthesized Exenatide, it is more similar to the natural GLP-1 existing in living body in terms of secondary structure, with a more complete and stable biologically spatial structure, leading to potentially better efficacy and safety. Due to its higher technical requirement, the product cannot be easily replicated, thus enjoying greater advantages in pricing, price support (as it is not included in the national volume-based procurement) and higher entry barrier compared with chemically synthesized Exenatide. The product also enjoys the benefits from stable active pharmaceutical ingredients supply as no external procurement is required. With its clinical, cost and pricing advantages, Uni-GLP-1 has the potential of becoming a leading product in China. In addition, the liquid formulation developed by the Group is compatible with safe and efficient injection pens for multiple uses without reconstitution, offering greater convenience compared with the powder formulation. Clinical trial-related works for Uni-GLP-1 liquid formulation were launched during the Year as planned and the Group is going to accelerate further clinical work in 2022.

In the past two years, the Group had collaborated with universities to conduct Obesity indications and oral GLP-1 formulation product R&D. During the collaboration, we were surprised to find that, the results of long-term administration of the drug on the weight of DIO mice showed that the drug achieved the equivalent weight loss effect at a dose many times lower than that of liraglutide. In addition, no serious gastrointestinal reaction (vomiting) was found in DIO mice at all stages of the experiment, and the weight loss effect did not show a drastic recovery after the cessation of administration. Meanwhile, the serum parameters indicated that the product had both weight loss and liver protection effects. The oral GLP-1 developed by the research team breaks through the technical barriers of GLP-1RA oral administration, upgrades the oral dosage form with better patient compliance, and its bioavailability is more than 2 times better than the clinical bioavailability of semaglutide, the marketed oral GLP-1 product found abroad. Based on the pharmacokinetic data analysis in rats, this product is expected to provide more effective and better compliance options for patients who currently cannot achieve target glucose levels through oral hypoglycemic chemical agents, which is worthy of further research. Currently, the Group is in process of developing oral form Uni-GLP-1 to expand the value of the product and offer convenience to users. These two research achievements are forming independent intellectual property patent protection.

DOTBODY Projects

UB101 (Bivalent nanobody) is used to treat wet age-related macular degeneration (wet AMD) and works by stopping abnormal blood vessel growth and leakage in the eye(s) that may cause vision loss. The current standard of care for the treatment of wet AMD is administered by intravitreal injection, which brings great inconvenience to patients. Currently, the Group is working on innovative technology to overcome the limitations of intravitreal injection treatment and the preclinical in vitro and in vivo test will be launched in 2022.

UB102 (Bispecific nanobody) is capable of blocking two proangiogenic receptors and a combined blockade of them has a greater inhibitory efficacy compared with inhibition of either factor alone. It was designed for the treatment of ocular diseases including wet AMD. Compared to UB101, UB102 can better relieve the symptom. Moreover, a clinically meaningful and statistically significant improvement in visual acuity has been demonstrated for the first time in diabetic macular edema. DotBio is designing the bispecific nanobody based on their technology platform as planned.

According to the Frost & Sullivan Report, the prevalence of wet AMD in China was 3.4 million in 2017 and is expected to reach 4.0 million in 2022 and 4.8 million in 2030. The Group believes that there is a significant commercial demand for the treatment of wet AMD. Currently, the Group is exploring different innovative technologies with DotBio to provide an alternative to existing therapy. To capture more value in the dermatology space, the Group may also develop a 3rd molecule with DotBio but the target is still to be decided.

EGF-Nanofibers wound dressing

UB104 (EGF-Nanofibers wound dressing) possesses ideal wound dressing characteristics. Slow-release growth factors promote wound healing, and Nanofiber has excellent breathability and antibacterial properties. As an advanced wound dressing, EGF-Nanofibers can be widely used in wound healing, especially for chronic wounds, and has an up-and-coming market. According to the Fortune Business Insights, the global wound care market size is expected to gain momentum by reaching USD24.01 billion by 2028 while exhibiting a CAGR of 6.1% between 2021 and 2028. In China, the change of population structure, the improvement of medical system and the increase of income level provide an upside for the market of medical dressing. From 2014 to 2018, the market size of China grew from RMB5.52 billion to RMB13.62 billion, with a compound annual growth rate of 25.3%. It is predicted that the market size of China dressings industry will maintain a CAGR of 11.1% between 2019 and 2023, and the market size will reach RMB23.45 billion in 2023.

High Value Generic Products and Bioequivalence Studies

Product	**Indication**	**Status**	**Remark**
Endocrinology			
Boshutai®	Type 2 Diabetes	Boshutai® (Acarbose Tablets) has been launched into market	Co-developed with Beijing Baiao Pharmaceutical Co., Ltd.
Infectious Disease			
Pinup®	Fungal infection	Pinup® was included in national centralized procurement in 2021	

BOSHUTAI®

Boshutai® (Acarbose tablet) is an oral anti-diabetic drug targeting patients with pre-diabetes condition who need to be treated early, or those with poorly-controlled post prandial hyperglycemia. Acarbose tablet is especially suitable for Asians' carbohydrate-rich diet.

Boshutai® had been officially approved for marketing in China from the NMPA and passed GMP manufacturing in 2020. In 2021, the Group started the mass production of Boshutai® and the sales of Boshutai® met the Group's initial expectation. Currently, the Group is in preparation for the bid for the national centralized procurement expected in 2022. To enhance production efficiency and reduce cost, the Group established a strategic partnership with Sinopharm Weiqida Pharmaceutical Company Limited ("**Sinopharm Weiqida**") and Suzhou Yingli Medical Technology Company Limited ("**Suzhou Yingli**") in 2020. The tablet production capacity for Boshutai® will be further expanded with the manufacturing lines transferred to Suzhou Yingli in 2022. Sinopharm Weiqida will be responsible for Acarbose active ingredient (API) registration and manufacturing and the registration is expected to complete in 2022.

PINUP®

Pinup® (Voriconazole tablets) is a major drug for the treatment of severe fungal infections. As the first line treatment recommended by clinical guidelines, Voriconazole takes action by blocking the growth of the fungal cell wall, and is widely used in oncology, hematology, respiratory, and ICUs patients who have compromised immune systems.

According to Frost & Sullivan, the market of anti-fungal drugs in China, in terms of sales revenue, amounted RMB25.5 billion in 2019 and represented a CAGR of 6.5% from 2015. The market is estimated to grow at a CAGR of 3.3% from 2019 to 2024 and reach RMB30.0 billion in 2024. The market is estimated to further grow at a CAGR of 4.1% from 2024 to 2030 and to reach RMB38.0 billion in 2030. After being successfully included in the Fourth Batch of the National Centralized Procurement of Drugs, sales of Voriconazole Tablets (Pinup® 50ml) recorded a significant increase with expanded market share among public hospitals. Going forward, the Group is working towards optimizing the product's manufacturing cost further.

RESULTS OVERVIEW

In 2021, the Group recorded a turnover of HK$353.4 million, representing a significant increase of approximately 69.3% year-on-year (2020: HK$208.8 million). The increase in turnover was mainly attributable to the impressive sales growth of EGF products.

Cost of sales for the Year increased by 176.0% from HK$27.7 million in 2020 to HK$76.4 million in 2021, whereas gross profit was at HK$277.0 million, representing an increase of 53.0% as compared with approximately HK$181.1 million in 2020. Gross profit margin decreased to 78.4% from 86.7% in 2020, mostly due to Pinup®'s price concession for the national centralized procurement. The Group continued its strict control in general and administrative expenses, which only accounted for 13.4% of turnover in 2021 as compared with 17.2% in 2020. The selling and distribution expense for the Year also decreased to 52.5% of turnover from 69.7% in 2020. The R&D expenses increased by 23.3%YoY to HK$50.2 million as the Group continued to develop new products.

Operating loss for the Year was HK$20.0 million as heavy investment in R&D continued. However, the operating loss was significantly reduced from HK$70.9 million in 2020. In 2021, the Group recorded a loss of HK$19.6 million (2020: loss of HK$71.3 million), with a basic loss per share of HK$0.31 cents (2020 basic loss per share HK$1.11 cents).

Marketed drugs sales

GeneTime®

The Group's star product, GeneTime®, is a prescription biological drug for wound healing. During the Year, turnover generated from GeneTime® reached HK$170.5 million, representing a significant increase of 24.3% from approximately HK$137.2 million in 2020. The remarkable turnover growth was mainly due to the strong recovery from hospital sales as well as the additional turnover from the digital marketing and pharmaceutical e-commerce platforms.

GeneSoft®

GeneSoft® is a therapeutic drug for dry eye syndrome, corneal damage and post-operative healing. During the Year, GeneSoft® recorded an increase in turnover from approximately HK$31.6 million to HK$36.3 million, representing an increase of 14.8%. Growth in sales of GeneSoft® was attributed to the recovery from hospital sales as well as the efforts of the Group's direct sales team. After the end of the 5-year sales agreement with CR Zizhu, GeneSoft® started to be marketed through the Group's own sales channels in 2021; with stronger focus on academic promotion, GeneSoft® has gained excellent market reception during the second half of the period.

Pinup®

The Group's self-developed chemical pharmaceutical product Pinup® (Voriconazole tablets) recorded a significant increase in turnover from approximately HK$37.5 million to approximately HK$142.2 million during the Year. The increase was attributable to Pinup®'s inclusion in the national centralized procurement in February 2021, which has secured the Group with massive hospital orders. During the Year, the Group had allocated a large portion of its production capacity to support the growing order for Pinup®. Although there was a strong volume growth for Pinup® during the Year, the decrease in pricing due to the centralized procurement has reduced the overall profitability of the product.

Boshutai®

The Group's newly-launched product Boshutai® (Acarbose tablet) is a small molecule drug to treat diabetes. 2021 is the first year for Boshutai®'s commercialization and the turnover of Boshutai® was approximately HK$4.5 million. Sales and production output were satisfactory, especially considering majority of production capacity was being allocated to Pinup® during the Year. To prepare for the national centralized procurement for the drug, the Group had partnered with Suzhou Yingli and Sinopharm Weiqida to expand Boshutai®'s production capacity in 2022.

FINANCIAL PERFORMANCE REVIEW

Turnover

Sales Developments

For the Year, the Group recorded a turnover of approximately HK$353.4 million, representing a significant increase of approximately 69.3% YoY.

Proprietary Biological Pharmaceutical Products

The Group's proprietary biological pharmaceutical products include GeneTime® (EGF spray indicated for wound healing) and GeneSoft® (EGF-derivative eye drop indicated for corneal damage and post-operative healing). During the Year, proprietary biological pharmaceutical products achieved HK$206.7 million of sales, representing an increase of approximately 22.7% compared with last year. Proprietary biological pharmaceutical products represented approximately 58.5% of total sales for the Year.

Proprietary Chemical Pharmaceutical Products

The Group's chemical pharmaceutical products include Pinup® (Voriconazole tablets which is tailored to treat severe fungal infection) and Boshutai® (Acarbose tablet). During the Year, the segment achieved a turnover of HK$146.7 million, with Pinup® and Boshutai® contributing sales of HK$142.2 million and HK$4.5 million respectively.

Gross Profit and Gross Profit Margin

During the Year, gross profit was approximately HK$277.0 million, representing an increase of 53.0% as compared with approximately HK$181.1million in 2020. The increase in gross profit was mainly led by the surge of turnover generated from the Group's main products. Gross profit margin was decreased to 78.4% (2020: 86.7%) as the pricing of Pinup® for the centralized procurement was lower but was partly offset by the economies of scale from mass production volume.

Selling and Distribution Expenses

During the Year, selling and distribution expenses recorded an increase from approximately HK$145.5 million in 2020 to approximately HK$185.7 million in 2021, while the percentage of selling expenses over turnover decreased from 69.7% last year to 52.5% in 2021. The decrease was mainly attributable to the Group's continuous efforts on structural adjustments to its direct sales team and its distribution strategies, as well as the impact of Pinup®'s inclusion in the national centralized procurement.

Research and Development Expenses

As there were several clinical tests conducted during the Year, R&D expenses in 2021 was approximately HK$50.2 million, representing an increase of 23.3% from HK$40.7 million in 2020. In terms of percentage to turnover, R&D expenses decreased from 19.5% in 2020 to 14.2% in 2021, which was mainly due to the surge in turnover.

General and Administrative Expenses

For the Year, general and administrative expenses increased from HK$35.8 million in 2020 to HK$47.2 million in 2021, representing an increase of 31.7%. G&A expenses had returned to normal level as compared with 2020 because there were no longer subsidies provided in regards to COVID-19 relief. Furthermore, there was an increase of rental payment due to the relocation of Shenzhen manufacturing plant. G&A accounted for 13.4% of turnover as compared with 17.2% last year.

Provision for litigation

For the Year , Beijing Genetech Pharmaceutical Co., Limited, one of subsidiaries of the Company had an arbitration process against with a distributor for one of the marketed drugs of the Group in China International Economic and Trade Arbitration Commission (the "**CIETAC**") . As a result of the foregoing, the Group made a provision of approximately HK$15.6 million for the above litigation claim based on the assessment made by the management.

Other Revenue

Other revenue for the Year was approximately HK$5.9 million, representing a decrease of 63.6% when compared with HK$16.3 million in 2020. The decrease was mainly attributable to a decrease in revenue from certain non-operating items, such as lease and government subsidy.

Operating Loss and Loss for the Year

Due to huge investment in R&D, operating loss for the Year was HK$20.0 million, however, the operating loss was significantly reduced from HK$70.9 million in 2020. The decrease was mainly attributed to the significant increase in sales of all major drugs which drove up profitability of the Group. For the Year, the Group narrowed its loss to HK$19.6 million (2020: loss of HK$71.3 million).

PROSPECTS

Outlook

The healthcare market in China has been burgeoning. According to a report by GlobalData, the pharmaceutical market is expected to reach USD300.9 billion by 2025 at a compound annual growth rate of 12.2%. The growth is driven by the increasing aging population, better social health insurance policies as well as government regulatory reforms which promote industrial innovation and streamline the new drug approval process. The national strategic plans, "Made in China 2025" and "China's 14th Five-Year Plan (2021-2025)", have further facilitated the growth of healthcare industry by improving the affordability of healthcare services and building an efficient supply chain. Riding on the favorable government policies and market environment, the Group believes that it would propel forward and drive further business growth.

New Opportunities in Medical Cosmetology, Functional Skincare and High-end Skincare Market

In January 2022, the Group formed joint cooperation and investment with Global Cosmetics (China) Company Ltd. ("**Global Group**"), a leading manufacturer of skincare products, cosmetics, and personal care products in China and Hong Kong, to develop new competitive and effective skincare raw materials, to be used widely in a variety of areas including medical cosmetology, functional skincare and high-end skincare.

The growth of the functional skincare market is fast and the skincare market potential is huge. According to the "2021 China Functional Skin Care Industry Research Report" released by iResearch Consulting Group, the functional skincare industry has reached RMB26.01 billion in 2021 and will continue to increase with a staggering average annual compound growth rate of 29.4% and reach RMB58.97 billion in 2023.

Looking at the global functional raw material market, the ingredients with the highest proportions are plant extracts, biotechnology and synthetic active substances. In recent years, the penetration rate of peptides has also continued to increase. Studies show that the above 4 main groups of functional raw materials account for 80% of the functional raw materials market. The cooperation between Uni Bio Group and Global Group covers biotechnology, synthetic biology, and peptides, mainly comprising of the production of 5 functional raw materials, including collagen, fibronectin, beauty peptides, probiotics, and exosomes. The five types of raw materials can be used in the field of medical cosmetology and functional skincare. The material composition is safe, with high efficacy and wide application potential.

Leveraging on Global Group's expertise in daily cosmetics and its well-established partner network, together with the Group's extensive experience in pharmaceutical R&D, this collaboration has laid a strong foundation for the two parties to tap into the vast functional skincare and upstream raw material market. It is expected that new medical beauty, functional and high-end skincare products under this collaboration will be launched in the next two years.

All-round Research Innovation of Patent Biologic Drugs

The Group's collaboration with NAMI on innovative formulation of rhEGF products including GeneTime® has begun in 2021. Genetime® is a state category I new drug based on genetic engineering technology. It works by accelerating wound healing, shortening healing time and reducing scar formation. It has accumulated over 20 years of clinical data, which proves its effectiveness and safeness. Genetime® is indicated for all types of wounds found on the skin and is applicable to many indications. With Healthcare Nanofiber, the innovative material technology of NAMI, the Group is exploring the diversification of rhEGF product formulation to improve product performance and potentially expand to different applications, such as chronic wounds, diabetic foot and

other difficult to treat wounds. Backed by the Group's well-established direct sales channels and production capacity expansion plan in Dongguan, the Group is confident that its next-generation EGF products will yield wider penetration in the market in the foreseeable future.

Since 2021, Alephoson and DotBio have formed a stronger partnership with the Group. Looking forward, the three companies will work together to co-develop next-generation best-in-class compounds for patients with retinal diseases and other potential therapeutic areas. Leveraging Alephoson's innovative CePPA delivery system, DotBio's advanced technology in protein engineering and formulation as well as the Group's established biopharmaceutical R&D and commercial platforms , the collaboration is going to further advance patient care with treatment alternatives and explore further applications in the ophthalmology and dermatology industries, such as age-related macular degeneration (AMD), diabetic macular edema (DME), retinal vein occlusion (RVO), and myopic choroidal neovascularization (mCNV).

Accelerating the Clinical Process and in Preparation for Commercialization

The Group will continue to focus on the R&D of its proprietary innovative drugs, including Uni-PTH and Uni-GLP-1. In 2021, the Group has completed the clinical trial of liquid Uni-PTH and will apply for NDA in 2022.

The Group has also begun the clinical work of liquid Uni-GLP-1 since the end of 2021 and expects to complete the preliminary trial by the end of 2022. The Group has established a long-term collaboration with universities on product R&D. Recently, an animal study on the oral Uni-GLP-1 has been completed. Pharmacokinetics of oral administration in rats showed that the bioavailability of Uni-GLP-1 oral formulation was about 2.1%, superior to the clinical bioavailability of Ozempic (0.5-1.0%). This will mean a better future cost advantage for the Group's Uni-GLP-1 oral drug. In obesity research, we have also achieved satisfactory results in animal experiments. Compared to FDA-approved Sexenda, our Uni-GLP-1 can achieve a once-daily injection frequency and a slightly better weight loss ratio than Sexenda. From biopsy analysis of pancreatic and liver tissue, Uni-GLP-1 has significant protective effect on both pancreas and liver. This is a good demonstration for us to develop new indications for non-alcoholic fatty liver disease in the future. In particular, regarding the drug delivery device, we will choose needle-free injection to provide better experience for users who fear needles. The Group will continue to devote more resources to expedite the product development, allowing it to launch the products to market sooner.

Uplifting the Production Capacity to Support Business Growth

To cope with the growing demand for its marketed products, the Group has planned ahead for its production capacity expansion years ago. Production of Boshutai® tablets, which launched in 2021, will be taken care of by the Group's strategic partner, Suzhou Yingli in 2022 with more than ten times larger capacity expanded. The other strategic partner Sinopharm Wiqida will be in charge of raw material Acarbose active ingredient (API) registration and manufacturing and the registration is expected to complete in 2022. All these would facilitate Boshutai® to win the bid of the coming national centralized procurement in 2022.

The Group had also decided to relocate the production site of its EGF products to Dongguan in order to catch up with the growing order book of GeneSoft® and GeneTime®. In 2021, the Group has begun the infrastructure setup of the new site. The new production base will be equipped with new technology that would further reduce production and transportation costs while enhancing the overall production capacity. The new production base is expected to commence operation in 2025.

The Group believes that the aforementioned strategies will further push forward its product R&D with higher efficiency, widen its product applications, so as to accelerate the commercialization of its innovative drugs, and finally generate fruitful and sustainable returns for its shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2021, the Group's bank deposits, bank balances and cash amounted to approximately HK$83,609,000. The Group had total assets of approximately HK$267,593,000 (as at 31 December 2020: HK$252,717,000), and current assets of approximately HK$201,665,000 (as at 31 December 2020: HK$181,439,000), while current liabilities were at HK$92,301,000 as at 31 December 2021 (as at 31 December 2020: HK$60,372,000). The total current liabilities to total assets ratio is 34.5% (as at 31 December 2020: 23.9%). 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 managed within a narrow range.

CHARGES ON ASSETS

As at 31 December 2021, the Group did not have any charge on its assets (2020: Nil).

EMPLOYMENT AND REMUNERATION POLICY

As of 31 December 2021, the Group employed 326 staff, including 24 staff in the PRC R&D department, 166 staff in the PRC production department, 78 staff in the PRC commercial office and 4 staff in the Hong Kong headquarters. The Group has adopted a competitive remuneration package for its employees to attract and retain top talent. Promotion and salary increments are assessed based on performance. Share options may also be granted to staff with reference to the individual's performance.

DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2021 (For the year ended 31 December 2020: Nil).

AUDIT COMMITTEE

The audit committee currently comprises the three independent non-executive Directors, namely Mr. Chow Kai Ming, Mr. Ren Qimin and Mr. Ma Qinshan. The audit committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2021.

The Company's auditor BDO Limited has reported on the financial statements of the Group for the current and prior year. The auditor's reports were unqualified, and did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports.

COMPLIANCE WITH THE CORPORATE GOVERNANCE

The Company has complied with all the applicable code provisions in the Corporate Governance Code set out in Appendix 14 to the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") throughout the year ended 31 December 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS

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 as its own code of conduct regarding directors' dealings in the Company's securities. Specific enquiry has been made of all the directors of the Company and the directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2021.

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 announcement, the Company has maintained sufficient public float as required under the Listing Rules during the year under review and up to the date of this announcement.

MATERIAL ACQUISITIONS AND DISPOSALS OF ASSETS, SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

Saved as disclosed herein, the Group did not make any material acquisitions and disposals of assets, subsidiaries, associated company and joint ventures during the year ended 31 December 2021.

CONNECTED TRANSACTION

Reference is made to the announcements of the Company dated 25 February 2019, 25 March 2019, 31 December 2019, 22 June 2020 and 11 August 2020 and the circulars of the Company dated 8 February 2019 and 15 September 2020 ("**2020 Circular**") in relation to the transactions contemplated under the Figures Up SP Agreement and the WTGL SP Agreement, that is, the Transaction Arrangements. Unless otherwise defined in this announcement, capitalised terms used herein shall have the same meanings as those defined in the 2020 Circular.

Pursuant to the WTGL SP Agreement, the WTGL Sale Shares Completion Long Stop Date, being the last date of which all the conditions precedent to the WTGL Sale Shares Completion shall be fulfilled to proceed to WTGL Sale Shares Completion, is on 31 December 2021 (or such other date as Vendor B and Purchaser B may agree in writing).

Due to new additional requirements on the part of WTGL B as prescribed by the relevant government authority, additional time is required for the transfer of the title of the land use rights of the WTGL Land and property rights of the buildings constructed on the WTGL Land to be completed, which is one of conditions precedent to the WTGL Sale Shares Completion. As a result, to allow sufficient time for WTGL B to be ready for the Group to transfer the title of the land use rights of the WTGL Land and property rights of the buildings constructed on the WTGL Land and proceed to WTGL Sale Shares Completion, the parties to the WTGL SP Agreement entered into a supplemental agreement on 21 December 2021 to extend the WTGL Sale Shares Completion Long Stop Date to a date falling on or before 31 December 2022 (or such other date as Vendor B and Purchaser B may agree in writing).

As at the date of 31 December 2021, the WTGL Split-off has been completed and the WTGL Land and Property Rights Completion has taken place, whereby the WTGL Land and Property Rights have been transferred to Purchaser B and the Group has ceased to account for such economic benefits. From the accounting perspective, the risks and benefits relating to the WTGL Land and Property Rights have been transferred to Purchaser B and the Group has since then derecognised the assets in relation to the WTGL Land and Property Rights in the Group's statement of financial position. In addition, the Group has received all the WTGL Consideration, including the third phase payment thereof of RMB12,000,000 from Purchaser B, in accordance with the terms of the WTGL SP Agreement.

Save for the extension of the WTGL Sale Shares Completion Long Stop Date, all terms and conditions in the WTGL SP Agreement remain unchanged and in full force and effect.

On 24 December 2020, WTGL B as the lessor and WTGL as the lessee entered into the Lease Agreement for the lease of the Lease Properties for a term of two years commencing from 1 January 2021 to 31 December 2022 (both days inclusive).

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

During the year ended 31 December 2021, the Group did not make any significant investments.

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

As at 31 December 2021, the Company had a total of 6,349,768,147 Shares in issue. The Company repurchased a total of 56,240,000 Shares on the Hong Kong Stock Exchange for a settlement costs of HK$6,010,000 during the year ended 31 December 2021. As at 31 December 2021, 56,240,000 of the repurchased Shares has been cancelled.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2021.

NEW SHARES ISSUED

As at 31 December 2021, the total number of issued shares of the Company was 6,349,768,147. A total of 15,000,000 new shares were issued during the year, pursuant to the service agreement of Mr. CHEN Dawei free from payment. Details of which were disclosed in the circular of the Company dated 8 June 2017.

EVENTS AFTER THE REPORTING YEAR

Saved as disclosed herein, there are no significant subsequent events after the reporting year.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

A copy of this announcement will be found on the Company's website (http://www.uni-bioscience.com) and the Stock Exchange's website (http://www.hkex.com.hk). The Annual Report 2021 of the Company will be made available on the respective websites of the Company and the Stock Exchange in due course.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	**2021**	2020
		HK$'000	*HK$'000*
Revenue	*3*	**353,405**	208,776
Cost of sales		**(76,398)**	(27,682)
Gross profit		**277,007**	181,094
Other revenue	*5*	**5,935**	16,323
Other gains and losses		**134**	(7,077)
Selling and distribution costs		**(185,671)**	(145,515)
General and administrative expenses		**(47,177)**	(35,830)
Research and development expenses		**(50,219)**	(40,728)
Provision for litigation	*13*	**(15,610)**	–
Equity-settled share-based payment expenses		**(3,934)**	(10,890)
Write-off of intangible assets		**–**	(28,245)
Finance costs		**(477)**	(73)
Loss before taxation	*6*	**(20,012)**	(70,941)
Income tax credit/(expense)	*7*	**421**	(378)
Loss for the year		**(19,591)**	(71,319)
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**6,563**	13,373
Other comprehensive income for the year		**6,563**	13,373
Total comprehensive expense for the year		**(13,028)**	(57,946)
Loss per share	*8*	***HK cents***	*HK cents*
Basic		**(0.31)**	(1.11)
Diluted		**(0.31)**	(1.11)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2021

	Notes	At 31 December 2021 HK$'000	At 31 December 2020 HK$'000
Non-current assets			
Property, plant and equipment		**43,888**	51,094
Investment properties		**–**	167
Right-of-use assets		**13,562**	11,221
Intangible assets		**8,177**	8,796
Deposits paid for the acquisition of property, plant and equipment		**301**	–
		65,928	71,278
Current assets			
Inventories		**39,710**	16,518
Trade and other receivables	*10*	**78,346**	90,389
Amount due from a related party		**–**	13,489
Financial assets at fair value through profit or loss		**–**	36,031
Bank balances and cash		**83,609**	25,012
		201,665	181,439
Current liabilities			
Trade and other payables	*11*	**54,827**	43,504
Contract liabilities		**20,207**	13,182
Income tax payable		**1,717**	2,655
Lease liabilities		**4,613**	1,031
Amount due to a related party		**10,937**	–
		92,301	60,372
Net current assets		**109,364**	121,067
Total assets less current liabilities		**175,292**	192,345

	Notes	At 31 December 2021 HK$'000	At 31 December 2020 HK$'000
Non-current liabilities			
Lease liabilities		**985**	2,107
Deferred tax liabilities		**–**	827
		985	2,934
Net assets		**174,307**	189,411
Capital and reserves			
Share capital	*12*	**63,498**	63,910
Reserves		**110,809**	125,501
Total equity		**174,307**	189,411

1. GENERAL

Uni-Bio Science Group Limited (the "**Company**") is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The address of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the annual report.

The functional currency of the Company is Hong Kong dollars ("**HK$**") and the functional currency of the PRC subsidiaries is Renminbi ("**RMB**"). The consolidated financial statements are presented in HK$ for the convenience of the financial statement users as the Company is listed in Hong Kong.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new or amended HKFRSs

Amendments to HKAS 39, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2[1]
Amendments to HKFRS 16	COVID-19-Related Rent Concessions[1]
2021 Amendments to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021[2]

[1] Effective for annual periods beginning on or after 1 January 2021.
[2] Effective for annual periods beginning on or after 1 April 2021.

None of these new or amended HKFRSs has a material impact on the Group's results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period except for the 2021 amendments to HKFRS 16. Impact on the application of this amended HKFRS is summarised below.

Amendment to HKFRS 16, COVID-19-Related Rent Concessions

HKFRS 16 was amended to provide a practical expedient to lessees in accounting for rent concessions arising as a result of the COVID-19 pandemic, by including an additional practical expedient in HKFRS 16 that permits entities to elect not to account for rent concessions as modifications. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 pandemic and only if all of the following criteria are satisfied:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) the reduction in lease payments affects only payments originally due on or before 30 June 2021; and

(c) there is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with this practical expedient, which means the lessee does not need to assess whether the rent concession meets the definition of lease modification. Lessees shall apply other requirements of HKFRS 16 in accounting for the rent concession.

Accounting for rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

2021 Amendments to HKFRS 16, COVID-19-Related Rent Concessions beyond 30 June 2021

The amendment extends the practical expedient available to lessees in accounting for COVID-19 related rent concessions by one year. The reduction in lease payments could only affect payments originally due on or before 30 June 2021 is extended to 30 June 2022. The amendment is effective for annual reporting periods beginning on or after 1 April 2021, with earlier application permitted.

The Group has elected to early adopt the amendment and apply the practical expedient for all rent concessions that meet the criteria. In accordance with the transitional provisions, the Group has applied the amendment retrospectively, and has not restated prior period figure. As the rent concessions arose during the year ended 31 December 2020, there is no retrospective adjustment to opening balance of retained earnings at 1 January 2021 on initial application of the amendment.

(b) New or amended HKFRSs that have been issued but are not yet effective

The following new or amended to HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Hong Kong Interpretation 5 (2020), Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosures of Accounting Policies[3]
Amendments to HKAS 8	Disclosures of Accounting Estimates[3]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
Amendments to HKAS 16	Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[1]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Annual Improvements to HKFRSs 2018-2020 Cycle	Amendment to HKFRS 1[1]
Annual Improvements to HKFRSs 2018-2020 Cycle	Amendment to HKFRS 9, Financial Instruments[1]
Annual Improvements to HKFRSs 2018-2020 Cycle	Amendment to illustrative examples accompanying HKFRS 16, Leases[1]

[1] Effective for annual periods beginning on or after 1 January 2022.

[2] Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

[3] Effective for annual periods beginning on or after 1 January 2023.

[4] The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

Amendments to HKAS 1, Classification of Liabilities as Current or Non-current and Hong Kong Interpretation 5 (2020), Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Hong Kong Interpretation 5 (2020) was revised as a consequence of the Amendments to HKAS 1 issued in August 2020. The revision to Hong Kong Interpretation 5 (2020) updates the wordings in the interpretation to align with the Amendments to HKAS 1 with no change in conclusion and does not change the existing requirements.

The directors of the Company do not anticipate that the application of the amendments and revision in the future will have an impact on the consolidated financial statements.

Amendments to HKAS 1 and HKFRS Practice Statement 2, Disclosures of Accounting Policies

The amendments to HKAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to HKFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the consolidated financial statements.

Amendments to HKAS 8, Disclosures of Accounting Estimates

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the consolidated financial statements.

Amendments to HKAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments clarify whether the initial recognition exemption applies to certain transactions that often result in both an asset and a liability being recognised simultaneously. Such instances might include the initial recognition of leases from the perspective of a lessee or asset retirement obligations (AROs)/decommissioning liabilities.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the consolidated financial statements.

Amendments to HKAS 16, Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, are recognised in profit or loss.

The directors of the Company are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements. The directors of the Company anticipate that the application of the amendments will likely have an impact on the Group's accounting policies in respect of the construction of assets, as certain proceeds of selling items produced whilst bringing assets under construction are currently deducted from the cost of the asset.

Amendments to HKAS 37, Onerous Contracts — Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The directors of the Company are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements. The directors of the Company anticipate that the application of the amendments will likely have an impact on the Group's accounting policies in respect of the determination of when contracts are onerous, and the measurement of provision for onerous contracts recognised.

Amendments to HKFRS 3, Reference to the Conceptual Framework

The amendments update HKFRS 3 so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC) Interpretation 21, Levies, the acquirer applies HK(IFRIC) Interpretation 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the consolidated financial statements.

Amendments to HKFRS 10 and HKAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognised in the profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, any gains or losses resulting from the remeasurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognised in the profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The directors of the Company anticipate that the application of these amendments may have an impact on the consolidated financial statements in future periods should such transaction arise.

Annual Improvements to HKFRSs 2018-2020 Cycle, Amendment to HKFRS 1

The annual improvements permit a subsidiary that applies paragraph D16(a) of HKFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to HKFRSs.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the consolidated financial statements.

Annual Improvements to HKFRSs 2018-2020 Cycle, Amendment to HKFRS 9, Financial Instruments

The annual improvements amend a number of standards, including HKFRS 9, Financial Instruments, which clarify the fees included in the '10 per cent' test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other's behalf are included.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the consolidated financial statements.

Annual Improvements to HKFRSs 2018-2020 Cycle, Amendment to illustrative examples accompanying HKFRS 16, Leases

The annual improvements amend a number of standards, including HKFRS 16, Leases, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the consolidated financial statements.

3. REVENUE

Revenue arising from sale of chemical and biological pharmaceutical products is recognised at point in time when control of the goods has been transferred and the goods have been delivered to the customers' specific locations. Following delivery, the customers bear the risks of obsolescence and loss in relation to the goods without refund policy. The normal credit term is 90 days (2020: 90 days) upon delivery.

Advance and deposits received from the customers are recognised as contract liabilities until the goods have been delivered to the customers.

The sales contracts are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

4. SEGMENT INFORMATION

Information reported to the board of directors of the Company, being the chief operating decision maker ("**CODM**"), for the purpose of allocating resources to segments and assessing their performance are organised on the basis of the revenue streams. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

The Group's operating and reportable segments are analysed as follows:

(a)	Chemical pharmaceutical products	–	manufacture and sale of chemical pharmaceutical products
(b)	Biological pharmaceutical products	–	manufacture and sale of biological pharmaceutical products
(c)	Pipeline products	–	research and development of pharmaceutical products

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment.

For the year ended 31 December 2021

	Chemical pharmaceutical products *HK$'000*	**Biological pharmaceutical products** *HK$'000*	**Pipeline products** *HK$'000*	**Consolidated** *HK$'000*
Segment revenue				
External sales	146,666	206,739	–	353,405
Result				
Segment (loss)/profit	18,922	15,795	(43,167)	(8,450)
Other income (excluding royalty income)				5,935
Change in fair value of investment properties				1
Equity-settled share based payment expenses				(3,934)
Unallocated administrative expenses				(13,087)
Finance costs				(477)
Loss before income tax expense				(20,012)

For the year ended 31 December 2020

	Chemical pharmaceutical products *HK$'000*	Biological pharmaceutical products *HK$'000*	Pipeline products *HK$'000*	Consolidated *HK$'000*
Segment revenue				
External sales	40,305	168,471	–	208,776
Result				
Segment (loss)/profit	(7,346)	16,897	(61,755)	(52,204)
Other income (excluding royalty income)				4,682
Change in fair value of investment properties				2,509
Equity-settled share based payment expenses				(10,890)
Unallocated administrative expenses				(14,965)
Finance costs				(73)
Loss before income tax expense				(70,941)

Segment result represents the results of each segment without allocation of other income, change in fair value of investment properties, equity-settled share based payment expenses, unallocated administrative expenses and finance costs. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

5. OTHER REVENUE

	2021 ***HK$'000***	2020 *HK$'000*
Interest on bank deposits	**471**	498
Rental income	**35**	869
Royalty income *(Note i)*	**–**	11,641
Government grants *(Note ii)*	**1,160**	1,227
Service income *(Note iii)*	**3,702**	919
Sundry income	**264**	424
COVID-19-related rent concessions	**303**	745
	5,935	16,323

Note i: During the year ended 31 December 2020, a royalty fee amounting to RMB10,500,000 (approximately HK11,641,000) was recognised based on the achievement of milestone stated in the contract with a distributor of the Group, the Group recognised the revenue when milestone achieved and therefore the royalty fee received was recognised as other income.

During the year ended 31 December 2021, the business relationship between the Group and its distributor ceased. Therefore, no royalty income was recognised during the year.

Note ii: Government grants mainly represent grants received from the PRC local government authorities as subsidies to the Group for research and development expenditures already incurred and the conditions have been fulfilled upon the grant.

During the year ended 31 December 2020, the Group applied for government support programs introduced in response to the COVID-19 pandemic. Included in profit or loss was HK$160,500 of government grants obtained relating to supporting the payroll of the Group's employees from the Hong Kong Government. The Group elected to present this subsidy in government grants above, rather than reducing the related expenses. The Group had to commit to spending the assistance on payroll expenses, and not to reduce employee head count below prescribed level for a specified period of time. The Group did not have any unfulfilled obligations relating to this program. No such government support programs were available for the year ended 31 December 2021.

Note iii: Service income mainly represented the subcontracting income generated from the provision of manufacturing works to the customers.

6. LOSS BEFORE TAXATION

	2021	2020
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging/(crediting):		
Staff costs (including directors' emoluments)		
Salaries, wages and other benefit	**67,959**	52,017
Retirement benefit scheme contribution	**13,569**	5,140
Equity-settled share based payments	**3,020**	9,475
	84,548	66,632
Equity-settled share based payments to consultants	**914**	1,415
Amortisation of intangible assets	**893**	5,973
Depreciation of property, plant and equipment	**15,297**	12,788
Depreciation of right-of-use assets	**4,660**	2,159
Less: Amortisation and depreciation included in research and development expenses	**(5,675)**	(10,662)
	15,175	10,258
Auditor's remuneration	**1,955**	1,442
Cost of inventories recognised as an expense	**76,398**	27,682
Research and development expenses	**50,219**	49,072
Less: Capitalisation on intangible assets	**–**	(8,344)
	50,219	40,728
Property rental income less outgoing	**35**	869

7. INCOME TAX (CREDIT)/EXPENSE

	2021	2020
	HK$'000	*HK$'000*
PRC Enterprise Income Tax ("**EIT**")		
— Current year	**419**	1,675
— Over provision in prior years	**–**	(1,673)
	419	2
Deferred tax		
— Current year	**(840)**	376
	(421)	378

The Company is tax exempt under the laws of the Cayman Islands.

No provision for Hong Kong profits tax has been made since the entities operating in Hong Kong had no assessable profit for the both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Beijing Genetech Pharmaceutical Co., Limited and Shenzhen Watsin Genetech Pharmaceutical Co., Limited, wholly owned subsidiaries of the Company, were approved as High and New Technology Enterprise and were eligible to enjoy a preferential enterprise income tax rate of 15% (2020: 15%) for both years with the expiration date of 15 July 2022 and 11 December 2023, respectively.

8. LOSS PER SHARE

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

	2021	2020
	HK$'000	*HK$'000*
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	**(19,591)**	(71,319)

	2021	2020
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**6,371,655**	6,408,133
Dilutive effect of potential ordinary shares: Share options	**–**	–
Weighted average number of ordinary shares for the purpose of diluted loss per share	**6,371,655**	6,408,133

For the years ended 31 December 2021 and 2020, no adjustment has been made to basic loss per share amounts presented in respect of a dilution as the impact of the share options outstanding would decrease basic loss per share.

9. DIVIDEND

No dividend was paid, declared or proposed during 2021, nor has any dividend been proposed since the end of the reporting period (2020: Nil).

10. TRADE AND OTHER RECEIVABLES

	2021	2020
	HK$'000	*HK$'000*
Trade receivables	**46,016**	53,925
Less: Loss allowance	**(1,550)**	(3,375)
	44,466	50,550
Bills receivable	**27,164**	24,217
Deposit, prepayments and other receivables	**6,856**	16,266
Less: Loss allowance	**(140)**	(644)
	6,716	15,622
	78,346	90,389

The following is an ageing analysis of trade receivables based on the invoice dates, as at the end of the reporting period:

	2021	2020
	HK$'000	*HK$'000*
0–90 days	**32,903**	44,984
91–120 days	**5,292**	5,131
121–180 days	**640**	2,349
181–360 days	**4,814**	627
Over 360 days	**2,367**	834
	46,016	53,925
Less: Loss allowance	**(1,550)**	(3,375)
	44,466	50,550

11. TRADE AND OTHER PAYABLES

	Note	**2021**	2020
		HK$'000	*HK$'000*
Trade payables	*(i) & (ii)*	**5,263**	3,832
Other payables		**6,354**	7,930
Accruals		**43,210**	31,742
		54,827	43,504

Notes:

(i) The average credit period on purchases of goods is 120 days (2020: 120 days). The Group has in place financial risk management policies to ensure that all payables are settled within the credit time frame.

(ii) An aged analysis of the trade payables at the end of the reporting period based on transaction date is as follows:

	2021	2020
	HK$'000	*HK$'000*
0–30 days	**3,886**	2,393
31–60 days	**119**	182
61–90 days	**274**	112
Over 90 days	**984**	1,145
	5,263	3,832

12. SHARE CAPITAL

	Number of shares	Amount *HK$'000*
Ordinary share of HK$0.01 each		
Authorised:		
At 1 January 2020, 31 December 2020 and 31 December 2021	500,000,000,000	5,000,000
Issued and fully paid:		
At 1 January 2020	6,410,768,147	64,108
Issue of ordinary shares in relation to award of new shares	15,000,000	150
Repurchase of shares	(34,760,000)	(348)
At 31 December 2020 and 1 January 2021	6,391,008,147	63,910
Issue of ordinary shares in relation to award of new shares	15,000,000	150
Repurchase of shares	(56,240,000)	(562)
At 31 December 2021	6,349,768,147	63,498

Note:

(i) During the year ended 31 December 2020, the Company paid in aggregate HK$4,751,000 to buy back 34,760,000 ordinary shares of HK$0.01 each from the Stock Exchange from 4 April 2020 to 29 September 2020, at the highest price of HK$0.16 and the lowest price of HK$0.12 per share, and the excess paid over the par value of the shares was debited to the Company's share premium account.

(ii) During the year ended 31 December 2021, the Company paid in aggregate HK$6,010,000 to buy back 56,240,000 ordinary shares of HK$0.01 each from the Stock Exchange from 25 June 2021 to 22 July 2021, at the highest price of HK$0.114 and the lowest price of HK$0.10 per share, and the excess paid over the par value of the shares was debited to the Company's share premium account.

(iii) For the years ended 31 December 2021 and 2020, all shares issued during the years rank pari passu with the existing shares in all respects.

13. PROVISIONS, LITIGATIONS AND CONTINGENT

On 29 June 2021, Beijing Genetech Pharmaceutical Co., Limited ("**Beijing Genetech**"), one of the major production subsidiaries of the Company received a notice of arbitration filed with China International Economic and Trade Arbitration Commission (the "**CIETAC**") against Beijing Genetech by a distributor (the "**Distributor**") for one of the marketed drugs of the Group.

The Distributor filed claims against Beijing Genetech for damages arising from breach of a written distribution agreement made between the Distributor and Beijing Genetech dated 6 June 2019 amounting to approximately RMB34,000,000 (equivalent to approximately HK$41,033,000) in aggregate, together with legal fees, arbitration fees and other related costs. Upon receipt of the aforesaid arbitration notices, the Company has appointed an attorney for active response to the case.

On 15 November 2021, Beijing Genetech submitted its written defences to CIETAC to deny its liability to pay the said sums for the aforementioned arbitration. On 30 November 2021, Beijing Genetech filed counter-arbitration petitions to request for the termination of aforementioned distribution agreement and against the Distributor for the legal fees, arbitration fees and other related costs. The counter-arbitration petition has been accepted by the CIETAC.

On 6 January 2022, the Distributor submitted an application for modification of the arbitration request. In the said modification arbitration request application, the Distributor demanded compensation amounting to approximately RMB87,331,000 (equivalent to approximately HK$105,396,000) as well as the settlement of other related costs by Beijing Genetech. The modification arbitration request application has not been accepted by the CIETAC at the date of this announcement.

As a result of the foregoing, the Group made a provision of approximately RMB12,934,000 (equivalent to approximately HK$15,610,000) for the above litigation claim. Beijing Genetech is exploring the opportunity to negotiate a settlement with the Distributor to resolve the dispute. Sufficient provision has been made in relation to the aforesaid case after the assessment made by the management.

Apart from the aforesaid case, the Group was not involved in any other material litigation or arbitration during the year ended 31 December 2021.

By order of the board of directors of
Uni-Bio Science Group Limited
Kingsley Leung
Chairman

Hong Kong, 21 March 2022

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Kingsley Leung (Chairman), Mr. Chen Dawei (Vice-Chairman) and Mr. Zhao Zhi Gang; one non-executive Director, Mr. Yau Kwok Wing Tony; and three independent non-executive Directors, namely, Mr. Chow Kai Ming, Mr. Ren Qimin and Mr. Ma Qingshan.