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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

HIGHLIGHTS FOR THE PERIOD ENDED 30 June 2023

- For the period ended 30 June 2023 (the "**Period**"), the Group's revenue achieved a remarkable increase of 27.8% year-on-year ("**YoY**") to approximately HK$249.9 million.
- The Group recorded a profit of approximately HK$39.4 million for the Period, representing a dramatic increase of 169.2% YoY. The profit was primarily driven by its core scale-up operations and remarkable organic growth in marketed drugs.
- Pinup® and GeneTime® generated remarkable turnover, sales of Pinup® and GeneTime® registered significant increase of 26.6% YoY and 31.8% YoY respectively.
- The rigorous registration site verification for Bogutai® by the China Center for Food and Drug Inspections ("**CFDI**") was successfully completed. With the final round of documents submitted in late May 2023, the Group expected Bogutai® to be approved for marketing in the second half of this year.
- In May 2023, the Group achieved a groundbreaking milestone with the successful launch of Fibronectin, the first product of the Group's advanced skincare raw material. Furthermore, the Group is diligently exploring diverse commercialization opportunities for Fibronectin, aiming to unlock its full market potential.
- During the Period, the Group established the "Biopeptides Innovative Medicine and Advanced Technology R&D Center" in Beijing, which brings together the latest advancements in bioinformatics technology, genetic engineering, and oral formulation techniques, heralding a new era in the biosynthetic polypeptide drug industry.
- During the Period, the Group completed the production process validation of Diquafosol Sodium Eye Drops and planned to conduct stability studies as well as submit the registration application in the second half of 2023.

* *For identification purposes only*

The board (the "**Board**") of directors (the "**Directors**") of the Uni-Bio Science Group Limited (the "**Company**", together with its subsidiaries, the "**Group**" or "**Uni-Bio**") is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2023 (the "**1H2023**" or the "**Period**") as follows:

KEY FINANCIAL HIGHLIGHTS

For the six months ended 30 June (Unaudited)

	2023	2022
Revenue *(HK$'000)*	**249,933**	195,578
Gross profit *(HK$'000)*	**198,854**	144,507
R&D expenses (including capitalised portion) *(HK$'000)*	**23,025**	24,316
Profit before taxation	**43,395**	15,289
EBITDA *(HK$'000)*	**51,564**	27,573
Gross profit margin *(%)*	**79.6%**	73.9%
R&D costs (including capitalised portion) to revenue *(%)*	**9.2%**	12.4%
As at 30 June/31 December		
Cash ratio *(times)*	**1.19**	1.09
Current ratio *(times)*	**2.47**	2.22
Trade payable turnover days *(days)*	**19**	18
Trade receivables turnover days *(days)*	**31**	36
Inventory turnover days *(days)*	**123**	127
Debt-to-equity ratio *(%)*	**38.5%**	50.2%
Total assets turnover *(%)*	**80.3%**	150.6%

UNAUDITED FINANCIAL FIGURES BASED ON REPORTABLE SEGMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023 AND 2022

	Period ended 30 June		
	2023	2022	
	HK$'000	*HK$'000*	**Change**
Revenue from sales of marketed biological and chemical pharmaceutical products	**249,933**	195,578	27.8%
Cost of sales	**(51,079)**	(51,071)	0%
Gross profit	**198,854**	144,507	37.6%
Other net (losses)/gains	**(225)**	842	–126.7%
Selling and distribution expenses	**(126,247)**	(84,989)	48.5%
General and administrative and other expenses	**(17,707)**	(17,471)	1.4%
Provision for litigation	**–**	(2,394)	N/A
Operating profit from marketed biological and chemical pharmaceutical products	**54,675**	40,495	35.0%
Other revenue	**6,666**	5,613	18.8%
Research and development costs	**(11,740)**	(24,316)	–51.7%
Other administration expenses	**(5,779)**	(6,243)	–7.4%
Finance costs	**(427)**	(168)	154.2%
Equity-settled share based payment expenses	**–**	(92)	N/A
Profit before taxation	**43,395**	15,289	183.8%

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In the first half of 2023, the impact of the COVID-19 pandemic in China gradually subsided, leading to a resurgence of hospital visits as the Chinese government lifted pandemic-related measures. According to ASKCI Industrial Research Institute, the pharmaceutical industry in China has entered a phase of resumed growth. The market size reached approximately RMB16,586 billion in 2022 and is projected to further expand to RMB17,977 billion in 2023. Over the years, the Chinese government's issuance of favorable policies for innovative drugs has been a significant driving force, promoting the development of innovative pharmaceutical companies, which are now starting to reap the rewards of years of cultivation. Concurrently, the updated policy of centralized procurement has reshaped the landscape of generic drugs business. Shifting beyond price as the sole determinant, the selection process now emphasizes comprehensive indicators like innovation, quality, and clinical suitability. This paradigm shift strongly favors innovative pharmaceutical companies, creating a propitious environment for future growth. Driven by post-pandemic consumption recovery, an increase in per capita disposable income, and a growing demand for aesthetic medical services, the Chinese aesthetic medical market is poised to achieve remarkable growth, surpassing 20% in terms of total expenditure and exceeding RMB200 billion in 2023, as reported by Deloitte and Allergan Aesthetics.

In light of these positive market dynamics, the Group is actively exploring the potential of various advanced skincare raw materials. This strategic pursuit aims to capitalize on the continuous growth opportunities in the pharmaceutical and aesthetic medical market, ultimately creating significant value for patients, consumers and the industry.

BUSINESS REVIEW

Uni-Bio Science — A Fully Integrated Biopharmaceutical Company

Uni-Bio Science Group is a biopharmaceutical company focusing on endocrinology, 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 30 June 2023, the group has launched four products into the market, namely GeneTime®, GeneSoft®, Pinup® and Boshutai®.

KEY ACCOMPLISHMENTS IN THE FIRST HALF OF 2023

Impressive Financial Achievements: Setting New Benchmarks

For the first half of 2023, the Group continued its growth momentum in the sales of its marketed drugs, capitalizing on the market recovery from COVID-19 restrictions. Strengthened marketing efforts in academic channels, along with the established direct sales teams on diverse distribution channels, have yielded fruitful results. The Group's revenue achieved a remarkable increase of 27.8% year-on-year ("**YoY**") to approximately HK$249.9 million. Profit for the Period surged by an astounding 169.2% YoY, reaching approximately HK$39.4million. This set of results represent a significant achievement for a research-focused biopharmaceutical company and have laid a robust foundation for future growth in the evolving market landscape.

Future blockbuster Bogutai®: Anticipated Launch in the Second Half of 2023

In 2022, the China National Medical Products Administration ("**NMPA**") accepted the marketing application of Bogutai®, marking a significant milestone for the Group. Subsequently, the Group successfully completed the rigorous registration site verification by the China Center for Food and Drug Inspections ("**CFDI**"). This verification encompassed pharmacy development site verification, manufacturing site (GMP compliance) verification, and clinical site verification. With the final round of documents submitted in late May 2023, the Group is eagerly preparing for the anticipated launch of Bogutai® in the second half of this year.

Bogutai® is the first domestically manufacturing PTH liquid in China to use a disposable injection pen, which will be the fifth marketed and self-developed drug of the Group.

Skincare Breakthrough: Fibronectin Successful Launch in May 2023

In May 2023, the Group achieved a groundbreaking milestone with the successful launch of Fibronectin, the first product of the Group's advanced skincare raw material. This small-molecule high-activity recombinant human fibronectin is a result of a joint development effort between the Group and Global Cosmetics. Offering a plethora of benefits, including rapid repair, soothing anti-inflammatory properties, and effective moisturization, Fibronectin caters to various damaged skin conditions, acne-prone skin, sensitive skin, and post-medical aesthetic procedures. The development of Fibronectin stems from the Group's mission to create high-quality, high-efficiency, and cost-effective ingredients that elevate skincare standards for consumers. The Group is actively seeking market feedback and making necessary modifications to meet customers' specifications. Furthermore, the Group is diligently exploring diverse commercialization opportunities for Fibronectin, aiming to unlock its full market potential.

In addition to Fibronectin, there are four other raw ingredients currently under development. These include collagen, beauty peptides, microecological skincare products, and stem cell exosome products. Among them, collagen is anticipated to launch as early as the end of 2023, while two beauty peptides products with anti-wrinkle and anti-aging effect are expected to be introduced in 2024.

Cutting-Edge R&D Centers: A Catalyst for Future Growth

During the Period, the Group took a momentous step forward by establishing the "Biopeptides Innovative Medicine and Advanced Technology R&D Center" in Beijing. This state-of-the-art facility brings together the latest advancements in bioinformatics technology, genetic engineering, and oral formulation techniques, heralding a new era in the biosynthetic polypeptide drug industry. Integral to the R&D Center's success is the establishment of a green, low-carbon circular development system for biologic peptides. This system facilitates the industrialization and large-scale production of innovative green peptides, ensuring higher safety profiles and broader therapeutic applications. Complementing the R&D Center in Beijing, the Group's research center in Hong Kong focuses on cutting-edge fields like stem cell exosomes, synthetic biology, nanomaterials, and protein engineering. This harmonious setting reshapes the Group's R&D system, expands its product line, and unlocks new opportunities for significant strategic growth.

R&D and Pipeline Progress

During the Period, the Group continued to focus on developing innovative and proprietary products in endocrinology, ophthalmology, and dermatology fields. Currently, the Group has several leading patented biopharmaceutical products, certain high-value generic and skincare raw material 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 Biopharmaceutical Products

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-1 (Liquid)	Type 2 Diabetes	✔	✔	CTE	CTE	✔			
Uni-GLP-1 (liquid)	Obesity	✔	✔						
Uni-GLP-1 (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 (recombinant human parathyroid hormone 1-34), 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 analogues in the world and has very limited number of direct competitors in the Chinese market.

The 2nd Generation Uni-PTH (pre-filled injection pen), named Bogutai®, is the first domestic disposable liquid injection pen in China, with unparalleled dosing accuracy and minimized injection pain. It has been proven that it is effective to increase bone density, reduce fracture incidence and it is more convenient and safer for patient to use. The New Drug Application ("NDA") for Bogutai® had been submitted in 2022. The Group also successfully completed CFDI registration site verification, including pharmacy development site, manufacturing site (GMP compliance), and clinical site verification. The Group expected Bogutai® to be approved for marketing in 2023. Besides, the development of the 3rd Generation oral form Uni-PTH is under preparation for data collecting

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 of a 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.

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.

The formulation development of oral form Uni-GLP-1 was successfully completed, and the results showed that its bioavailability was superior to the positive control oral semaglutide. Currently, formal animal studies in BaMa Miniature Pig are under preparation to further validate the bioavailability and pharmacokinetics of the oral form Uni-GLP-1 in animals. .

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 in preparation for preclinical in vitro and in vivo test.

UB102, a Bispecific nanobody, is a promising candidate in the field of ocular disease treatment, specifically for conditions such as wet age-related macular degeneration (wAMD). This revolutionary molecule is uniquely designed to simultaneously block two proangiogenic receptors. This dual-targeting approach has demonstrated superior inhibitory efficacy as compared to inhibiting either factor individually, marking an advance from its predecessor, UB101. The Group is leveraging our advanced technology platform to expedite the development of UB102. Preliminary in vitro studies suggest that UB102 exhibits a significantly higher affinity for its targets, vascular endothelial growth factor-A (VEGF-A) and angiopoietin-2 (Ang-2). This superior affinity is expected to translate into remarkable efficacy and extended treatment intervals, potentially offering profound benefits to patients.

For context, the Faricimab molecule (Roche's VABYSMO) is currently used in the treatment of similar eye disorders, including wet AMD and diabetic macular oedema (DMO). VABYSMO, too, works by neutralizing Ang-2 and VEGF-A, the very targets of UB102. While VABYSMO treatment allows for a three to four month interval between eye injections, thereby minimizing the risk of injection-related complications, it's worth noting that UB102 is expected to further enhance this advantage.

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.

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 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.

Advance Skincare Raw Materials

Efficacy skin care is increasingly popular. Synthetic biology is becoming an essential research direction with disruptive potential in the cosmetical space. The new skincare raw materials under research in the new laboratory of the Group include fibronectin, beauty peptides, collagen, microecological skincare product, and stem cell exosome product. The materials are safe in composition, excellent in efficacy, and widely used. Currently, the Group effectively leverages the research ecosystem of Hong Kong Science Park, Uni-Bio Science Group's bioprocessing platform and Global Cosmetics' extensive experience in the field of cosmetics to commercialize these products quickly.

Products/Components	Discovery	Product Development	Formulation Development	Marketed
Fibronectin	✔	✔	✔	✔
Beauty peptides	✔	✔		
Collagen	✔	✔		
Microecological skin-care	✔			
Stem cell exosome	✔			

Fibronectin

Fibronectin is a multifunctional extracellular matrix glycoprotein that is widely involved in cell migration, adhesion, proliferation, hemostasis, and tissue repair. In the field of skin care products, fibronectin is safe and effective for skin barrier repairing (damaged skin, acne-prone skin, sensitive skin, post-medical art, etc.). The Group's fibronectin products have been shown to be as effective as natural fibronectin derived from human blood.

The Group's Fibronectin component boasts a competitive edge labeled as "1+3+2." The "1" signifies a rigorous and refined process flow, consisting of 16 critical steps and 16 control points, starting from the cell seed bank and culminating in the final Fibronectin raw material. The "3" encompasses three crucial technologies, including AlphaBODY AI design, HD 3.0 high-density fermentation technology, and pharmaceutical-grade protein ultra-purification. This integration results in a substantial increase in Fibronectin's unit productivity, achieving cosmetic quality equivalent to pharmaceutical-grade standards. The "2" refers to the validation of two scientific experiments, which are cell migration and cell adhesion. During the Period, the Group had completed the development of Fibronectin and had been in preparation for different ways of commercialization as well as distribution.

Beauty Peptides

Peptides have various cosmetic benefits and each peptide used in products has a specific activity. Our product lines focus on anti-wrinkle, anti-aging, skin-whitening, and anti-allergy. Our long-standing experience of clinical grade peptide manufacture applies equally to cosmetic peptides. The recombinant DNA approach could be more attractive in terms of costs and have a lower environmental impact and faster development time, than the current chemical manufacturing technologies. Currently, the Group had completed the initial development of its first cosmetic peptide product, Conopeptide, for anti-wrinkle applications and is about to begin the peptide's functional validation.

Collagen

Collagen is the most abundant protein in the human body, making up from 25% to 35% of the whole-body protein content. It forms a network of elastic fibers that support the skin, maintaining its elasticity and locking in moisture. Collagen production decreases by approximately 1% each year of age after maturity (about age 21), leading to a loss in firmness and elasticity of the skin. Collagen skincare products could be widely used in moisturizing, maintaining the skin barrier, and anti-aging. Currently, collagen products are under developing, and the Group is also exploring the possibilities of different types of collagen applications.

Microecological Skin-care

This microecological skincare product is derived from probiotic fermentation that balances beneficial skin flora, repairs the skin barrier, produces organic acids to maintain skin health, promotes wound healing, and reduces UV damage. With the application of synthetic biology technology, the Group develops microecological products with a wide range of properties for broader applications in skincare. In October 2022, the collaboration project with the Hong Kong Nano and Advanced Materials Institute was officially launched.

Stem Cell Exosome

Exosomes are emerging bioactive substances involved in multiple biological and cellular activities of the skin. These nanosized small membrane vesicles (30-100nm) are secreted by all eucaryotic cells, including skin cells. Mesenchymal stem cells (MSCs) are multipotent cells with immunomodulatory and trophic effects. Exosomes from stem cells promote skin regeneration, collagen synthesis, and help minimize scar formation. Exosomes are non-immunogenic and safe as topical skincare.

High Value Generic Products and Bioequivalence Studies

Product	Indication	Status	Remark
Ophthalmology			
Diquafosol®	Dry eye disease	During the Period, the Group completed the production process validation.	

Diquafosol Sodium Eye Drops Project

Diquas Sodium Eye Drop is a medication for treating dry eye disease and is suitable for patients with dry eye diagnosed with abnormal tear-associated corneal epithelial defect. During the Period, the Group completed the production process validation. Currently, the Group plans to conduct stability studies and submit the registration application in the second half of 2023.

RESULTS OVERVIEW

For the Period, the Group recorded a revenue of approximately HK$249.9 million, representing a significant increase of 27.8% YoY. The increase in revenue was mainly attributable to the remarkable sales growth of its marketed drugs, namely Pinup®, GeneTime® and GeneSoft®.

Cost of sales for the Period was the same as comparable period of approximately HK$51.1 million. Gross profit was approximately HK$198.9 million, representing an increase of 37.6% as compared with the first half of 2022. Gross profit margin increased by 5.7 percentage points YoY to 79.6%, which was due to the enhanced economy of scale and supplier optimization strategies that brought down the production costs. The Group maintained stringent control of general and administrative expenses, which only accounted for 9.4% of revenue for the Period as compared with 12.1% for the same period last year. The selling and distribution expenses for the Period increased to 50.5% of revenue from 43.5% that of the same period last year partly due to the marketing promotional expenses of Pinup® increased this year. The R&D expenses decreased by 51.7% YoY to approximately HK$11.7 million due to the completion of several clinical tests and the capitalization of development expenses.

The Group recorded earnings before interest, tax, depreciation and amortization ("**EBITDA**") for the Period of HK$51.6 million as compared to HK$27.6 million of the same period last year. Other revenue for the Period increased by 18.8% YoY to approximately HK$6.7 million, which was mainly attributable to its growing CMO business. The Group recorded a profit of approximately HK$39.4 million for the Period, representing a dramatic increase of 169.2% YoY. The increase in profit was mainly attributable to the impressive sales growth of marketed products, the increase in CMO business as well as effective control of product costs and operating expenses. Basic earnings per share was approximately HK$0.62 cents, equivalent to a growth of 169.6%.

Marketed drugs sales

GeneTime®

The Group's flagship product, GeneTime®, is a prescription biological drug for wound healing. During the Period, revenue generated from GeneTime® was approximately HK$95.9 million, representing an increase of 31.8% YoY. This increase was attributable to the expanded hospital network and the upgraded production capacity last year, resulting in improved efficiency and output. The Group also strengthened its marketing system with a strategic focus on academic promotions targeting healthcare professionals. Organizing national and regional academic conferences, along with engaging in staff training competitions, allowed the Group to showcase its expertise and forge stronger relationships within the medical community.

GeneSoft®

GeneSoft® is a therapeutic drug for dry eye syndrome, corneal damage and post-operative healing. During the Period, GeneSoft® recorded an increase in revenue from approximately HK$17.8 million to approximately HK$22.3 million, representing an increase of 25.7%. The remarkable revenue growth was mainly attributable to the efforts of the Group's direct sales team to expand both its hospital network and academic promotion channels.

Pinup®

The Group's self-developed chemical pharmaceutical product Pinup® (Voriconazole tablets) recorded a noticeable increase of 26.6% in revenue from approximately HK$98.5 million to approximately HK$124.7 million during the Period. The increase was attributable to the sustained sales momentum of hospital orders after the last national centralized procurement ended in April 2023, as well as with its targeted ongoing academic promotions within the medical community.

Boshutai®

The Group's product Boshutai® (Acarbose tablet) is a small molecule drug to treat diabetes launched in early 2021. During the Period, revenue of Boshutai® increased from approximately HK$6.5 million to approximately HK$7.1 million, representing an increase of 8.6%.

FINANCIAL PERFORMANCE REVIEW

Turnover

Sales Developments

For the six months ended 30 June 2023, the Group recorded a revenue of approximately HK$249.9 million, representing a significant increase of 27.8% 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 Period, proprietary biological pharmaceutical products recorded approximately HK$118.2 million of sales, representing a significant increase of 30.6% compared with the same period of last year. Proprietary biological pharmaceutical products represented 47.3% of total sales for the Period.

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 Period, the segment achieved a revenue of approximately HK$131.8 million, representing a significant increase of 25.4% compared with the same period of last year.

Gross Profit and Gross Profit Margin

During the Period, gross profit was approximately HK$198.9 million, representing an increase of 37.6% as compared with approximately HK$144.5 million for the first half of 2022. The increase in gross profit was mainly led by the surge of revenue generated from the Group's main products. Gross profit margin increased by 5.7 percentage points from 73.9% for the first half of 2022 to 79.6%. The increase was attributable to the enhanced economy of scale and supplier optimization strategies to reduce production costs.

Selling and Distribution Expenses

During the Period, selling and distribution expenses recorded an increase from approximately HK$85.0 million for the first half of 2022 to approximately HK$126.2 million for the first half of 2023. The percentage of selling expenses over revenue increased to 50.5% for the first half of 2023 from 43.5% for the same period last year. The increase was resulted from the increasing marketing expenses to promote Pinup® after the conclusion of the two-year national centralized procurement in April 2023. In addition, the Group strengthened its sales team by recruiting additional sales personnel, strategically preparing for the launch of Bogutai®. The reinforced focus on sales and marketing, coupled with the development of sales channels, is anticipated to yield positive outcomes.

Research and Development Expenses

Research and development expenses for the first half of 2023 was approximately HK$11.7 million, representing a decrease of 51.9% from approximately HK$24.3 million for the same period of 2022. The reduction was largely due to the completion of Uni-PTH clinical tests and the capitalization of related expenses.

General and Administrative Expenses

For the Period, general and administrative expenses was approximately HK$23.5 million, representing a decrease of 0.9% from approximately HK$23.7 million for the same period of 2022. The expenses accounted for 9.4% of revenue as compared with 12.1% for the same period of last year, which demonstrated the Group's great efforts in efficiency improvement and cost control measures.

Other Revenue

Other revenue for the Period was approximately HK$6.7 million, representing an increase of 19.6% when compared with approximately HK$5.6 million for the same period of last year. The increase was mainly attributable to its growing CMO business.

Profit for the Period

Profit for the Period experienced an extraordinary surge, soaring from approximately HK$14.6 million in the first half of 2022 to approximately HK$39.4 million in the first half of 2023, reflecting an impressive increase of 169.2%. This record-breaking profit was primarily driven by the Group's core scale-up operations and remarkable organic growth in marketed drugs, showcasing the Group's progress in achieving profitable growth.

PROSPECTS

Outlook

With the recent moderation of the centralized procurement of drugs, the biopharmaceutical industry will show marginal improvement, and in the long run, rising income levels, an ageing population, and increased healthcare awareness will continue to support the growth of the biopharmaceutical industry. The Chinese government has also prioritized healthcare benefits, focusing on implementing policies like Healthcare China 2030. This initiative aims to strengthen health technology innovation and enhance the overall quality of healthcare services across the country. According to Statista, the healthcare market in China is expected to maintain robust growth, with a projected Compound Annual Growth Rate (CAGR) of 8.8% from 2023 to 2027, reaching a substantial US$26.8 billion in 2027. User penetration in the healthcare industry is anticipated to rise from 22.3% in 2023 to 31.0% in 2027, with an estimated 442.8 million users by 2027. These figures underscore the enormous market potential that the healthcare sector offers.

As a leading biopharmaceutical company, the Group is well-positioned to capitalize on the burgeoning opportunities in the healthcare market and strives to develop cutting-edge treatments and solutions that improve the lives of patients while aiming to secure a larger market share.

Comprehensive Marketing Strategy to Drive Market Penetration of Bogutai®

With the completion of the CFDI registration and the NMPA's acceptance of the marketing application, the Group is eagerly preparing for the highly anticipated launch of Bogutai®, its fifth marketed and self-developed drug, in the second half of 2023. As the first domestically manufactured PTH liquid in China to utilize a disposable injection pen, Bogutai® represents a pioneering breakthrough in the pharmaceutical landscape.

To ensure the successful market entry of Bogutai®, the Group has crafted a comprehensive marketing strategy. A series of strategic marketing events, including salon meetings and academic conferences, will be executed to elevate awareness and generate interest among potential customers. Building up to the product's official launch, a national press conference is scheduled for the fourth quarter of 2023 to create a significant impact. Recognizing the critical role of a knowledgeable and competent sales and marketing team, the Group has proactively recruited and provided intensive training to its experts. Equipped with in-depth knowledge of Bogutai®, the team is well-prepared to effectively communicate the product's unique features and benefits to potential customers.

Through these strategic efforts, the Group aims to solidify Bogutai®'s position as a leading product in its category and establish a robust market presence upon its launch.

Expand Market Reach and Enhance Product Visibility Through Multiple Channels

The Group is actively pursuing diverse direct and third-party channels, both in offline and online realms, to bolster its new product launch and elevate market awareness of existing offerings. In the offline arena, the Group has been expanding its footprint to encompass public and private hospitals, as well as local pharmacies This extended network will significantly enhance our product distribution capabilities, enabling us to capture the highest levels of traditional market traffic and demand.

Recognizing the significance of digital transformation, the Group has established a dedicated marketing division that spans across all digital channels, including e-commerce platforms, online hospitals and pharmacies. This strategic move reflects the Group's commitment to staying at the forefront of the evolving healthcare landscape. Establishing a strong presence on digital platforms will act as a powerful tool to reach a wider audience at a lower cost, facilitating a broader market presence.

Expand Capacity to Support Surging Demand for EGF Products

The Group is actively undertaking significant efforts to cater to the growing demand for its highly sought-after EGF products, GeneTime® and GeneSoft®. To this end, a new production site is currently under construction in Dongguan, with the target of completing construction by the end of 2023.

This new production site is expected to be a major stride forward as it is poised to achieve a production innovation with Industrial 4.0 principles at its core. By integrating digitalization and elevating automation levels, the Group is embracing a transformative era of manufacturing excellence to streamline operations and effectively curb labor and production costs. The new site will also stand as a testament to the Group's energy-efficient and eco-friendly commitment. After securing NMPA approval, the Group will conduct a seamless technology transfer from the existing production site to ensure a smooth transition. The new production base will be equipped with advanced enhancements in production technology, which will further elevate production capacity and efficiency, addressing the rising demand for GeneTime® and GeneSoft®. The Group expects the new production base to commence operation in 2025.

Liquidity and Financial Resources

As at 30 June 2023, the Group's bank deposits, bank balances and cash amounted to approximately HK$95,833,000. The Group had total assets of approximately HK$311,282,000 (as at 31 December 2022: HK$292,471,000), and current assets of approximately HK$198,975,000 (as at 31 December 2022: HK$200,341,000), while current liabilities were at HK$80,413,000 as at 30 June 2023 (as at 31 December 2022: HK$90,255,000). The total liabilities to total assets ratio is 25.8% as at 30 June 2023 (as at 31 December 2022: 30.9%).

Significant Investments and Future Plans for Material Investments or Capital Assets

During the six months ended 30 June 2023, the Group did not have any significant investments or future plans for material investments or capital assets.

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 six months ended 30 June 2023.

Pledge of Assets and Contingent Liabilities

As of 30 June 2023, the Group did not have any assets pledged for any loan facilities granted to the Group and any material contingent liabilities.

Employment and Remuneration Policy

As of 30 June 2023, the Group employed 340 staff, including 32 staff in the PRC R&D department, 170 staff in the PRC production department, 78 staff in the PRC commercial office and 6 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.

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 six months ended 30 June 2023.

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 six months ended 30 June 2023.

Purchase, Sale or Redemption of the Company's Listed Shares

During the six months ended 30 June 2023, neither the Company nor any its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

Events after the Reporting Period

There are no significant subsequent events after the Reporting Period.

Interim Dividend

The Board does not recommend any interim dividend for the six months ended 30 June 2023.

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 unaudited consolidated financial statements of the Group of the six months ended 30 June 2023.

Publication of the Consolidated Results and 2023 Interim Report on the Websites of the Stock Exchange and the Company

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.uni-bioscience.com). The interim report for the six months ended 30 June 2023 will be dispatched to the Shareholders and published on the aforementioned websites in due course.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

		Unaudited Six months ended 30 June	
		2023	2022
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**249,933**	195,578
Cost of sales		**(51,079)**	(51,071)
Gross profit		**198,854**	144,507
Other revenue		**6,666**	5,613
Other net (losses)/gains		**(225)**	842
Selling and distribution costs		**(126,247)**	(84,989)
General and administrative expenses		**(23,486)**	(23,714)
Research and development costs		**(11,740)**	(24,316)
Equity-settled share-based payment expenses		**–**	(92)
Provision for litigation	*15*	**–**	(2,394)
Profit from operation		**43,822**	15,457
Finance costs		**(427)**	(168)
Profit before taxation	*4*	**43,395**	15,289
Income tax expense	*6*	**(3,994)**	(650)
Profit for the period		**39,401**	14,639
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation on foreign operations		**(9,388)**	(8,413)
Other comprehensive expense for the period		**(9,388)**	(8,413)
Total comprehensive income for the period		**30,013**	6,226
Earnings per share *(HK cents)*			
— Basic and diluted	*7*	**0.62**	0.23

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

	Notes	**Unaudited 30 June 2023** ***HK$'000***	Audited 31 December 2022 *HK$'000*
Non-current assets			
Property, plant and equipment	*8*	**41,144**	41,850
Right-of-use assets	*9*	**15,294**	18,016
Intangible assets	*10*	**34,124**	24,119
Deposits paid for the acquisition of property, plant and equipment		**21,313**	7,713
Deferred tax assets		**432**	432
		112,307	92,130
Current assets			
Inventories		**34,997**	33,852
Trade and other receivables	*11*	**68,145**	68,273
Bank balances and cash		**95,833**	98,216
		198,975	200,341
Current liabilities			
Trade and other payables	*12*	**41,170**	44,811
Contract liabilities		**14,936**	21,813
Bank borrowings		**10,786**	11,194
Income tax payable		**2,130**	3,112
Lease liabilities	*9*	**3,290**	4,008
Amount due to a related party		**7,862**	5,186
Amount due to a joint operation		**239**	131
		80,413	90,255
Net current assets		**118,562**	110,086
Total assets less current liabilities		**230,869**	202,216
Non-current liability			
Lease liabilities	*9*	**6,110**	7,470
		6,110	7,470
NET ASSETS		**224,759**	194,746
Capital and reserves			
Share capital	*13*	**63,648**	63,648
Reserves		**161,111**	131,098
TOTAL EQUITY		**224,759**	194,746

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Unaudited Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
Net cash from operating activities	**30,360**	9,547
Net cash used in investing activities	**(19,721)**	(3,137)
Net cash from/(used in) financing activities	**643**	(897)
Net increase in cash and cash equivalents	**11,282**	5,513
Cash and cash equivalents at the beginning of the period	**98,216**	83,609
Net effect of foreign exchange rate changes	**(13,665)**	(7,189)
Cash and cash equivalents at the end of the period, represented by bank balances and cash	**95,833**	81,933

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to owners of the Company						
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Share-based payment reserve** *HK$'000*	**Distributable reserve** *(Note a)* *HK$'000*	**Exchange reserve** *(Note b)* *HK$'000*	**Accumulated losses** *HK$'000*	**Total** *HK$'000*
At 1 January 2022 (audited)	63,498	750,766	41,612	1,291,798	1,291,798	(2,029,669)	174,307
Other comprehensive income for the period	–	–	–	–	(8,413)	–	(8,413)
Profit for the period	–	–	–	–	–	14,639	14,639
Total comprehensive income for the period	–	–	–	–	(8,413)	14,639	6,226
Issue of ordinary shares in relation to award of new shares	150	990	(1,140)	–	–	–	–
Recognition of equity-settled share based payments	–	–	92	–	–	–	–
At 30 June 2022 (unaudited)	63,648	751,756	40,564	1,291,798	47,889	(2,015,030)	180,625
At 1 January 2023 (audited)	**63,648**	**751,756**	**41,015**	**1,291,798**	**37,686**	**(1,991,157)**	**194,746**
Other comprehensive expense for the period	**–**	**–**	**–**	**–**	**(9,388)**	**–**	**(9,388)**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**39,401**	**39,401**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**(9,388)**	**39,401**	**30,013**
At 30 June 2023 (unaudited)	**63,648**	**751,756**	**41,015**	**1,291,798**	**28,298**	**(1,951,756)**	**224,759**

Note a: The distributable reserve represents credit arising from Capital Reorganisation effected by the Company during the year ended 31 March 2010. Under the Company Law (revised) of the Cayman Islands, share premium is distributable to shareholders, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of share premium if (i) it is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital accounts.

Note b: Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currency to the Group's presentation currency (i.e. Hong Kong dollars) are recognised directly in other comprehensive income and accumulated in the exchange translation reserve. Such exchange differences accumulated in the exchange translation reserve are reclassified to profit or loss on the disposal of the foreign operations.

NOTES TO CONDENSED ACCOUNTS

1. ORGANISATION

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 its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Its principal place of business is located at Unit 502, 5/F, No. 20 Science Park East Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong.

The Group is principally engaged in bioscience related business with focus on the research, development and commercialization of biopharmaceutical products through recombinant DNA and other technologies.

2. BASIS OF PREPARATION AND PRINCIPAL POLICIES

The unaudited condensed consolidated financial statements of the Group have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on Stock Exchange (the "**Listing Rules**") and Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). The condensed consolidated financial statements are unaudited but have been reviewed by the Audit Committee of the Company.

The accounting policies adopted and the basis of preparation used in the preparation of the condensed consolidated financial statement of the Group are consistent with those followed in the preparation of the Group's annual financial statements for the twelve months ended 31 December 2022.

In the Period, the Group has applied, for the first time, the following new and amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**") and Interpretations issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosures of Accounting Policies
Amendments to HKAS 8	Disclosures of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
HKFRS 17	Insurance Contracts

The adoption of the above new or revised HKFRSs in the current period did not have any significant impact on the financial position and performance of the Group.

The following amendments to HKAS and HKFRSs, potentially relevant to the Group's condensed consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to the Hong Kong Interpretation 5 (Revised)[1]
Amendments to HKAS 1	Non-Current Liabilities with Covenants[1]
Amendments to HKFRS 16	Lease Liability in Sale and Leaseback[1]

[1] Effective for annual periods beginning on or after 1 January 2024.

[2] 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.

The directors of the Company anticipate that the application of these amendments to HKFRSs and HKASs will have no material impact on the Group's financial performance and positions and/or the disclosures to these condensed consolidated financial statements of the Group.

3. 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

The information of the reportable segment results are as follows:

For the six months ended 30 June 2023 (unaudited)

	Chemical pharmaceutical products *HK$'000*	**Biological pharmaceutical products** *HK$'000*	**Pipeline products** *HK$'000*	**Consolidated** *HK$'000*
Segment revenue				
External sales	**131,764**	**118,169**	**—**	**249,933**
Result				
Segment profit/(loss)	**30,678**	**18,827**	**(6,570)**	**42,935**
Other income				**6,666**
Finance costs				**(427)**
Unallocated administration expenses				**(5,779)**
Profit before taxation				**43,395**

For the six months ended 30 June 2022 (unaudited)

	Chemical pharmaceutical products *HK$'000*	Biological pharmaceutical products *HK$'000*	Pipeline products *HK$'000*	Consolidated *HK$'000*
Segment revenue				
External sales	105,084	90,494	–	195,578
Result				
Segment profit/(loss)	20,192	20,307	(24,316)	16,183
Other income				5,613
Finance costs				(168)
Equity-settled share-based payment expense				(92)
Unallocated administration expenses				(6,247)
Profit before taxation				15,289

4. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Unaudited Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
Amortisation of intangible assets	**418**	447
Cost of inventories recognised as an expenses	**51,079**	51,071
Depreciation of property, plant and equipment	**4,925**	9,705
Depreciation of right-of-use assets	**2,399**	2,411
Less: Depreciation included in research and development costs	**(803)**	(2,598)
	6,521	9,518
Research and development costs	**23,025**	24,316
Less: Capitalisation on intangible assets	**(11,285)**	–
	11,740	24,316

5. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	Unaudited Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
Salaries, wages and other benefit	**40,990**	37,054
Retirement benefit scheme contribution	**7,396**	6,687
Equity-settled share-based payments	**–**	92
	48,386	43,833

6. INCOME TAX EXPENSE

The amount of taxation charged to the condensed consolidated statement of comprehensive income represents:

	Unaudited Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
The PRC Enterprise Income Tax ("**EIT**")	**3,994**	650

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

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-new technology enterprise" and were eligible to enjoy a preferential enterprise income tax rate of 15% for the six months ended 30 June 2022 and 2023.

7. EARNINGS PER SHARE

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

	Unaudited Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
Earnings		
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	**39,401**	14,639

	Unaudited Six months ended 30 June	
	2023	2022
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of computation of basic and diluted earnings per share	**6,364,768**	6,396,892

For the six months ended 30 June 2023 and 2022, the computation of diluted earnings per share does not assume the conversion of certain share options as the exercise price of these share options are higher than the average market price of the Company.

8. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

a. Acquisitions and disposals

During the six months ended 30 June 2023, the Group acquired items of plant and machinery with a cost of HK$6,121,000 (six months ended 30 June 2022: HK$$4,908,000). Items of plant and machinery with a net book value of HK$498,000 were disposed of during the six months ended 30 June 2023 (six months ended 30 June 2022: HK$1,632,000), resulting in a loss on disposal of HK$359,000 (six months ended 30 June 2022: a loss on disposal of HK$1,000).

b. Impairment losses

During the six months ended 30 June 2023 and 2022, no impairment loss of Property, Plant and Equipment and Investment properties were recognised by the Group.

9. RIGHT-OF-USE-ASSETS AND LEASE LIABILITIES

Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	Unaudited 30 June 2023	Audited 31 December 2022
	HK$'000	*HK$'000*
Land use rights, carried at depreciated cost	**6,805**	7,205
Leased properties, carried at depreciated cost	**8,489**	10,811
	15,294	18,016

The right-of-use assets represent the Group's rights to use underlying leased premises under operating lease arrangements over the lease terms, which are stated at cost less accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of the lease liabilities.

Lease Liabilities

The carrying amount of lease liabilities are as follows:

	Unaudited 30 June 2023	Audited 31 December 2022
	HK$'000	*HK$'000*
Maturity analysis		
Less than one year	**3,290**	4,008
Over one year and more	**6,110**	7,470
Total lease liabilities	**9,400**	11,478
Analysed as:		
Current portion	**3,290**	4,008
Non-current portion	**6,110**	7,470
	9,400	11,478

10. INTANGIBLE ASSETS

Carrying amount

	Trademarks and certificates *(Note a)* *HK$'000*	**Technical know-how** *(Note b)* *HK$'000*	**Capitalised development costs** *(Note c)* *HK$'000*	**Total** *HK$'000*
At 30 June 2023 (unaudited)	**–**	**2,793**	**31,334**	**34,124**
At 31 December 2022 (audited)	–	3,090	21,029	24,119

All intangible assets are amortised on a straight-line basis over the following periods:

Trademarks and certificates	10 to 15 years
Technology know-how	10 years
Capitalised development costs	10 years

Notes:

(a) Trademarks and certificates represent costs in obtaining trademarks and registration certificates for pharmaceutical products.

(b) Technical know-how mainly represents techniques and formulas acquired separately for the development of products and production technology.

(c) Capitalised development costs mainly represent costs generated internally for the development of products and product technology.

(d) Except for the capitalised development costs of drugs under development, the respective intangible assets (including the capitalised development costs of drugs already completed development) have finite lives and are subsequently amortised over the useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Capitalised development costs of drugs under development are not amortised as the development of products and technology is in the registration or after the approval of phase III clinical trial process and are assessed for impairment annually.

(e) The directors of the Company conducted an impairment review of the Group's intangible assets annually. During the six months ended 30 June 2022 and 2023, no impairment loss on technical know-how and capitalised development costs were recognised to profit or loss.

11. TRADE AND OTHER RECEIVABLES

	Unaudited 30 June 2023 *HK$'000*	Audited 31 December 2022 *HK$'000*
Trade receivables	**43,835**	40,035
Less: Loss allowance	**(3,426)**	(3,556)
	40,409	36,479
Bill receivables	**14,325**	21,390
Deposits, prepayments and other receivables	**13,552**	10,574
Less: Loss allowance	**(141)**	(170)
	13,411	10,404
	68,145	68,273

Note: As at 31 December 2022 and 30 June 2023, trade receivables from contracts with customers amounted to HK$36,479,000 and HK$40,409,000 respectively.

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

	Unaudited 30 June 2023	Audited 31 December 2022
	HK$'000	*HK$'000*
0–90 days	**31,710**	28,599
91–120 days	**7,556**	4,014
121–180 days	**1,118**	3,118
181–360 days	**662**	818
Over 360 days	**2,789**	3,486
	43,835	40,035
Less: Loss allowance	**(3,426)**	(3,556)
	40,409	36,479

12. TRADE AND OTHER PAYABLES

	Unaudited 30 June 2023	Audited 31 December 2022
	HK$'000	*HK$'000*
Trade payables	**5,072**	5,265
Other payables	**13,985**	11,591
Accruals	**22,113**	27,955
	41,170	44,811

The ageing analysis of trade payables at the end of the reporting period based on transaction date is as follows:

	Unaudited 30 June 2023	Audited 31 December 2022
	HK$'000	*HK$'000*
0–30 days	**1,882**	2,936
31–60 days	**1,366**	461
61–90 days	**260**	241
Over 90 days	**1,564**	1,627
	5,072	5,265

The average credit period on purchases of goods is 120 days (31 December 2022: 120 days). The Group has in place financial risk management policies to ensure that all payables are settled within the credit time frame.

13. SHARE CAPITAL

Ordinary share of HK$0.01 each

	Number of shares	Amount *HK$'000*
Authorised:		
At 31 December 2022 and 30 June 2023	500,000,000,000	5,000,000
Issued and fully paid:		
At 31 December 2022 and 30 June 2023	6,364,768,147	63,648

14. SHARE OPTIONS

On 26 September 2016, a New Share Option Scheme was adopted by the Company ("**2016 Scheme**") and replaced the share option scheme approved on 22 September 2006.

Under the 2016 Scheme, which is valid for a period of ten years, the board of directors of the Company may, at its discretion grant options to subscribe for shares in the Company to eligible participants ("**Eligible Participants**") who contribute to the development and growth of the Group. Eligible Participants include (i) any employee (whether full-time or part-time including any executive director but excluding any non- executive director) of the Company, any of its subsidiaries or any entity ("**Invested Entity**") in which the Group holds an equity interest; (ii) any non-executive director (including independent non-executive director) of the Company, any of its subsidiaries or any Invested Entity; (iii) any supplier of goods or services to any member of the Group or any Invested Entity; (iv) any customer of any member of the Group or any Invested Entity; (v) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; (vi) any adviser (professional or otherwise) or consultant to any area of business or business development of the Group or any Invested Entity; and (vii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group, and, for the purposes of the New Share Option Scheme, the options may be granted to any company wholly owned by one or more persons belonging to any of the above classes of participants.

At 30 June 2023, the number of shares in respect of which options had been granted and remained outstanding under the share option scheme was 563,055,000 (At 31 December 2022: 563,055,000), representing 8.85% (At 31 December 2022: 8.85%) of the ordinary shares in issue at that date.

Details of the share option movements during the six months ended 30 June 2022 and 2023 are as follow:

Share options grant date	Outstanding at 1.1.2023 *'000*	Granted during the period *'000*	Exercised during the period *'000*	Lapsed during the period *'000*	Cancelled during the period *'000*	Outstanding at 30.06.2023 *'000*
12 September 2014 Directors	**8,560**	**–**	**–**	**–**	**–**	**8,560**
12 September 2014 Others	**360**	**–**	**–**	**–**	**–**	**360**
23 January 2015 Employees	**10,880**	**–**	**–**	**–**	**–**	**10,880**
23 January 2015 Others	**33,100**	**–**	**–**	**–**	**–**	**33,100**
10 July 2015 Directors	**7,260**	**–**	**–**	**–**	**–**	**7,260**
17 August 2015 Others	**120,000**	**–**	**–**	**–**	**–**	**120,000**
27 January 2016 Employees	**20,700**	**–**	**–**	**–**	**–**	**20,700**
27 January 2016 Others	**1,300**	**–**	**–**	**–**	**–**	**1,300**
7 October 2016 Directors	**10,880**	**–**	**–**	**–**	**–**	**10,880**
3 April 2017 Employees	**34,950**	**–**	**–**	**–**	**–**	**34,950**
3 April 2017 Others	**2,010**	**–**	**–**	**–**	**–**	**2,010**
16 November 2017 Directors	**16,073**	**–**	**–**	**–**	**–**	**16,073**
9 April 2018 Senior Management	**11,990**	**–**	**–**	**–**	**–**	**11,990**
9 April 2018 Employees	**20,224**	**–**	**–**	**–**	**–**	**20,224**
5 July 2018 Others	**3,000**	**–**	**–**	**–**	**–**	**3,000**
9 April 2019 Directors	**66,179**	**–**	**–**	**–**	**–**	**66,179**
9 April 2019 Employees	**62,449**	**–**	**–**	**–**	**–**	**62,449**
9 April 2019 Others	**3,300**	**–**	**–**	**–**	**–**	**3,300**
2 April 2020 Employees	**35,780**	**–**	**–**	**–**	**–**	**35,780**
2 April 2020 Others	**35,000**	**–**	**–**	**–**	**–**	**35,000**
31 August 2020 Executive Directors	**33,380**	**–**	**–**	**–**	**–**	**33,380**
31 August 2020 Non-Executive Directors	**25,680**	**–**	**–**	**–**	**–**	**25,680**
	563,055	**–**	**–**	**–**	**–**	**563,055**
Exercisable at the end of the period						**563,055**
Weighted average exercise price	**HK$0.18**	**–**	**–**	**–**	**–**	**HK$0.18**

Share options grant date	Outstanding at 1.1.2022 *'000*	Granted during the period *'000*	Exercised during the period *'000*	Lapsed during the period *'000*	Cancelled during the period *'000*	Outstanding at 30.06.2022 *'000*
12 September 2014 Directors	8,560	–	–	–	–	8,560
12 September 2014 Others	360	–	–	–	–	360
23 January 2015 Employees	10,880	–	–	–	–	10,880
23 January 2015 Others	33,100	–	–	–	–	33,100
10 July 2015 Directors	7,260	–	–	–	–	7,260
17 August 2015 Others	120,000	–	–	–	–	120,000
27 January 2016 Employees	20,700	–	–	–	–	20,700
27 January 2016 Others	1,300	–	–	–	–	1,300
7 October 2016 Directors	10,880	–	–	–	–	10,880
3 April 2017 Employees	34,950	–	–	–	–	34,950
3 April 2017 Others	2,010	–	–	–	–	2,010
16 November 2017 Directors	16,073	–	–	–	–	16,073
9 April 2018 Senior Management	11,990	–	–	–	–	11,990
9 April 2018 Employees	20,224	–	–	–	–	20,224
5 July 2018 Others	3,000	–	–	–	–	3,000
9 April 2019 Directors	66,179	–	–	–	–	66,179
9 April 2019 Employees	62,449	–	–	–	–	62,449
9 April 2019 Others	3,300	–	–	–	–	3,300
2 April 2020 Employees	35,780	–	–	–	–	35,780
2 April 2020 Others	35,000	–	–	–	–	35,000
31 August 2020 Executive Directors	33,380	–	–	–	–	33,380
31 August 2020 Non-Executive Directors	25,680	–	–	–	–	25,680
	563,055	–	–	–	–	563,055
Exercisable at the end of the period						445,420
Weighted average exercise price	HK$0.18	–	–	–	–	HK$0.18

15. PROVISION, LITIGATION 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.

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 for the year ended 31 December 2021.

On 12 June 2022, Beijing Genetech received a decision made by the CIETAC (the "**Decision**"). Pursuant to the Decision, Beijing Genetech was ordered to make a payment of service fee payables, a repayment of royalty fee paid by the Distributor and the corresponding compensation payments of approximately RMB14,919,000 (equivalent to approximately HK$17,996,000) of which an aggregate amount of RMB12,934,000 (equivalent to approximately HK$15,610,000) had been included in the provision amount as at 31 December 2021. There was a further provision of approximately RMB1,985,000 (equivalent to approximately HK$2,394,000) for the above litigation claim was made for the period ended 30 June 2022.

Apart from the aforesaid case, the Group was not involved in any other material litigation or arbitration during the period ended 30 June 2023.

16. CAPITAL COMMITMENT

	Unaudited 30 June 2023	Audited 31 December 2022
	HK$'000	*HK$'000*
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of		
— purchase of property, plant and equipment	**53,265**	19,269
— purchase of intangible asset	**12,973**	13,464
— research and development activities	**425**	600
	66,663	33,333

17. INTERIM DIVIDEND

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

18. CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;

To support the Group's stability and growth; and

To provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

By Order of the Board
Uni-Bio Science Group Limited
Kingsley Leung
Chairman

Hong Kong, 28 August 2023

As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. Kingsley Leung (Chairman), Mr. Chen Dawei (Vice-Chairman), Mr. Zhao Zhi Gang and Ms. Zhang Yanfen; 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.