聯康生物科技集團有限公司*

Uni-Bio Science Group Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 690)

INTERIM RESULTS ANNOUNCEMENT
For the six months ended 30 September 2006

The board of directors (the "Directors") of Uni-Bio Science Group Limited (the "Company") announces the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2006 together with the comparative figures for the corresponding period in 2005 as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the six months ended 30 September 2006

		Unaudited Six months ended 30 September	
	Note	**2006** *HK$'000*	2005 *HK$'000*
Turnover	3	**90,696**	58,606
Cost of sales		**(60,461)**	(47,029)
Gross profit		**30,235**	11,577
Other revenues		**5,239**	832
Profit on disposal of a subsidiary		**–**	1,095
Distribution costs		**(3,502)**	(357)
Administrative expenses		**(11,385)**	(25,625)
Share-based payment	15	**(32,540)**	–
Operating loss	4	**(11,953)**	(12,478)
Finance costs		**(4,570)**	(2,220)
Loss before taxation		**(16,523)**	(14,698)
Income tax	6	**(7,373)**	–
Loss for the period		**(23,896)**	(14,698)
Attributable to:			
Equity holders of the Company		**(23,900)**	(14,700)
Minority interests		**4**	2
		(23,896)	(14,698)
		HK cents	*HK cents* (restated)
Loss per share	7		
Basic		**(3.30)**	(6.86)
Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 September 2006

	Note	Unaudited 30 September 2006 HK$'000	Audited 31 March 2006 HK$'000
Non-current assets			
Goodwill	8	**381,966**	–
Property, plant and equipment	9	**123,508**	63,882
Deferred tax assets		**139**	139
		505,613	64,021
Current assets			
Inventories		**8,264**	17,732
Trade receivables	10	**23,388**	16,633
Other receivables, deposits and prepayments		**76,658**	24,394
Dividend receivable		**1,100**	1,100
Tax recoverable		**1**	1
Pledged bank deposits		**13,311**	13,040
Cash and cash equivalents		**296,757**	1,888
		419,479	74,788
Current liabilities			
Trade payables	11	**24,824**	17,604
Amount due to ultimate holding company		**–**	1,547
Amounts due to directors		**–**	1,903
Current portion of long-term loans	12	**10,916**	13,700
Obligations under finance leases	12	**52**	100
Current taxation		**15,664**	77
Accrued charges and other payables		**13,808**	15,704
Trust receipts	12	**3,266**	2,438
Bank overdrafts, secured		**8,856**	8,360
		77,386	61,433
Net current assets		**342,093**	13,355
Total assets less current liabilities		**847,706**	77,376
Non-current liabilities			
Deferred tax liabilities		**5,926**	5,926
Long-term loans	12	**37,637**	37,637
Obligations under finance leases		**208**	209
Convertible bonds	14	**93,743**	–
		137,514	43,772
NET ASSETS		**710,192**	33,604
CAPITAL AND RESERVES			
Share capital	13	**86,800**	18,000
Reserves		**622,288**	14,504
Total equity attributable to equity shareholders of the Company		**709,088**	32,504
Minority interests		**1,104**	1,100
TOTAL EQUITY		**710,192**	33,604

NOTES TO CONDENSED ACCOUNTS

1. Organisation

Uni-Bio Science Group Limited was incorporated in the Cayman Islands with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company and its subsidiaries (hereinafter collectively referred to as the "Group") are principally engaged in bioscience related business (with focus on the research, development and commercialization of biopharmaceuticals through recombinant DNA and other technologies), and the manufacture and trading of packaging products, paper gifts items and promotional product.

2. Basis of preparation and principal accounting 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 The Stock Exchange of Hong Kong Limited (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 year ended 31 March 2006.

In addition, the Group has applied the following accounting policy for share options granted during the current interim period.

HKFRS 2 Share-based Payment

Equity-settled share-based payments are measured at fair value (excluding the effect on non market-based vesting conditions) at the date of grant. The fair value of services received determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the share options that will eventually vest and adjusted for the effect of non market-based vesting conditions, with a corresponding increase in share options reserve. At the time when the share options are exercised, the amount previously recognized in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

HKAS 32 Financial Instruments: Disclosure and Presentation
HKAS 39 Financial Instruments: Recognition and Measurement

Convertible Bonds

HKAS 32 requires an issuer of a compound financial instrument that contains both financial liability and equity components to separate the compound financial instrument into the liability and equity components on initial recognition and to account for these components separately.

The proceeds received on issue of the Group's convertible debt are allocated into their liability and equity components. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that did not include an option to convert. Subsequently, the debt component is accounted for as a financial liability measured at amortised cost.

The difference between the net proceeds of the convertible debt and the amount allocated to the debt component is credited direct to equity and is not subsequently remeasured. On conversion, the debt and equity elements are credited to share capital and share premium as appropriate.

In the current interim period, the Group has applied, for the first time, a number of new standards, amendments and interpretations issued by the HKICPA that are effective for the current accounting period. The adoption of the new standards, amendments and interpretations has no material effect on how the results for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new standards, amendment or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of the following standards, amendment or interpretations will have no material impact on the results and the financial position of the Group:

HKAS 1 (Amendment)	Capital disclosures[1]
HKFRS 7	Financial instruments: Disclosures[1]
HK(IFRIC)-INT 8	Scope of HKFRS 2[2]
HK(IFRIC)-INT 9	Reassessment of Embedded Derivatives[3]
HK(IFRIC)-INT 10	Interim financial reporting and impairment[4]

1. Effective for accounting periods beginning on or after 1 January 2007
2. Effective for accounting periods beginning on or after 1 May 2006
3. Effective for accounting periods beginning on or after 1 June 2006
4. Effective for accounting periods beginning on or after 1 November 2006

HKFRS 5 Non-Current Assets Held For Sale And Discontinued Operations
Pursuant to HKFRS 5, New Master Group Limited, a subsidiary and intermediate holding company of the Group, which holds the entire packaging products, paper gift items and promotional products operations has been reclassified as disposal group held for sale from early October 2006. Such reclassification has no financial effect to this unaudited condensed consolidated financial statements.

3. **Segment information**

Primary reporting format – business segments

The Group is principally engaged in bioscience related business (with focus on the research, development and commercialization of biopharmaceuticals through recombinant DNA and other technologies), and the manufacture and trading of packaging products, paper gifts items and promotional products in Hong Kong and in the PRC.

An analysis of the Group's turnover and results for the period by business segments is as follows:

	Unaudited Six months ended 30 September 2006				
	Distribution of Pharmaceutical Products *HK$'000*	**Packaging Products** *HK$'000*	**Paper Gifts Items** *HK$'000*	**Promotional Products** *HK$'000*	**Group** *HK$'000*
Turnover	**55,347**	**17,675**	**2,474**	**15,200**	**90,696**
Segment results	**25,370**	**2,651**	**322**	**1,892**	**30,235**
Unallocated income					**5,239**
Unallocated costs					**(47,427)**
Operating loss					**(11,953)**
Finance costs					**(4,570)**
Loss before taxation					**(16,523)**
Taxation					**(7,373)**
Loss for the period					**(23,896)**

	Unaudited Six months ended 30 September 2005			
	Packaging Products *HK$'000*	Paper Gifts Items *HK$'000*	Promotional Products *HK$'000*	Group *HK$'000*
Turnover	26,557	10,668	21,381	58,606
Segment results	5,436	1,705	4,436	11,577
Unallocated income				832
Unallocated costs				(25,982)
Gain on disposal of a subsidiary				1,095
Operating loss				(12,478)
Finance costs				(2,220)
Loss before taxation				(14,698)
Taxation				–
Loss for the period				(14,698)

There are no sales or other transactions between the business segments. Unallocated costs represent corporate expenses.

Secondary reporting format – geographical segments
For the six months ended 30 September 2006 (unaudited)

	Turnover *HK$'000*	Segment results *HK$'000*	Total assets *HK$'000*
Hong Kong	**24,658**	**3,394**	**318,331**
PRC	**65,515**	**26,769**	**606,761**
Other Countries	**523**	**72**	**–**
	90,696	**30,235**	**925,092**
Unallocated income		**5,239**	
Unallocated costs		**(47,427)**	
Operating loss		**(11,953)**	

For the six months ended 30 September 2005 (unaudited)

	Turnover *HK$'000*	Segment results *HK$'000*	Total assets *HK$'000*
Hong Kong	16,015	2,884	45,044
PRC	41,760	8,574	133,409
Other Countries	831	119	–
	58,606	11,577	178,453
Unallocated income		832	
Unallocated costs		(25,982)	
Gain on disposal of a subsidiary		1,095	
Operating loss		(12,478)	

4. Operating loss

Operating loss is stated after the following:

	Unaudited Six months ended 30 September	
	2006 *HK$'000*	2005 *HK$'000*
After crediting:		
Gain on disposal of a subsidiary	**–**	1,095
After charging:		
Cost of inventories sold	**60,461**	47,029
Depreciation of fixed assets		
– owned assets	**4,958**	3,050
– assets held under finance leases	**1,786**	1,898
Provision for doubtful debts	**–**	8,774

5. Staff costs

	Unaudited Six months ended 30 September	
	2006 *HK$'000*	2005 *HK$'000*
Wages and salaries	**5,111**	2,608
Pension costs - defined contribution plans	**123**	93
	5,234	2,701

6. Income tax

The amount of taxation charged to the condensed profit and loss account represents:

	Unaudited Six months ended 30 September	
	2006 **HK$'000**	2005 *HK$'000*
Hong Kong profits tax	**–**	–
Taxation in other jurisdictions	**7,373**	–
Deferred taxation	**–**	–
	7,373	–

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profit for the six months ended 30 September 2006. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

7. Loss per share

The calculation of basic loss per share is based on the Group's loss attributable to equity holders of the Company for the period under review of approximately HK$23,900,000 loss (for the six months ended 30 September 2005: HK$14,700,000 loss) and on the weighted average number of 723,675,253 (2005: 214,145,199 (restated and adjusted to reflect the open offer in April 2006)) shares in issue during the period under review.

No diluted loss per share is presented as there are no dilutive potential ordinary shares during the period under review.

8. Goodwill

	Unaudited
	HK$'000
Cost at 1 April 2006	–
Additions arising from acquisition of subsidiaries	381,966
Cost at 30 September 2006	381,966

Goodwill arising from acquisition of Figures Up Trading Limited and its subsidiaries has been allocated to the biopharmaceutical operation, which is a separate segment, for impairment testing.

9. Property, plant and equipment

	Unaudited
	HK$'000
Opening net book amount at 1 April 2006	63,882
Additions	18
Acquisition of a subsidiary	66,352
Depreciation charge *(note 4)*	(6,744)
Closing net book amount at 30 September 2006	123,508

10. Trade receivables

The ageing analysis of trade receivables (net of provision for doubtful debts) is as follows:

	Unaudited 30 September 2006	Audited 31 March 2006
	HK$'000	*HK$'000*
Within 30 days	**8,496**	11,961
31 – 60 days	**3,459**	2,894
61 – 90 days	**2,121**	949
Over 90 days	**2,378**	829
Over 180 days	**6,934**	–
	23,388	16,633

Customers are generally granted with credit terms of 30 to 90 days. Longer payment terms are granted to those customers which have good payment history and long-term business relationship with the Group.

11. Trade payables

The ageing analysis of trade payables is as follows:

	Unaudited 30 September 2006	Audited 31 March 2006
	HK$'000	*HK$'000*
Current - 30 days	**4,928**	4,030
31 – 60 days	**3,145**	3,292
61 – 90 days	**3,046**	1,219
Over 90 days	**13,705**	9,063
	24,824	17,604

12. Borrowings

	Unaudited 30 September 2006 *HK$'000*	Audited 31 March 2006 *HK$'000*
Bank loans, secured	**15,553**	42,337
Other loans, secured	**33,000**	9,000
Obligations under finance leases	**260**	309
Trust receipt loans	**3,266**	2,438
	52,079	54,084
Less: Amounts due within one year shown under current liabilities	**(14,234)**	(16,238)
	37,845	37,846

At 30 September 2006, the Group's secured bank loans (excluding finance lease obligations) were repayable as follows:

	Unaudited 30 September 2006 *HK$'000*	Audited 31 March 2006 *HK$'000*
Within one year	**7,917**	4,700
More than one year but within two years	**4,038**	37,637
More than two years but within five years	**3,598**	–
More than five years	**–**	–
	15,553	42,337

13. Share capital

	Number of shares *'000*	**Par value** *HK$'000*
Authorised:		
Ordinary shares of HK$0.1 each at 31 March 2006 and at 30 September 2006	**2,000,000**	200,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each at 1 April 2005 and 1 April 2006	**180,000**	18,000
Issue of Offer Shares *(Note (i))*	**360,000**	36.000
Issue of shares as consideration for the acquisition of FUTL Group *(Note (ii))*	**220,000**	22,000
Placing of new shares *(Note (iii))*	**108,000**	10,800
Ordinary shares of HK$0.10 each at 30 September 2006	**868,000**	86,800

Note:

(i) Pursuant to an open offer on the basis of two offer shares for every one share at subscription price of HK$0.50 per offer share ("Offer Share(s)"), which was completed on 6 April 2006, 360,000,000 Offer Shares of HK$0.10 each, ranking pari passu in all respects with the then existing shares of the Company were issued.

(ii) During the period, the Group acquired the entire issued share capital of Figures Up Trading Limited ("FUTL") at the consideration of HK$472 million ("FUTL Acquisition"). Part of the consideration of the FUTL Acquisition was satisfied as to HK$198 million by the allotment and issue of an aggregate of 220,000,000 shares at an issue price of HK$0.90 each by the Company to the vendors of shares in FUTL.

(iii) On 4 August 2006, the Group entered into a placing agreement with Chow Tai Fook Nominee Limited in relation to the placing of 108,000,000 new shares at the placing price of HK$2.50 per share ("Placement"). The Placement was completed on 14 August 2006.

14. Convertible bonds

In June 2006, in order to finance part of the cash portion of the FUTL Acquisition referred to in note 13, the Group entered into a subscription agreement with Automatic Result Limited ("ARL") to issue a 3-year HK$114 million zero coupon convertible bonds due 2009 (the "Convertible Bonds") to ARL.

The Convertible Bonds, if fully subscribed for and issued, are convertible into a total of 120 million new ordinary shares of the Company at the conversion price of HK$0.95 per ordinary share.

The fair value of the liability component of the Convertible Bonds is determined by reference to the Hong Kong Exchange Fund Notes Yield. The effective interest rate on the liability component of the Convertible Bonds is 7.534% per annum. The residual amount is recognized as the equity component and is included in shareholders' equity.

The net proceeds received from the issue of the Convertible Bonds have been split between the liability and equity components, as follows:

	Unaudited
	HK$'000
Nominal value of the Convertible Bonds	114,000
Equity component	(22,320)
Liability component at the issuance date	91,680
Imputed interest expenses	2,063
Liability component at 30 September 2006	93,743

On 20 December 2006, ARL converted a portion of the Convertible Bonds in the principal amount of HK$25,175,000 at the fixed conversion price of HK$0.95 per share and as a result, 26,500,000 shares were issued and allotted to ARL.

15. Share options

Pursuant to ordinary resolutions passed by the shareholders of the Company on 22 September 2006, the Company terminated the share option scheme adopted from 2001 ("2001 Scheme") and adopted a new share option scheme (the "New Share Option Scheme").

Under the New Share Option 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 contributes to the long-term growth and profitability of the Company. Eligible Participants includes (i) any employee (whether full-time or part-time including any executive director but excluding any non-executive director) (the "Eligible Employee") of the Company, any of its subsidiaries or any entity ("Invested Entity") in which any member of the Group holds an equity interest; (ii) any non-executive directors (including independent non-executive directors) 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 shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; (vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and (viii) 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. The subscription price for the Company's shares shall be a price at least equal to the highest of the nominal value of the Company's shares, the average of the closing prices of the Company's shares quoted on the Stock Exchange on the five trading days immediately preceding the date of an offer of the grant of the options and the closing price of the Company's shares quoted on the Stock Exchange on the date of an offer of the grant of the options. The options must be taken up within 28 days from the date of grant upon payment of HK$1 and are exercisable over a period to be determined and notified by the directors to each grantee, which period may commence from the date of acceptance of the offer of the grant of the options but shall end in any event not later than ten years from the date of adoption of the New Share Option Scheme.

The total number of the Company's shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme and any other schemes of the Group (excluding options lapsed in accordance with the terms of the New Share Option Scheme and any other schemes of the Group) must not in aggregate exceed 10% of the Company's shares in issue as at the date of adoption of the New Share Option Scheme. The limit on the number of the Company's shares which may be issued upon exercise of all outstanding option granted any yet to be exercised under the New Share Option Scheme and any other schemes of the Group must not exceed 30% of the Company's shares in issue from time to time. The total number of the Company's shares issued and to be issued upon exercise of the options granted to each grantee (including both exercised and outstanding options) under the New Share Option Scheme or other schemes of the Group in any 12- month period up to the date of grant must not exceed 1% of the Company's shares in issue at the date of grant unless approved by the Company's shareholders in general meeting.

The Directors consider the New Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, Directors and other selected participants for their contributions to the Group and will also assist the Group in its recruitment and retention of high caliber professionals, executives and employees who are instrumental to the growth and stability of the Group.

Details of the share option movements during the period ended 30 September 2006 under the 2001 Scheme are as follows:

	Number of share options							
	Outstanding At 1 April 2006	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 30 Sept 2006	Exercise price *(HK$)*	Date of grant	Exercisable period
Continuous Contract Employees	–	18,000,000	–	–	18,000,000	0.738	6 April 2006	6 April 2006 to 21 Oct 2011
Continuous Contract Employees	-	54,000,000	-	-	54,000,000	1.56	19 June 2006	19 June 2006 to 21 Oct 2011
	–	72,000,000	–	–	72,000,000			

No option has been granted under the New Share Option scheme during the period ended 30 September 2006.

Fair value of share options

The fair value of services received in return for share options granted during the period ended 30 September 2006 under the 2001 Scheme are measured by reference to the fair value of share options granted under 2001 Scheme. The estimate of the fair value of the services received is measured based on Black-Scholes-Merton option pricing model, taking into account the terms and conditions upon which the share options were granted. The following table lists the inputs to the model used for the share options granted on 6 April 2006 and 19 June 2006 respectively (the "6 April 2006 Grant" and "19 June 2006 Grant", respectively).

	6 April 2006 Grant	**19 June 2006 Grant**
Expected dividend yield *(%)*	0.0	0.0
Expected volatility *(%)*	110.27	85.56
Risk-free interest rate *(%)*	4.17	4.637
Expected life of options *(years)*	1	3
Subscription price *(HK$)*	0.738	1.56
Share price at date of grant *(HK$)*	0.73	1.50

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

The estimated fair value of the options granted on 6 April 2006 and 19 June 2006 are HK$3,508,668 and HK$29,031,426 respectively of which HK$32,540,094 was charged to the unaudited consolidated income statement for the six months ended 30 September 2006.

16. Warrants

At an extraordinary general meeting of the Company held on 22 September 2006, a bonus issue of warrants to the shareholders of the Company ("Warrants"), in the proportion of one Warrant for every five shares held in the share capital of the Company, was proposed and approved. Consequently, 173,600,000 Warrants were issued, conferring rights to the holders of the Warrants during the period from 4 October 2006 to 3 October 2008 to subscribe for up to an aggregate of 173,600,000 shares at an initial subscription price of HK$5.0 per Company's share.

17. Contingent liabilities

At 30 September 2006, the Group had no contingent liabilities in respect of discounted bills with recourse (At 31 March 2006: Nil).

18. Commitments under operating leases

At 30 September 2006, the Group had total future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Unaudited 30 September 2006 ***HK$'000***	Audited 31 March 2006 *HK$'000*
Within one year	**1,312**	935
Later than one year but not later than five years	**655**	189
Expiring after five years	**3,149**	–
	5,116	1,124

19. Capital commitments

At 30 September 2006, the Group had no capital commitments in respect of purchase of plant and equipment (At 31 March 2006: Nil).

20. Related party transactions

Significant related party transactions during the period, which were carried out in the normal course of the Group's business with the following companies in which certain directors of subsidiaries have beneficial interest, charging at prices mutually agreed during the period under review are as follows:

		Unaudited Six months ended 30 September	
		2006	2005
	Notes	**HK$'000**	*HK$'000*
Interest income			
Beautiking Investments Limited	(i)	**–**	35
Rental paid			
Beaumax Company Limited	(ii)	**114**	114
Beautiking Investments Limited	(iii) & (iv)	**192**	192
Glory Motion Company Limited	(iii)	**138**	138

Notes:

(i) Amount due from Beautiking Investments Limited was unsecured and interest-bearing at 12% per annum which was charged at market rates.

(ii) One of the subsidiaries, Sun Hip Fung (JF) Printing Products Company Limited, has entered into a lease agreement with Beaumax Company Limited, to lease office space for a period of 2 years commencing 1 February 2005 at a monthly rental of HK$19,000. The lease was entered into on normal commercial terms.

(iii) One of the subsidiaries, New Spring Group Company Limited, has entered into lease agreements with Beautiking Investments Limited and Glory Motion Company Limited to lease office spaces for a period of 2 years commencing 1 February 2005 and 1 July 2005 at a monthly rental of HK$22,000 and HK$23,000 respectively. The leases were entered into on normal commercial terms.

(iv) One of the subsidiaries, Visual Products Limited, has entered into a lease agreement with Beautiking Investments Limited to lease office spaces for a period of 2 years commencing 1 April 2006 at monthly rental of HK$10,000. The lease was entered into on normal commercial terms.

21. Interim dividend

The Directors do not recommend the payment of an interim dividend for the period under review (for the six months ended 30 September 2005: Nil).

22. Post balance sheet events

On 28 November 2006, the Company announced that Lelion Holdings Limited, a wholly-owned subsidiary of the Company entered into a conditional agreement to acquire the entire issued share capital of Nan Hoo Properties Limited ("Nan Hoo") and assignment of loan from a shareholder of Nan Hoo ("Nan Hoo Acquisition") for the total consideration of HK$454 million ("Acquisition Consideration").

Nan Hoo has a direct 100% equity interest in the registered share capital of Beijing Genetech Pharmaceutical Co., Ltd. ("Beijing Genetech"). Beijing Genetech is principally engaged in the manufacture and sale of pharmaceutical products in the form of tablets, capsules, granules and large volume parenteral solutions, as well as the research and development of generic drugs. It has a GMP compliant production plant in Beijing, the PRC with a total of five production lines.

The Acquisition Consideration was satisfied as to (i) HK$230 million in cash and (ii) HK$224 million by the allotment and issue of an aggregate of 80 million new shares at an issue price of HK$2.80 each by the Company to the vendors of shares in and holder of the loan to Nan Hoo.

The Nan Hoo Acquisition was completed on 21 December 2006.

MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, the Group recorded a consolidated turnover of HK$90,696,000 representing an increase of 55% compared with HK$58,606,000 recorded in the last corresponding period. The gross profit was HK$30,235,000 (for the six months ended 30 September 2005: HK$11,577,000) representing an increase of 161% as compared with the corresponding period of last year. The Group recorded a loss of approximately HK$23,896,000 for the six months ended 30 September 2006 compared to a loss of approximately HK$14,698,000 in the corresponding period in 2005. The results were mainly affected by the share-based payment of HK$32,540,000 in respect of share options granted during the period. The results of current period, excluding the share based payment, would be HK$8,644,000 profit. As the Group continues to further focus on the biopharmaceutical field, less reliance has been placed on the Group's original core business of manufacturing and trading of packaging products, paper gifts items and promotional products. During the period under review, turnover attributable to the distribution of biopharmaceutical products amounted to approximately 61% of total turnover, while turnover attributable to manufacturing and trading of packaging products, paper gifts items and promotional products amounted to approximately 39% of total turnover.

Business Review

Distribution of biopharmaceutical products

With the completion of the acquisition of Figures Up Trading Limited and its subsidiaries ("FUTL Group") on 14 June 2006, the Group has integrated and consolidated the later's distribution channel of biopharmaceutical products with nation wide Good Service Practice ("GSP") recognition in the PRC.

This division achieved a turnover for the period from date of completion of the acquisition (14 June 2006) to 30 September 2006 of HK$55,347,000 with gross profit of HK$25,370,000.

Packaging products

Sales of packaging products for the period under review amounted to HK$17,675,000, representing a significant drop of approximately 33% when compared to corresponding period of last year. The decrease was mainly due to increase in market competition and the prudent approach taken by the Group in accepting new orders.

Paper gift items

Paper gift items recorded a turnover of HK$2,474,000 (for the six months ended 30 September 2005: HK$10,668,000), representing a decrease of HK$8,194,000 or around 77% when compared to corresponding period of last year. The decrease was mainly due to increase in market competition and the prudent approach taken by the Group in accepting new orders.

Promotional products

For the period under review, the division has a turnover amounted to HK$15,200,000, representing a decrease of HK$6,181,000 or 29% when compared to HK$21,381,000 recorded in corresponding period of last year. The decrease was mainly due to the increase in market competition and the prudent approach taken by the Group in accepting new orders.

Business Development

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

rExendin-4

With the rapid increase in population with diabetes, it is expected that the expenditure on diabetes treatment in the PRC will increase to RMB 170 billion in 2010. Diabetes drugs are one of the fastest growing segments in the pharmaceutical market, increased by 40% in 2004 and accounting for 20% of all prescription drugs. In the PRC, the pharmaceutical market size is estimated to be about US$23-50 billion.

rExendin-4 is a non-insulin antidiabetic treatment that stimulates the incretin pathway (a distinct mechanism of action) is drawing attention in the medical community and have received the approval from State Food and Drug Administration in the PRC ("SFDA") for clinical trials. Patient dosing began in July 2006 and Phase I preliminary data has been promising.

Approved as Class I prescription new drug and with nominal side effects, rExendin 4 stimulates the body's ability to produce insulin in response to elevated levels of blood glucose, inhibits the release of glucagon following meals and slowens the rate glucose are absorbed into the bloodstream. This new generation drug will be an effective treatment for Type 2 diabetes.

rhIL-11

rhIL-11 is currently under Phase 3 clinical trials approved by the SFDA for the treatment of chemotherapy-induced thrombocytopenia and is expected to be launched by the mid of 2007. rhIL-11 is a Class II prescription new drug that stimulates human body to make platelets, which are a type of blood cell. It is suitable for patients who have received certain types of chemotherapy and is used to help prevent the number of platelets circulating in the blood from dropping dangerously low causing the patient encounter difficulty in blood clotting when injured.

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

rhPTH 1-34

Another bio-pharmaceutical product of the Group is rhPTH 1-34 which has been granted approval at Phase II clinical trials as a Class II prescription new drug. It is a type of bone-active agent that primarily works by stimulating new bone formation on quiescent bone surface that is not simultaneously undergoing remodeling. It increases bone mass to a greater degree than just filling in the bone remodeling space.

Osteoporosis is a worldwide epidemic. In 2005, the affected population in the PRC with osteoporosis is approximately 90 million (almost 10% of the country's population). The severe prevalence of this disease is partly due to the dietary habit (lack of calcium). rhPTH 1-34 has the potential to restore bone mass, bringing it back towards normal, and may reduce the risk of osteoporotic fracture more than currently available antiresorptive agents.

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

Future Prospects

The key growth driver for the Group is a diversified product portfolio and a low cost to high premium mix, in which the research and development ("R&D") cost is only 3-5% of the counterparts in USA. Also, the Group aims at reaping huge profits from the huge domestic market for diabetes drugs. The Group would expect to increase the number of distributed products to 100 by 2007 and expand the sales and distribution coverage. The corporate strategy is to adopt vertical integration by integrating production process, R&D and manufacturing so as to enable the Group to become a leading player in the biotechnology industry in the PRC. The completion of acquisition of Nan Hoo Group in December 2006 with its GMP compliant manufacture facilities will be another quantum leap for the Group to achieve such objective. In order to focus on the biopharmaceutical field, the Group is actively re-evaluating its existing business operations and committed to considering the feasibility of downsizing or (if suitable opportunities arise) divesting its operations in the manufacturing and trading of packaging products, paper gift items and promotional products by October 2007.

Liquidity and Financial Resources

The shares issued during the period in connection with the open offer in April 2006, the acquisition of FUTL Group in June 2006 and the Placement in August 2006 has significantly strengthened the liquidity and financial resources of the Group.

At 30 September 2006, the Group's bank deposits, bank balances and cash amounted to HK$296,757,000 and bank and other borrowings amounted to HK$154,678,000 (including convertible bonds of HK$93,743,000). At 30 September 2006, the Group has assets of approximately HK$925,092,000. Current assets of the Group at 30 September 2006 amounted to approximately HK$419,479,000 while current liabilities were HK$77,386,000. The gearing ratio, calculated by dividing the total debts over its total assets, was 17%.

The Group's major interest and operations are in the PRC. The Group also contracts with suppliers for goods and services that are denominated in Renminbi. The Group does not hedge its foreign currency risks as the rate of exchange between Hong Kong dollar and Renminbi is controlled within a narrow range. However, any permanent changes in foreign exchange rates in Renminbi may have an impact on the Group's results.

Pledge of Assets

At 30 September 2006, the Group's banking facilities were secured by bank deposits of HK$13,311,000 (At 31 March 2006: HK$13,040,000).

Interim Dividend

The Directors do not recommend the payment of an interim dividend for the period under review.

Employment and Remuneration Policy

At 30 September 2006, the Group employed a total of 650 employees, including approximately 610 employees in the PRC production sites and approximately 40 employees in Hong Kong. An additional work force of approximately 850 were provided by Sha Jing factory in the production facilities in Sha Jing under a processing agreement. The Group adopts a competitive remuneration package for its employees. Promotion and salary increments are assessed based on performance. Share options may also be granted to staff with reference to the individual's performance.

PURCHASE, SALES OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the period under review. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period under review.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company has complied with the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2006, save for the deviation that the independent non-executive directors are not appointed for specific terms pursuant to paragraph A.4.1 of the Code. Notwithstanding the aforesaid deviation, all the directors (including the non-executive directors) are subject to retirements by rotation and re-election at the Company's annual general meeting in compliance with the Company's Articles of Association.

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all directors have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 September 2006.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited consolidated accounts for the six months ended 30 September 2006 with the directors.

By Order of the Board
Mr. Tong Kit Shing
Chairman

Hong Kong, 28 December 2006

At the date of this announcement, the board of directors of the Company comprises:

Executive directors:
Tong Kit Shing *(Chairman)*
Liu Guoyao *(Chief Executive Officer)*
Cheng Wai Man

Independent non-executive directors:
Zhou Yaoming
Lin Jian
So Yin Wai

* *For identification purpose only*

Please also refer to the published version of this announcement in The Standard.