Uni-Bio Science Group Ltd.
聯康生物科技集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 0690)

ANNOUNCEMENT OF FINAL RESULTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2014

The board (the "Board") of directors (the "Directors") of Uni-Bio Science Group Limited (the "Company", together with its subsidiaries, the "Group") is pleased to announce the audited consolidated results of the Group for the nine months ended 31 December 2014 together with the results for the year ended 31 March 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	**Nine months ended 31 December 2014** ***HK$'000***	Year ended 31 March 2014 *HK$'000*
Revenue	*4*	**91,793**	102,624
Cost of sales		**(15,129)**	(20,480)
Gross profit		**76,664**	82,144
Other income	*4*	**6,351**	5,893
Other gains and losses		**431**	(251,084)
Selling and distribution costs		**(49,753)**	(53,764)
General and administrative expenses		**(74,037)**	(98,443)
Equity-settled share based payment expenses		**(277)**	(43,840)
Loss from operation		**(40,621)**	(359,094)
Finance costs	*5*	**–**	(3,738)
Share of results of an associate		**(422)**	(1,365)
Loss before taxation	*6*	**(41,043)**	(364,197)
Income tax expense	*7*	**(1,391)**	(1,933)
Loss for the period/year		**(42,434)**	(366,130)

* *For identification purpose only*

	Notes	Nine months ended 31 December 2014 HK$'000	Year ended 31 March 2014 HK$'000
Other comprehensive (expenses) income			
Exchange differences arising on translation on foreign operation		**(11,516)**	6,630
Exchange differences reclassified to profit or loss on disposal of a subsidiary		**–**	(86,841)
Total other comprehensive expenses for the period/year		**(11,516)**	(80,211)
Total comprehensive expenses for the period/year		**(53,950)**	(446,341)
Loss per share			
Basic and diluted (HK cents)	*8*	**(0.87)**	(11.83)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2014 HK$'000	As at 31 March 2014 HK$'000
Non-current assets			
Property, plant and equipment		**134,715**	141,499
Investment properties		**20,880**	20,902
Prepaid lease payments		**14,569**	15,696
Goodwill		**–**	–
Intangible assets	*11*	**230,245**	244,435
Interests in an associate		**5,121**	5,653
Deposit paid for the acquisition of property, plant and equipment		**6,787**	10,307
		412,317	438,492
Current assets			
Inventories		**7,899**	5,756
Trade and other receivables	*12*	**37,236**	33,073
Prepaid lease payments		**1,090**	1,112
Held-to-maturity investments		**–**	138,504
Amount due from an associate		**–**	19,751
Bank balances and cash		**138,126**	56,227
		184,351	254,423
Current liabilities			
Trade and other payables	*13*	**30,215**	73,744
Amount due to a director		**–**	17,498
Income tax payable		**2,808**	2,953
		33,023	94,195
Net current assets		**151,328**	160,228
Total assets less current liabilities		**563,645**	598,720

	Notes	As at 31 December 2014 HK$'000	As at 31 March 2014 HK$'000
Non-current liabilities			
Deferred tax liabilities		**520**	498
		520	498
Net assets		**563,125**	598,222
Capital and reserves			
Share capital		**49,181**	48,252
Reserves		**513,944**	549,970
Total equity		**563,125**	598,222

NOTES:

1. GENERAL INFORMATION

Uni-Bio Science Group Limited (the "Company") is incorporated as an exempted company with limited liability in the Cayman Islands with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company acts as investment holding company and its subsidiaries (collectively referred to as the "Group") are principally engaged in bioscience related business (with focus on the research, development and commercialisation of biopharmaceuticals through recombinant DNA and other technologies), and the manufacture, sale and trading of pharmaceutical products.

The functional currency of the Company is Hong Kong dollars ("HK$"). The consolidated financial statements are presented in HK$ for the convenience of users of the consolidated financial statements as the Company is listed in Hong Kong.

2. BASIS OF PREPARATION

During the current financial period, the reporting period end date of the Group was changed from 31 March to 31 December because the Group would like to align with the financial year end date of its subsidiaries incorporated in the PRC as their accounts are statutorily required to be closed with the financial year end date of 31 December. Accordingly, the consolidated financial statements for the current period cover the nine months period ended 31 December 2014. The corresponding comparative amounts shown for the consolidated statement of profit or loss and other comprehensive income and related notes cover a twelve month period from 1 April 2013 to 31 March 2014 and therefore may not be comparable with amounts shown for the current period.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for investment properties that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

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

In the current reporting period, the Group has applied the following interpretation and amendment to HKFRSs issued by the HKICPA.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Int 21	Levies

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-financial Assets

The Group has applied the amendments to HKAS 36 Recoverable Amount Disclosures for Non-financial Assets for the first time in the current reporting period. The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit ("CGU") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less cost of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with disclosure required by HKFRS 13 Fair Value Measurements. The application of the amendments has been reflected in the consolidated financial statements.

Other than the amendments to HKAS 36, the application of the interpretation and amendment to HKFRSs in the current reporting period has had no material impact on the Group's financial performance and positions for the current and prior reporting period and/or disclosures set out in these consolidated financial statements of the Group.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[5]
Amendments to HKAS 1	Disclosure Initiative[5]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[5]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle[6]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle[5]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[5]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[5]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 July 2014
5 Effective for annual periods beginning on or after 1 January 2016
6 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have an impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets and liabilities, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

HKFRS 15 *Revenue from Contracts with Customers*

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i. e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

4. REVENUE AND OTHER INCOME

Revenue represents the gross invoiced value of goods sold, net of value added tax, sales returns and discounts, to outside customers.

An analysis of the Group's income for the period/year is as follows:

	Nine months ended 31 December 2014	Year ended 31 March 2014
	HK$'000	*HK$'000*
Revenue		
Sales of pharmaceutical products	**91,793**	102,624
Other income		
Interest income *(Note i)*	**4,428**	3,661
Rental income *(Note ii)*	**1,532**	1,912
Sundry income	**391**	320
	6,351	5,893
Total income	**98,144**	108,517

Notes:

(i) For the nine months ended 31 December 2014, interest income includes interest received from held-to-maturity investments of approximately HK$4,135,000 (year ended 31 March 2014: HK$3,307,000).

(ii) No rental outgoings incurred during nine months ended 31 December 2014 and the year ended 31 March 2013.

5. FINANCE COSTS

	Nine months ended 31 December 2014	Year ended 31 March 2014
	HK$'000	*HK$'000*
Interest expenses on:		
– bank borrowings wholly repayable within five years	**–**	785
– other borrowings wholly repayable within five years	**–**	2,953
	–	3,738

6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	Nine months ended 31 December 2014	Year ended 31 March 2014
	HK$'000	*HK$'000*
Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	**16,702**	18,959
Retirement benefit scheme contribution	**3,310**	3,867
Equity-settled share based payments	**260**	2,709
	20,272	25,535
Amortisation of intangible assets	**12,877**	34,167
Amortisation of prepaid lease payments	**821**	1,112
Auditor's remuneration	**1,400**	1,427
Bad debts directly written off	**–**	89
Cost of inventories recognised as an expense	**15,129**	20,480
Depreciation	**24,349**	29,976
Less: Depreciation included in research and development costs	**(243)**	(900)
	24,106	29,076
Equipment rental income	**181**	288
Property rental income less outgoing	**1,351**	1,624
Operating lease rentals in respect of offices	**1,253**	1,642
Research and development costs	**8,722**	5,806
Less: Capitalisation on intangible assets	**(3,472)**	(3,687)
	5,250	2,119

7. INCOME TAX EXPENSE

	Nine months ended 31 December 2014 *HK$'000*	Year ended 31 March 2014 *HK$'000*
PRC Enterprise Income Tax ("EIT")		
– Current period/year	**1,360**	2,865
– Under-provision in previous years	**–**	45
	1,360	2,910
Deferred taxation		
– Current period/year	**31**	(977)
	1,391	1,933

No provision for Hong Kong profits tax has been made since the entities operating in Hong Kong had no assessable profit for the period/year ended 31 December 2014 and 31 March 2014.

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.

For Beijing Genetech Pharmaceutical Co., Limited ("Beijing Genetech"), it was approved as high-new technology enterprises since May 2012 and it will expire in 2015. For Shenzhen Watsin Genetech Pharmaceutical Co., Limited ("Shenzhen Watsin"), it was approved as high-new technology enterprise since the period ended 31 December 2014. Pursuant to the relevant laws and regulations in the PRC, Beijing Genetech and Shenzhen Watsin became eligible to enjoy a preferential enterprise income tax rate of 15% (year ended 31 March 2014: 15%) and 15% (year ended 31 March 2014: 25%)for the period ended 31 December 2014, respectively.

8. LOSS PER SHARE

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

	Nine months ended 31 December 2014	Year ended 31 March 2014
	HK$'000	*HK$'000*
Loss		
Loss for the period/year attributable to owners of the Company for the purpose of basic and diluted loss per share	**(42,434)**	(366,130)

	Nine months ended 31 December 2014	Year ended 31 March 2014
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for basic and diluted loss per share calculation	**4,865,201**	3,094,709

No adjustment has been made to basic loss per share amounts presented for the nine months ended 31 December 2014 and the year ended 31 March 2014 in respect of a dilution as the impact of the share options and warrants outstanding would decrease basic loss per share.

9. SEGMENT INFORMATION

Information reported to the Company's executive directors, being the chief operating decision maker, for the purposes of allocating resources to segments and assessing their performance are organised on the basis of the revenue streams. During the nine months ended 31 December 2014, the Group's operating and reporting segments are (a) manufacture and sale of in-house chemical pharmaceutical products, (b) manufacture and sale of in-house biological pharmaceutical products (c) third party pharmaceutical products. No operating segments identified by the chief operating decision makers have been aggregated in arriving at the reportable segments of the Group.

The Group did not engaged in trading of third party pharmaceutical products for the nine months ended 31 December 2014 and for the year ended 31 March 2014, thus no financial information related to this segment is presented for the nine months ended 31 December 2014. The management of the Group does not considered to discontinue the segment of third party pharmaceutical products as the Group has entered into a strategic alliance with an independent third party to sell third party pharmaceutical products in coming years.

a) Segment revenues and results

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

For the nine months ended 31 December 2014

	Third party pharmaceutical products *HK$'000*	**In-house chemical pharmaceutical products** *HK$'000*	**In-house biological pharmaceutical products** *HK$'000*	**Consolidated** *HK$'000*
Segment revenue				
External sales	**–**	**25,770**	**66,023**	**91,793**
Result				
Segment loss	**–**	**(7,234)**	**(19,905)**	**(27,139)**
Other income				**6,351**
Equity-settled share based payment expenses				**(277)**
Unallocated administration expenses				**(19,556)**
Share of results of an associate				**(422)**
Loss before taxation				**(41,043)**

For the year ended 31 March 2014

	Third party pharmaceutical products *HK$'000*	In-house chemical pharmaceutical products *HK$'000*	In-house biological pharmaceutical products *HK$'000*	Consolidated *HK$'000*
Segment revenue				
External sales	–	30,727	71,897	102,624
Result				
Segment loss	(6,255)	(9,844)	(365,908)	(382,007)
Other income				5,893
Gain on disposal of a subsidiary				80,706
Equity-settled share based payment expenses				(43,840)
Unallocated administration expenses				(19,846)
Share of results of an associate				(1,365)
Finance costs				(3,738)
Loss before taxation				(364,197)

Segment results represents the results of each segment without allocation of other income, gain on disposal of a subsidiary, central administration costs, directors' remuneration, equity-settled share based payment expenses, share of results of an associate and finance costs. This is the measure reported to the chief operating decision makers of the Group for the purposes of resources allocation and performance assessment.

b) Segment assets and liabilities

As at 31 December 2014

	In-house chemical pharmaceutical products *HK$'000*	**In-house biological pharmaceutical products** *HK$'000*	**Consolidated** *HK$'000*
Segment assets	**102,479**	**326,865**	**429,344**
Unallocated assets			**167,324**
Total assets			**596,668**
Segment liabilities	**6,130**	**22,675**	**28,805**
Unallocated liabilities			**4,738**
Total liabilities			**33,543**

As at 31 March 2014

	In-house chemical pharmaceutical products *HK$'000*	In-house biological pharmaceutical products *HK$'000*	Consolidated *HK$'000*
Segment assets	102,583	348,353	450,936
Unallocated assets			241,979
Total assets			692,915
Segment liabilities	5,606	66,029	71,635
Unallocated liabilities			23,058
Total liabilities			94,693

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than interests in associates, investment properties, held-to-maturity investments, amount due from an associate, bank balances and cash and some unallocated corporate assets. Assets used jointly by operating segments are allocated on the basis of the revenues earned by individual operating segments; and

- all liabilities are allocated to operating segments other than amount due to a director, income tax payable, deferred tax liabilities and some unallocated corporate liabilities. Liabilities for which operating segments are jointly liable are allocated in proportion to segment assets.

c) Other segment information

For the nine months ended 31 December 2014

	In-house chemical pharmaceutical products *HK$'000*	In-house biological pharmaceutical products *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets				
Additions to property, plant and equipment	**13,591**	**5,187**	**1,520**	**20,298**
Additions to intangible assets	**–**	**3,472**	**–**	**3,472**
Amortisation of intangible assets	**1,157**	**11,720**	**–**	**12,877**
Amortisation of prepaid lease payments	**237**	**584**	**–**	**821**
Depreciation of property, plant and equipment	**7,146**	**16,814**	**389**	**24,349**
Loss on disposal of property, plant and equipment	**–**	**47**	**–**	**47**
Equity-settled share based payment expenses	**–**	**–**	**277**	**277**
Reversal of impairment loss on trade receivables	**–**	**(72)**	**–**	**(72)**
Reversal of impairment loss on other receivables	**–**	**(13)**	**–**	**(13)**
Amounts regularly provided to the chief operating decision makers but not included in the measure of segment profit or loss or segment assets				
Interest income on bank deposits	**(17)**	**(201)**	**(75)**	**(293)**
Interest income on held-to-maturity investment	**–**	**(4,135)**	**–**	**(4,135)**

For the year ended 31 March 2014

	Third party pharmaceutical products *HK$'000*	In-house chemical pharmaceutical products *HK$'000*	In-house biological pharmaceutical products *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets					
Additions to property, plant and equipment	–	15,505	23,105	1,080	39,690
Additions to intangible asset	–	–	3,687	-	3,687
Amortisation of intangible assets	–	1,301	32,866	–	34,167
Amortisation of prepaid lease payments	–	321	791	–	1,112
Depreciation of property, plant and equipment	6,347	8,484	14,904	241	29,976
Bad debts directly written off	–	89	–	–	89
Equity-settled share based payment expenses	–	–	–	43,840	43,840
Gain on disposal of a subsidiary	–	–	(80,706)	–	(80,706)
Impairment loss on intangible assets	–	–	31,060	–	31,060
Impairment loss on goodwill	–	–	259,416	–	259,416
Impairment loss on property, plant and equipment	–	–	15,405	–	15,405
Intangible assets written off	–	–	16,424	–	16,424
Property, plant and equipment written off	17	22	474	162	675
Loss on disposal of property, plant and equipment	–	322	5,370	–	5,692
Reversal of impairment loss on trade receivables	–	–	(1,178)	–	(1,178)
Amounts regularly provided to the chief operating decision makers but not included in the measure of segment profit or loss or segment assets					
Finance costs	744	–	41	2,953	3,738
Interest income on bank deposits	(73)	(23)	(34)	(224)	(354)
Interest income on held-to-maturity investment	–	–	(3,307)	–	(3,307)

d) Geographical segments

For the nine months ended 31 December 2014 and year ended 31 March 2014, all of the Group's revenue were derived from the PRC. Information about the Group's sales to external customers presented based on the locations of customers, and information about the Group's non-current assets presented based on the geographical location of the non-current assets are summarised below:

	Sales to external customers		**Non-current assets**	
	Nine months ended 31 December 2014	Year ended 31 March 2014	**As at 31 December 2014**	As at 31 March 2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**–**	–	**2,319**	839
PRC	**91,793**	102,624	**404,877**	432,000
	91,793	102,624	**407,196**	432,839

e) Information about major customers

Revenue from customers of the corresponding period/year contributing over 10% (year ended 31 March 2014: 10%) of the total revenue of the Group are as follows:

	Nine months ended 31 December 2014	Year ended 31 March 2014
	HK$'000	*HK$'000*
Customer A *(Note)*	**11,228**	16,307

Note: Revenue generated from in-house chemical pharmaceutical products

10. DIVIDEND

No dividend was paid, declared or proposed during the nine months ended 31 December 2014, nor has any dividend been proposed since the end of the reporting period (year ended 31 March 2014: Nil).

11. INTANGIBLE ASSETS

	Trademarks and certificates *HK$'000* *(Note a)*	Technical know-how *HK$'000* *(Note b)*	Product development in progress *HK$'000* *(Note c)*	Total *HK$'000*
COST				
At 31 March 2013	263,145	123,830	197,193	584,168
Exchange realignment	5,964	2,504	4,498	12,966
Written-off	–	–	(16,424)	(16,424)
Additions	–	–	3,687	3,687
At 31 March 2014	269,109	126,334	188,954	584,397
Exchange realignment	(5,314)	(2,494)	(3,748)	(11,556)
Additions	–	–	3,472	3,472
At 31 December 2014	263,795	123,840	188,678	576,313
ACCUMULATED AMORTISATION AND IMPAIRMENT				
At 31 March 2013	231,508	37,243	–	268,751
Exchange realignment	5,208	776	–	5,984
Impairment for the year	1,829	28,342	889	31,060
Provided for the year	21,513	12,654	–	34,167
At 31 March 2014	260,058	79,015	889	339,962
Exchange realignment	(5,173)	(1,578)	(20)	(6,771)
Provided for the period	8,910	3,967	–	12,877
At 31 December 2014	263,795	81,404	869	346,068
CARRYING VALUES				
At 31 December 2014	–	42,436	187,809	230,245
At 31 March 2014	9,051	47,319	188,065	244,435

Notes:

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

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

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

(d) Except for the product development in progress, the respective intangible assets have finite useful 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. Product development in progress is assessed for impairment annually, being intangible asset with indefinite useful life.

12. TRADE AND OTHER RECEIVABLES

	As at 31 December 2014	As at 31 March 2014
	HK$'000	*HK$'000*
Trade receivables	**35,920**	27,892
Less: Allowance for doubtful debts	**(2,178)**	(2,295)
	33,742	25,597
Other receivables and prepayments	**4,270**	8,269
Less: Impairment loss recognised	**(776)**	(793)
	3,494	7,476
	37,236	33,073

Notes:

i) The Group allows an average credit period of 120 days (year ended 31 March 2014: 120 days) to its customers. In addition, for certain customers with long-established relationships and good past repayment histories, a longer credit period may be granted.

ii) An aged analysis of trade receivables, net of impairment loss recognised, presented based on transaction date which approximated the respective revenue recognition dates, is as follows:

	As at 31 December 2014	As at 31 March 2014
	HK$'000	*HK$'000*
0 – 60 days	**15,758**	10,406
61 – 120 days	**11,023**	10,401
121 – 180 days	**4,129**	1,437
Over 180 days	**2,832**	3,353
	33,742	25,597

iii) Aging analysis of trade receivables which were past due but not impaired are as follows:

	As at 31 December 2014	As at 31 March 2014
	HK$'000	*HK$'000*
120 to 180 days	**3,825**	1,242
Over 180 days	**2,513**	2,918
Total	**6,338**	4,160

Trade receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Included in the Group's trade receivables are debtors with aggregate carrying amount of approximately HK$6,338,000 (31 March 2014: HK$4,160,000) which were past due at the end of the reporting period for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and the amounts are still considered fully recoverable. The Group does not hold any collateral over these balances.

13. TRADE AND OTHER PAYABLES

	As at 31 December 2014	As at 31 March 2014
	HK$'000	*HK$'000*
Trade payables	**3,448**	1,520
Accrued expenses and other payables	**26,767**	72,224
	30,215	73,744

Notes:

i) The average credit period on purchases of goods is 120 days (31 March 2014: 120 days). The Group has in place financial risk management policies to ensure that all payables are settled within the credit time frame.

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

	As at 31 December 2014	As at 31 March 2014
	HK$'000	*HK$'000*
0 – 30 days	**2,945**	444
31–60 days	**166**	101
61–90 days	**103**	204
Over 90 days	**234**	771
	3,448	1,520

14. EVENTS AFTER THE REPORTING PERIOD

Up to 27 March 2015, the Company completed the exercise of 761,200 units of warrants into 761,200 ordinary shares at an exercise price of HK$0.2 per warrant. The net proceeds from the exercise of approximately HK$152,000 will be used as general working capital of the Group.

On 13 February 2015, the Group entered into an agreement with an independent third party, to dispose of its entire interest in World Alliance Finance Limited, a subsidiary of the Group, at consideration of HK$388,000. This subsidiary was engaged in money lending activities, but there was no money lending in the past few years. The initial accounting for the disposal of World Alliance Finance Limited has not yet completed and the directors of the Company are still in the process of assessing the financial impact of the disposal.

FINANCIAL PERFORMANCE

Sales Development

In 2013, in response to recent events at multi-national corporations (MNCs), regulators in the PRC implemented a series of changes which directly impacted the pharmaceutical industry, including stricter regulatory enforcement, and control of business practices and product price. During the period under review, the roll-out of these measures continued to affect the industry. The more stringent regulatory regime and related investigations have stymied sales growth – 2014 growth fell to 12.2% from 17.9% in the year 2013, according to IMS.

During the nine months period ended 31 December 2014 (the "Period"), the Group recorded consolidated turnover of approximately HK$91,793,000, representing an increase of 11.8% compared with the last corresponding period. The Group's topline growth was in line with peers in the industry. However, this includes the impact of the loss of one of our largest hospital user for Pinapu®. Discussions are ongoing with the relevant party regarding a new sales contract and our Business Development team has been bolstered to spearhead new contract wins. If sales to this specific customer were excluded from computation, the Group's turnover would have grown 20.9% year-on-year, far outperforming the market. During the period, the Group successfully achieved its 2014 targets for new hospital listings for both Pinapu® and (Epidermal Growth Factor ("EGF")), providing a good platform for growth in the near term.

In-house biological pharmaceutical products

The Group's in-house biological pharmaceutical products include GeneTime® (EGF-derivative spray indicated for wound healing) and GeneSoft® (EGF eye drop indicated for corneal damage and post-operative healing). The sales of in-house biological pharmaceutical products reached HK$66,023,000, representing an increase of 14.3% compared with HK$57,749,000 recorded in the last corresponding period. Biological pharmaceutical products represented approximately 72% of total consolidated sales compared to 70% in the last corresponding period.

Sales of biological products continue to grow faster than chemical products, expanding its weighting within Group sales. The faster growth during the Period is attributed to three factors:

1. Biological products enjoy better pricing protection compared to chemical drugs. Biological products have higher barriers to entry compared to chemical counterparts, leading to limited competitors and potential entrants, clear market differentiation, and exclusivity. For example, GeneTime®'s spray formulation is exclusive in the EGF market. As a result, there is no competition in tendering rounds or regulatory pressure to lower price.

2. Demand for GeneTime® remains robust and growing. Following the relaxation of the one child policy in China, we have observed particularly strong growth in usage in Obstetrics and Gynaecology.

3. As previously mentioned, the Group's chemical drug sales were negatively affected by the loss of the largest Pinapu® customer.

In-house chemical pharmaceutical products

The Group's in-house chemical pharmaceutical product sales represents the sales of Pinapu® (voriconazole tablet to treat severe fungal infections). This segment achieved a turnover of HK$25,770,000 in the Period, representing a growth of 5.8% versus the corresponding period sales of HK$24,363,000. The segment was negatively impacted by the loss of a customer, however the Group still achieved positive sales growth as a result of the implementation of an aggressive contingency plan put in place by the Sales & Marketing team to add more hospitals to its coverage list. If the sales to this customer were excluded from computation, the growth rate would have been 42%.

Development in cost, EBITDA & EBT

Gross profit for the Period was approximately HK$76,664,000, representing an increase of 17.4% as compared with approximately HK$65,313,000 recorded in the last corresponding period. Gross profit margins increased to 84% from 80%, representing the fifth consecutive year of growth. The Group remains proactive in its approach to improve profitability further, for example by carefully broadening the number of active pharmaceutical ingredient (API) suppliers used to maintain competitiveness for the cost of our raw materials and remaining focused on growing sales volumes to lower the unit cost of production. The Group also continues to focus on containing costs across the businesses where possible. Whilst in the short term the Group does not foresee any events that will adversely affect the gross profit margin negatively, we remain conscious of potential increases in wage costs and costs associated with regulatory guideline changes.

During the Period, development costs of HK$3,472,000 (nine months ended 31 December 2013: HK$3,252,000) were capitalized as intangible assets to reflect the late-stage development of the Group's in-house projects including Recombinant Exendin-4 ("Uni-E4") and Recombinant Human Parathyroid Hormone (1-34) ("Uni-PTH"). Most development costs are related to the final phase 3 clinical trial payments and industrialization cost before commercialization. Going forward, the Group will explore drug delivery devices, innovative formulation technology, new indications and improvements to other aspects of the products in order to maximize the value of the Group's portfolio. As the Group develops new technology and its pipeline, R&D costs may fluctuate year-to-year due to the cost stage of the respective development project.

Currently, all of our developmental costs are invested in Biologics. We continue to build on our expertise and experience in this field, with a focus on metabolic diseases, including diabetes and osteoporosis. We believe that Biologics represent one of the fastest growing therapeutic sectors in the biopharmaceutical industry.

Total operating margin narrowed significantly from -111% in the last corresponding period to -44% during the Period as a result of increased sales of pharmaceutical products and lower equity-settled share based payment expenses during the Period. The Group is still showing a loss from operations mostly due to depreciation on fixed assets and amortization of intangible assets, totalling of HK$37,226,000. The majority of these expenses relate to the Group's heavy investment in plant and machinery, and in tangible assets in advance of the commercialisation of its pipeline products. The charges of depreciation and amortization were booked ahead of the sales generated from the respective pipeline products and elevated the expenses for the Group in the Period.

Net Financials and Tax

The Group recorded a net loss of approximately HK$42,434,000 for the Period compared to a net loss of approximately HK$97,021,000 in the last corresponding period. A number of reasons for the narrowing of losses is as described in the sections above. In addition, the decrease is attributed to a preferential tax status achieved by one of the Group's taxable entities in Shenzhen. The Group's fully owned subsidiary, Shenzhen Watsin, was awarded "High-New Technology Enterprise" status from the People's Republic of China ("PRC") government, whereby income tax rate is decreased from 25% to 15%. Such status is only awarded to companies with strong R&D capabilities and which demonstrate the ability to innovate. All of the Group's manufacturing subsidiaries in the PRC now have High-New Technology Enterprise status.

RESEARCH AND DEVELOPMENT

The Board and management continuously perform competitive intelligence reviews in order to ensure that all products being marketed and developed by the Group remain commercially competitive. Based on the strategic review in early 2014, the Group has identified three therapy areas which it considers to hold the most promise and will focus on for future development of its product portfolio, these therapeutic areas include diabetes (and potentially other metabolic diseases), ophthalmology and dermatology. As a result, the Group is continuing the development of three new patent protected Class I & VII prescription drugs in its proprietary pipeline. The Class I prescription new drugs include Uni-E4 and rhEPO-Fc. The Class VII prescription new drugs include Uni-PTH.

In addition to fiscal changes, 2014 marked a year of significant change to the regulation of the pharmaceutical industry in the PRC. The raft of policy changes should create positive effects in the mid-to-long term for the Group as a result of its commitment to creating novel treatments via in-house R&D capabilities, particularly as regulators continue to seek the development of more innovative treatments. A recent industry report suggests that the patented drug market will be the fastest growing segment in the PRC biopharmaceutical sector, growing to 9% of total industry value by 2020 from 5% in 2011. To capitalize on this opportunity, the Group continues to bolster its portfolio of marketed novel products through in-house development and by assessing multiple partnership opportunities.

Products/ Compound	Indication	Description	Pre-clinical	Phase 1	Phase 2	Phase 3	Pre-registration	Marketed
IN-HOUSE								
Metabolic								
Uni-E4	Type 2 diabetes	A class of anti-diabetic treatments called GLP-1 agonists, is a non-insulin treatment candidate that stimulates the incretin pathway. It is intended as twice-daily injection. This class of drug has been shown to be effective and well accepted in treatment of Type 2 diabetes and is one of the only classes causing weight loss, lower risk of hypoglycemia and increase in β-cell regeneration						
Uni-PTH	Osteoporosis	Uni-PTH (Parathyroid hormone analogue) is an effective anabolic (bone growing) agent treating osteoporosis. Uni-PTH improves bone density and reduces bone fracture through stimulating new bone formation. It is also effective in managing ostealgia (pain in the bone) when compared with standard treatments. Uni-PTH requires injection once daily.						
Uni-E4-Fc	Type 2 diabetes	Uni-E4-Fc (rExendin-4 Fc) is the long-acting version of Uni-E4 as a next generation rExendin-4 treatment. Uni-E4 half-life in the body is significantly extended by attaching a FC fragment. As a result, Uni-E4-Fc will only require injection once every 2 or 3 weeks, greatly improving the treatment convience to patients.						
Ophthalmology								
GeneSoft	Ophthalmic wound healing	GeneSoft (recombinant human epidermal growth factor derivative, also known as rEGF derivative) is a prescription biologic drug for ophthalmic wound healing (e.g. corneal ulcer). rEGF derivative directly acts on epidermal cell to treat skin injury and accelerate healing through cellular proliferation, differentiation, and survival. rEGF derivative has three extra amino acids in the N-terminus that increases the stability of molecule. As a result, GeneSoft can be stored in room temperature.						
Dermatology								
GeneTime	Dermalogical wound healing	GeneTime (recombinant human epidermal growth factor, also known as rEGF) is a prescription biologic drug for wound healing. rEGF directly acts on epidermal cell to treat skin injury and accelerate healing through cellular proliferation, differentiation, and survival. GeneTime is the only rEGF in spray formulation in China. It is administered once daily after debridement.						
Infectious Disease								
Pinapu	Fungal infection	Pinapu (Voriconazole) is a prescription oral drug treating fungal infection. Voriconazole works acts by blocking fungal cell wall growth, which results in death of the fungus. Pinapu is administered twice daily and is mainly used in immune compromised patients after chemotherapy or organ transplant.						
Hematology								
EPO-fc	Anemia	rhEPO-Fc (Recombinant Human Erythropoietin-Fc) can be used for treatment of anemia associated with renal diseases, cancer related therapies and surgical blood loss. rhEPO-Fc is a next generation EPO treatment. rhEPO half-life in the body is significantly extended by attaching a FC fragment. As a result, rhEPO-Fc will only require injection once biweekly, greatly improving the treatment convience to patients.						

PARTNERING			STATUS	PARTNER
Ophthalmology				
Ocucyclo Eyedrop	Mydriasis and cycloplegia	Ocucyclo is an anti-cholinergic agent for mydriasis (dilation of pupil) and cycloplegia (paralysis of ciliary muscle for use in eyesight examination). It blocks sphincter muscle of iris and the accommodative muscle of the ciliary body to cholinergic stimulation. For mydriasis, it has quicker onset and shorter recovery time than Atropine. For cycloplegia, it shows higher strength than Tropicamide, making Ocucyclo more suitable for uveitis	Registration dossier has been submitted to the CFDA	SAMIL PHARM.CO.,LTD.
Lantanoprost Eyedrop	Glaucoma and ocular hypertension	Latanoprost is a prostaglandin analogue for the treatment of open-angle glaucoma and ocular hypertension. It lowers the intra-ocular pressure (IOP) by increasing the outflow of aqueous humor. Latanoprost is effective in reduction of IOP with less side effects.	Dossier preparation and adoption	SAMIL PHARM.CO.,LTD.
Allenol Eyedrop	Allergic conjunctivitis	Allenol is an antihistamine possessing dual properties: antihistamine and anticholinergic, for use in allergic conjunctivitis (eye allergy). Allenol's action has a quick onset with long effective time and high safety. It also shows less side effects than adrenocortico hormones.	Dossier preparation and adoption	SAMIL PHARM.CO.,LTD.
Respiratory				
Rhinex Nasal Spray	Rhinitis	Rhinex is a second generation synthetic corticosteroid for treatment of seasonal and perennial rhinitis with less than 0.1% systemic absorption. Rhinex is believed to be more efficient than oral anti-histamines	Registration dossier has been submitted to the CFDA	SAMIL PHARM.CO.,LTD.

Uni-E4

Uni-E4, part of a class of anti-diabetic treatments called GLP-1 agonists, is a non-insulin treatment candidate that stimulates the incretin pathway. GLP-1 agonists stimulate the body's ability to produce insulin in response to elevated levels of blood glucose, inhibits the release of glucagon following meals, physiologically regulates appetite, and slows down the rate at which glucose is absorbed into the bloodstream. This class of drug has been shown to be effective and well accepted in the treatment of Type 2 diabetes mellitus ("T2DM") in the West and is one of the only classes of diabetic drugs shown to also cause weight loss. As obesity is a common comorbidity of T2DM, this class is effective in T2DM patients who are overweight, accounting for at least 30% of all diabetes patients in the PRC according to IMS primary research. Moreover, this class of drugs also has other beneficial effects that are expected to drive physician prescription, such as lowering the risk of hypoglycemia and promoting β-cell regeneration.

It is estimated that China's diabetes drugs market will expand 20% annually to reach RMB20 billion by 2016, becoming one of the largest therapeutic areas in the PRC. According to the International Diabetes Federation, China has the world's largest diabetes epidemic, and it continues to grow rapidly. The most recent research found that China has overtaken the USA in terms of diabetes prevalence: according to the latest data, 11.6% of Chinese adults have diabetes, creating a tremendous strain on the country's public health system and a pressing need for effective treatment solutions.

Classified as a Class I prescription new drug by the Chinese Food and Drug Administration ("CFDA"), Uni-E4 is a well-established GLP-1 agonist. Its potential as a new treatment has been recognised, through the selection of Uni-E4 as a 'New Key Drug Formulation"of the State's Major Science and Technology Project under the "Eleventh Five-Year Plan". Uni-E4 was also awarded the "Specialty Contract of the State's Major Science and Technology Project"by the Ministry of Science and Technology of the PRC. The targets required for the grant by the Ministry of Science and Technology have been met successfully and all clinical trials have been completed, including additional trials to supplement phase 3 data in the event that CFDA harmonizes biostatistical analysis standards with international standards. Following the successful completion of the phase 3 studies in 2014, the Company is in the stage of preparing preliminary statistical analysis report of the research data, conducting trial production and preparing documents for CFDA submission in early 2016. Furthermore, the Group continues to investigate a long acting version of Uni-E4, LExendin-4.

rhEPO-Fc

rhEPO-Fc is a new drug candidate for the treatment of anemia associated with renal diseases, cancer related therapies or surgical blood loss. rhEPO-Fc is a long-acting version of EPO, a currently marketed treatment for anaemia with a worldwide market that exceeds USD12 billion and is growing at an average annual rate of 21%. Pre-clinical trials of rhEPO-Fc have been completed and the Company is now undertaking a phase 1 study in the PRC. rhEPO-Fc's long-acting formulation positions it strongly as a potential once-weekly or once-fortnightly treatment, an important advantage over the daily administration which EPO often requires. The clinical studies of rhEPO-Fc are supported by the PRC Ministry of Science and Technology following its selection as a "New Key Drug Formulation"of the State's Major Science and Technology Project under the "Eleventh Five-Year Plan".

Uni-PTH

The Group's Uni-PTH is a Class VII prescription new drug and is an effective anabolic (bone growing) agent used to treat osteoporosis. The PRC osteoporosis market is expected to be worth RMB15.5 billion in 2015 (approximately one fifth of the global osteoporosis market) and will continue to grow quickly largely due to increasing prevalence of osteoporosis among the female and elderly population, rising standards of living and increasing awareness and education in bone health. Currently, all available treatments used for osteoporosis patients are anti-resorptives which restore bone density by decreasing bone remodeling. In comparison, in clinical trials Uni-PTH has been shown to be effective in stimulating new bone formation on quiescent bone surface. By stimulating bone formation, Uni-PTH has the potential to reduce fracture incidence by improving bone qualities in addition to also increasing bone density. Physicians believe that Uni-PTH is more effective in managing ostealgia (pain in the bone) when compared to current treatments, such as calcitonin.

During the Period, the Group announced positive results from a phase 3 trial of Uni-PTH for the treatment of osteoporosis. The phase 3 results show that the Uni– PTH is safe and efficacious in post-menopausal women. Moreover, the biochemical biomarker results clearly indicate calcitonin has a different mechanism of action from parathyroid hormone. Being anti-resorptive, calcitonin decreases uNTX/UCr and a reduction in urinary NTx secretion provides evidence of compliance and drug efficacy. In addition, biomarkers of BSAP and resorption (uNTX/UCr) were increased by Uni-PTH, supporting its role as an anabolic agent to promote bone growth. The Group aims to file the formal new drug application ("NDA") to the CFDA in 2Q 2015. Once submitted, the Board hopes to obtain market approval in mid-2017, which is based on past regulatory approval time lines.

Technical know-how

The Group has established broad expertise in gene cloning, genetic engineering expression, fermentation, purification and examination technology systems which it deploys in its R&D activities. Furthermore, through the use of the AKTA liquid chromatography separation system, the Group has established the high flux two steps standard operating procedure for protein purification. Using this standard method, the protein purity after purification is up to 98 percent, higher than the official standard in the PRC.

BUSINESS STRATEGY

The Group's overall business strategy employs two specific elements – one focused internally (*solidifying foundation*) and the other focused externally (*maximizing value*). The Group initiated a major restructuring project at the start of the Period to solidify its operational foundations and facilitate the growth of its pan-nation sales and marketing capabilities. There are many components of such an exercise and a number of them are still ongoing. Our goal is on increasing shareholder value by efficiently executing a number of growth strategies (listed in *maximizing value*).

Solidifying foundation

1. Functionalization and virtualization

Functionalization is a process where the Group identifies similar functions within the Group, and combines them together to form one department (e.g. Sales & Marketing, Medical, etc.). Virtualization is the process whereby the Group outsources projects of certain functions to third parties. Functionalization and virtualization is an important strategy for the company to reach critical mass quickly without making large investments in infrastructure. By keeping the Group's assets to a minimum, we can maximize return on assets (ROA) by 1) creating and realizing synergies between common functions (functionalization), and 2) leveraging resources from third parties when required (virtualization). Below are a list of functions which were functionalized and virtualized during the Period. The Group's next step is to start rationalizing and re-engineering some of the work flow and processes between these functions to further reduce costs and increase efficiency, in addition to fuctionalizing and/or vivtualizing other departments where appropriate. The Group will also continue to hire more talent to strengthen these core functions.

- Sales & Marketing

  In the past, sales and marketing teams were housed within each subsidiary of the Group, solely selling the products of each subsidiary. By combining the sales and marketing teams, the sales rep per product effectively multiplied overnight (GeneTime® & GeneSoft® sales team can now sell Pinapu® products and vice versa). Training programmes and systems have also improved as a result of the combination. Most importantly, the combination of both teams enables the Group to be more "agile" in this function. When opportunities in the market arises, a strategy can be put in place and executed quickly because the function is under the common leadership of one manager who is an expert in the field. The Group has appointed Mr. Matthew Kong to lead the sales and marketing function of the Group. Matthew has more than 20 years' experience in sales and marketing in the PRC, previously working for both domestic and multinational companies. Mr. Kong has been employed in the Group for more than 3 years. During his tenure, he was mainly responsible for leading Pinapu®, growing Pinapu® sales and achieving 5 Year CAGR of 30%+.

- Medical

  In 2014, we established a new Medical team, led by Dr. Emily Liu. This team includes our new RA (Registration Administration) department. Together with our R&D and Manufacturing teams, Dr. Liu and her team will oversee the regulatory and submission processes for our new products (in the near-term, Uni-PTH and Uni-E4) to facilitate the best possible outcome with the regulators. Dr. Liu will also lead the Medical Affairs team. This team will work closely with the Sales & Marketing team to ensure that the benefits of our products to patients are fully communicated to the medical community. Dr. Liu is also involved in the training of our Sales & Marketing team to ensure our team reach and maintain a high level of technical ability. Thirdly, Dr. Liu and her team will work closely with physicians to raise disease awareness and address any questions they may have. Dr. Liu and her team also supports the Group's Business Development initiatives in scanning and evaluating products and their fit into our portfolio.

  Prior to working in the Group, Dr. Liu was a medical practitioner at Beijing Tongren Hospital for more than 10 years and was most recently Head of Medical Affairs at Pfizer, where she worked for more than six years.

- Market Access and Business Development

  During the Period, the Group appointed Mr. Edward Chan as the leader of Market Access and Business Development. Mr. Chan will oversee and implement new strategies to realize synergies and knowledge sharing between the two functions. He was previously the General Manager of the Group's Shenzhen subsidiary and is very familiar with GeneSoft® and a key priority for the Group is the inclusion of GeneSoft® in the National Reimbursement Drug List ("NRDL"). Coupled with his extensive experience from multiple large MNCs and PRC, the Group believes Mr. Chan will be able to set up practical plans and strategies to improve market access of GeneSoft® and other future products.

Business development as a standalone function is a relatively new function of the Group. The inception of such function is to support the new partnership model launched by the Group at the beginning of the Period. The Group has established a highly-experienced team of business development executives with a diverse skillset to support the function. The team brings experience from MNCs and speak fluent English — key attributes which will support the Group's ambition to in-license novel pharmaceuticals from outside of China. The team is supported by the Board, two of the Directors have extensive experience in business development and executing successful partnership agreements.

2. *Human Capital Investment*

The Group believes that great talent drives innovation and the successful execution of its strategy. The Group continues to invest in human capital and, during the Period, initiated a new, group-wide HR project to centralize and improve HR policies for all of the Group's subsidiaries.

In 2014, the China operations unified the compensation scheme for its Leadership Team. This ensures a shared goal and that reward and recognition is vigorously tied to performance. At the same time, the Group introduced a CEO Award for the rest of the organization, which recognizes and rewards the top 3% performers of the Group. In 2015, the Group will further entrench the value of Great Performance into the Company. The Group will roll out its new, national KPI system, and the compensation throughout the Group will follow its value of 'Great Performance'.

3. *China Good Manufacturing Practice ("cGMP") of all plants*

It is a requirement for all industry participants to upgrade their manufacturing facilities to meet the new cGMP (cGMP 2010) standards by the end of 2015. The new standards closely mirror the standards of the EU. Many industry players are struggling to meet the new standards and this is leading to consolidation in the market as smaller operators are forced to sell or close their plants. As of 31 December 2013, up to 40% of sterile drug manufacturers had failed to achieve new cGMP certification. In 2013, the Group successfully upgraded its Shenzhen facility to meet the new cGMP standards and during the Period the Group completed manufacturing process, software, and hardware upgrades for its chemical manufacturing line in Beijing. Regulator inspection is expected in the second quarter of 2015 and new cGMP approval is expected in 2H2015. Following the outcome of the review, all of the Group's existing product lines will all be new cGMP ready, strengthening the Group's competitive position.

4. *Information Technology*

The Group is in the process of upgrading its IT system to help improve the productivity of the Group, building a proprietary own cloud system which will have multiple advantages:

- Improve information sharing yet ensuring security

  Information will be shared seamlessly between employees of different departments and different legal entities within the Group without compromising security and confidentiality. As a business focused on intangible assets, information is extremely valuable. Misuse or misappropriation of such information of the Group or partners will severely impact the reputation and business of the Group. As the Group moves towards a partnership model, it is important for it to ensure compliance with international business standards and ethics.

- Improve productivity and reduce cost

  IT is a very effective way to improve productivity and reduce cost for the Group. A direct example is the use of video conferencing. With this tool, employees can substantially cut down traveling, which is expensive and can incur a substantial amount of down time. IT upgrades will also improve communications and collaboration between employees via a common intranet platform.

- Stronger internal controls

  IT will be used to computerize internal workflows and internal controls, effectively reducing paper administrative cost, increasing efficiency and lessening bureaucracy.

Maximizing value

1. New commercialization model

The Group launched a new commercialization model during the Period. The model is the next step after consolidation efforts of the Group's Sales and Marketing teams. In the past, the Group focused most of its resources in R&D and manufacturing. As Uni-E4 and Uni-PTH reach the late stages of clinical development, the Group will redirect resources to grow its commercialization engine. The strategy will ensure better growth of existing products sold by the Group and also capture maximum value from upcoming drug launches. Within two years, the Group aims to grow its hospital coverage to more than 3,000 hospitals from almost 1,000 today. The strategy to execute such an ambitious plan is split into two components:

A. Organic component

With the consolidated Sales and Marketing team, the Group is aiming to increase its sales and marketing headcount in key provinces, such as Beijing and Guangdong, in the coming year. By focusing on Beijing and other key provinces, the Group leverages its existing strengths, i.e. knowledge of local hospitals and doctors. The Medical team will ensure that the Group builds strong relationships with the key doctors, distributors and partners.

B. Inorganic component

For other provinces, the Group hopes to partner with established pharmaceutical companies or contract sales organizations. These partners provide scale through their portfolio and size, which is particularly helpful in hospital listing and market access. Through their scale, they provide an immediate level of productivity in reaching a vast number of new hospitals and territories that would be challenging for the Group to achieve in a short time frame. Partners are chosen based on their past sales growth, ethical compliance, and expertise in a certain therapeutic area.

2. Realizing hidden value of GeneSoft®

According to IMS data, the class of "other" topical ophthalmology products represent 10% of the HK$4.6B total PRC ophthalmology market and is growing at 20% + annually. Currently, wound healing drugs (such as EGF) represent the majority of this class of products. Unlike GeneTime®, GeneSoft® contains a derivative of EGF, which increases the stability of the EGF. GeneSoft® can be stored in room temperature whilst other wound healing competitors require refrigeration and cold chain delivery. Therefore, GeneSoft® is logistically cheaper and more convenient for patients. For the same reason, GeneSoft® is sold at a premium compared to its competitors. However, since GeneSoft® is not strictly considered as EGF, it is not included in the NRDL. Currently, the product is listed on the reimbursement drug list of only one province, Xinjiang. The Group noticed a strong sensitivity of GeneSoft® sales to reimbursement status. Even though Xinjiang ranks 25th out of 31 provinces in PRC by GDP, more than 40% of GeneSoft® rep sales originate from there. The Group is highly confident that focusing on the inclusion of GeneSoft® on more reimbursement lists will vastly accelerate the sales growth of the product and this is a key ambition of the Group in 2015. The priority is to secure reimbursement for GeneSoft®, firstly at the provincial and then later at the national levels.

3. New partnership model

The PRC market still lacks a strong infrastructure and talent pool to propel drug R&D forward. There are isolated cases of PRC-originated new products being sold on a global arena, the West and more mature markets are still the driver of new and exciting drug products in the healthcare sector. Furthermore, many breakthrough drug products are not generated by MNCs, but by small-medium sized enterprises (SME). In the last decade, R&D productivity in MNCs has fallen dramatically, the majority of drug launches by MNCs originate from licensing or acquisitions of SME products. For SMEs, investment of an infrastructure to commercialize a drug globally is time consuming and expensive. Instead, SMEs often choose to partner with different parties to monetize their asset quickly. The PRC drug market is especially difficult for SMEs to enter. Language barriers, a complex business environment, lack of transparency and a number of other issues can be difficult to navigate, however the market is important in relation to the size of the global pharmaceutical market. The Group would like to position itself as a "partner of choice" in the PRC. With the existing infrastructure and experience to develop and commercialize innovative products, as well as a highly qualified team that can speak English, the Group is well positioned to help SMEs gain exposure to the PRC market.

On 1 September 2014, the Group successfully closed its first new partnership agreement, four months after launching its partnership model, with Samil Pharmaceuticals, an established ophthalmology company in Korea. Founded in 1947, Samil Pharmaceuticals is a company incorporated in the Republic of Korea and is principally engaged in the manufacture and distribution of pharmaceutical products. It is a listed company in the Korea Stock Exchange (Stock Code 000520.KS). In 2013, Samil Pharmaceutical's annual turnover was USD84 million in Korea.

Under the Agreement, the Group is to be appointed as Samil Pharmaceutical's exclusive distributor of four products for eight years. The Group can also choose to extend the agreement for another four years afterwards. The ophthalmology and allergy products of Samil Pharmaceutical that will be exclusively distributed by the Group in China, Hong Kong and Macau comprise:

- Rhinex Nasal Spray – a second generation synthetic corticosteroid for treatment of seasonal and perennial rhinitis.

- Ocucyclo – an anti-cholinergic agent for mydriasis (dilation of pupil) and cycloplegia (paralysis of ciliary muscle) for use in eyesight examination.

- Lantanoprost – a prostaglandin analogue for the treatment of open-angle glaucoma and ocular hypertension.

- Allenol Eye Drop – possess antihistamine and anticholinergic properties for use in allergic conjunctivitis (eye allergy).

With the addition of Samil Pharmaceutical's products, the Group has strengthened its ophthalmology portfolio to four drugs. Going forward, the Group will continue to seek additional opportunities with the therapeutic focus of diabetes, ophthalmology and dermatology.

2015 OUTLOOK

The government of the PRC has implemented a series of supportive policies in the past year to bolster the economy. In particular, we believe that the relaxation of credit restrictions and decrease of required reserve ratios in banks will help to drive growth in gross domestic products. These policies will also ease potential negative impacts for our operations, such as increased labor costs. The macro factors of the healthcare industry remain strong, for example the increased health awareness amongst the public, China's aging population and an increase in healthcare access, and the Group is optimistic that these will continue to create attractive business opportunities in the pharmaceutical and healthcare industry in the PRC.

Looking into 2015, the Group will continue the momentum of the key initiatives of 2014. The Group's focus is to strengthen its sales and marketing capabilities by expanding the sales force and close new partnerships agreements with established industry players. Together, these two initiatives will significantly extend the Group's coverage of the hospitals in the PRC. With this mind, the Group is also undertaking preparations for the launch of its new products.

2015 is also going to be an important year in relation to provincial tendering for the industry. Major changes to a number of tendering mechanisms in certain provinces, such as Fujian and Guangdong, introduce a number of new risk factors that may affect the industry. The Group is working closely with local partners to position itself strongly in these tenders. The Group is optimistic that new tendering mechanisms and price revision will not severely affect its financial performance in the upcoming year for a number of reasons. The Group believes that with the increase in sales reach (both organic and inorganic), expansion into new therapeutic areas (e.g. women's health for GeneTime®, close monitoring of tenders, collaborations with local partners and the contribution of the new Medical Team will help the Group reach new patients and grow existing prescriptions.

In the PRC, companies which can demonstrate established branding, high-quality and expertise are looked upon more favourably in relation to winning tenders. Products sold by the Group are mainly innovative and/or play in a less competitive space. For example, both the Group's EGF products (GeneTime® & GeneSoft®) are class I products in the PRC. GeneTime® does not compete with any other product during tenders as it has an exclusive (spray) formulation for EGF. Similarly, there is only one competitor in the market with the same formulation as GeneSoft®. Therefore, both products resist pricing cuts and ensure tendering success. As for Pinapu®, the Group is competing against three competitors in subsequent tendering rounds. This number is relatively limited compared to other generic products in the market. Furthermore, the Group successfully improved the shelf life of Pinapu® from two years to three years. The improvement to the product offering has significantly improved the competitiveness of Pinapu®, ensuring a higher success rate in the upcoming tendering round. The Group has plans in place and has assembled a dedicated taskforce to ensure the best results from the upcoming tenders this year.

Other than Sales & Marketing, another important growth driver for the Group will be in Market Access and Business Development. Expanding the number of hospitals under coverage and broadening the reimbursement coverage of GeneSoft® are key priorities for 2015. The Group is also confident in closing more product partnerships in the coming year. Capex and Opex from such activities may increase the cash burn of the Group in the short term, but these activities are important on ensuring long term sustainable growth of the Group. The Group is confident that its growth will support its expansion plans.

LIQUIDITY AND FINANCIAL RESOURCES

During the period under review, 92,880,057 ordinary shares of HK$0.01 each were issued resulting from the exercise of bonus warrant at a subscription price of HK$0.20 per share amounting to HK$18,621,000. Total amount is HK$18,576,000 expense included is HK$45,000.

At 31 December 2014, the Group's bank deposits, bank balances and cash amounted to HK$138,126,000 (31 March 2014: HK$56,227,000). At 31 December 2014, the Group has total assets of approximately HK$596,668,000 (31 March 2014: HK$692,915,000), current assets of the Group at 31 December 2014 amounted to approximately HK$184,351,000 (31 March 2014: HK$254,423,000) while current liabilities were HK$33,023,000 (31 March 2014: HK$94,195,000). The gearing ratio, calculated by dividing the total liabilities over its total assets, was 5.6% (31 March 2014: 13.7%).

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 RMB. The Group does not hedge its foreign currency risks as the rate of exchange between Hong Kong dollar and RMB is controlled within a narrow range.

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

At 31 December 2014 and 31 March 2014, no leasehold land and land use rights, leasehold building in the PRC and investment properties with an aggregate carrying value had been pledged to the Group's bankers for banking facilities granted to the Group.

At 31 December 2014 and 31 March 2014, the Group did not have any material contingent liabilities.

EMPLOYMENT AND REMUNERATION POLICY

At 31 December 2014, the Group employed 255 staff (as at 31 March 2014: 237 staff), including 36 staff in the PRC R&D centres, 43 staff in total in the PRC sales offices, 160 staff in the PRC production sites, 4 staff in PRC headquarter and 12 staff in Hong Kong. Apart from the full time employees in the PRC sales offices, the Group also has 119 contracted sales agents. 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.

AUDIT COMMITTEE

The audit committee currently comprises the non-executive Director, namely Mr. Fung Kwok Leung, the three independent non-executive Directors, namely Mr. Tsao Hoi Ho, Dr. Carl Aslan Jason Morton Firth and Mr. Zhao Zhi Gang. The audit committee has reviewed the audited consolidated financial statements of the Group for the nine months ended 31 December 2014.

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 nine months ended 31 December 2014.

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 nine months ended 31 December 2014.

SUFFICIENCY OF PUBLIC FLOAT

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Other than the disposal of a subsidiary as mentioned in Note 14 above, the Group had no material acquisition or disposal of any subsidiaries and associated companies for the nine months ended 31 December 2014.

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

During the nine months ended 31 December 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company for the nine months ended 31 December 2014 will be dispatched to the shareholders and, for information only, holders of warrants and holders of share options of the Company and published on the website of the Stock Exchange at http://www.hkex.com.hk and the website of the Company at http://www.uni-bioscience.com in due course.

By order of the board of directors of
Uni-Bio Science Group Limited
Tong Kit Shing
Chairman

Hong Kong, 27 March 2015

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Tong Kit Shing (Chairman) and Mr. Kingsley Leung; one non-executive Director, namely, Mr. Fung Kwok Leung; and three independent non-executive Directors, namely, Mr. Tsao Hoi Ho, Terry, Dr. Carl Aslan Jason Morton Firth and Mr. Zhao Zhi Gang.