



The directors ("Directors") of Uni-Bio Science Group Limited present their annual report and the audited consolidated financial statements of the Group (comprising the Company and its subsidiaries) for the year ended 31 March 2006.

CHANGE IN CONTROL

On 25 August 2005, a sale and purchase agreement ("**Sale and Purchase Agreement**") was entered into between Fortune Gold Development Limited ("**Vendor**"), Automatic Result Limited ("**Automatic Result**") as purchaser and Mr NG Man Chan as warrantor pursuant to which Automatic Result agreed to purchase and the Vendor agreed to sell an aggregate of 95,000,000 shares (collectively, "**Shares**") of HK\$0.10 each in the capital of the Company for a consideration of HK\$47,215,000 (equivalent to HK\$0.497 per Share), which represented approximately 52.78% of the then entire issued share capital of the Company.

The Sale and Purchase Agreement was completed on 13 September 2005 and Automatic Result has since then become the controlling shareholder of the Company. A mandatory unconditional cash offer was made by Automatic Result (and parties acting in concert with it) as offeror on 22 September 2005 ("**Cash Offer**") for all the then issued Shares not already owned or agreed to be acquired by Automatic Result and parties acting in concert with it. On 22 September 2005, Mr. TONG Kit Shing, Mr. LIU Guoyao and Mr. CHENG Wai Man were appointed as executive Directors and Mr. SO Yin Wai, Mr. ZHOU Yaoming, Mr. LIN Jian were appointed as independent non-executive Directors. Upon completion of the Cash Offer on 13 October 2005, Automatic Result held 95,000,000 Shares or approximately 52.78% of the then issued share capital of the Company. On the same day, Mr. NG Man Chan, Ms. LI Mi Lai resigned as executive Directors and Mr. LEE Man Kwong, Mr. LEUNG Siu Cheung, Mr. LAM Kin Kau, Mark resigned as independent non-executive Directors.

CHANGE OF COMPANY NAME

The name of the Company was changed to "Uni-Bio Science Group Limited" with effect from 12 December 2005.

PRINCIPAL ACTIVITIES AND SEGMENTAL INFORMATION

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 17 to the financial statements.

Segmental information of the Group was disclosed in note 13 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st March 2006 are set out in the consolidated income statement on page 28.

DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2006.

Directors' Report

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the last five financial years is set out as follows:

	2006	2005	2004	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(restated)	(restated)	(restated)	(restated)
Results					
Profit/(loss) attributable to shareholders	(42,446)	(887)	(18,880)	(5,384)	29,342
Assets and liabilities					
Total assets	138,809	183,114	212,704	211,963	179,478
Total liabilities	105,205	(107,384)	(135,577)	(116,530)	(60,560)
Shareholders' funds	33,604	75,730	77,127	95,433	118,918

In October 2001, the Company became the holding company for the other companies comprising the Group pursuant to the reorganisation involving companies under common control. The Company and its subsidiaries resulting from the reorganisation have been regarded as a continuing group. Accordingly, the reorganisation was accounted for on the basis of merger accounting, under which the consolidated financial statements have been prepared as if the Company had been the holding company of the other companies comprising the Group for the year ended 31 March 2002 or for the period from their respective dates of incorporation or establishment to 31 March 2002, whichever is the shorter period, rather than from the date on which the reorganisation was completed, except for any acquisitions or disposals subsequent to the reorganisation which are accounted for under the acquisition basis of accounting.

Accordingly, the results of the Group for the year ended 31 March 2002 have been prepared on the basis of merger accounting. The assets and liabilities of the Group from 31 March 2002 onwards, and the results for year ended 31 March 2003 onwards have been prepared on consolidated basis.

SHARE CAPITAL AND RESERVES

Details of the movements in share capital of the Company during the year are set out in note 22 to the financial statements.

Movements in reserves of the Group and the Company during the year are set out in note 24 to the financial statements respectively.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 15 to the financial statements.



DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

Executive Directors:

Mr. TONG Kit Shing (<i>Chairman</i>)	(appointed on 22 September 2005)
Mr. LIU Guoyao (<i>Chief Executive Officer</i>)	(appointed on 22 September 2005)
Mr. CHENG Wai Man	(appointed on 22 September 2005)
Mr. NG Man Chan	(resigned on 13 October 2005)
Ms. LI Mi Lai	(resigned on 13 October 2005)

Non-executive Director:

Mr. TONG Hing Chi	(retired on 30 August 2005)
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Independent non-executive Directors:

Mr. SO Yin Wai	(appointed on 22 September 2005)
Mr. ZHOU Yaoming	(appointed on 22 September 2005)
Mr. LIN Jian	(appointed on 22 September 2005)
Mr. LEE Man Kwong	(resigned on 13 October 2005)
Mr. LEUNG Siu Cheung	(resigned on 13 October 2005)
Mr. LAM Kin Kau, Mark	(resigned on 13 October 2005)

In accordance with article 86(3) of the Company's articles of association ("**Articles**"), Mr. TONG Kit Shing, Mr. LIU Guoyao, Mr. CHENG Wai Man, Mr. SO Yin Wai, Mr. ZHOU Yaoming and Mr. LIN Jian will retire at the forthcoming annual general meeting of the Company to be convened and held on 22 September 2006 and being eligible, offers themselves for re-election.

Biographical information of Directors is set out on page 7 of this report.

The Company has received annual confirmation from each of the independent non-executive Directors as regards their independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**"). The Company considers all the independent non-executive Directors are independent.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to shareholders by reason of their holding of the Company Securities.

Directors' Report

DIRECTORS' INTERESTS IN SHARES

At 31 March 2006, the beneficial interests of the directors and their associates in the shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Name of director	The Company/ Name of associated corporation	Capacity	Number of issued securities (L) (Note 1)	Appropriate percentage of shareholding
TONG Kit Shing	The Company	Interest of a controlled corporation (Note 2)	95,000,000 shares of HK\$0.10 each (Note 3)	52.78%
LIU Guoyao	The Company	Interest of a controlled corporation (Note 2)	95,000,000 shares of HK\$0.10 each (Note 3)	52.78%

Notes:

1. The letter "L" denotes the person's long position in the shares and underlying shares in the Company or its associated corporation(s).
2. These shares are registered in the name of and beneficially owned by Automatic Result, which is solely and beneficially owned by Mr TONG Kit Shing whereas Mr LIU Guoyao is the sole director of Automatic Result. Both Mr TONG and Mr LIU are deemed to be interested in all the interest in shares and underlying shares in the Company held by Automatic Result by virtue of the SFO.
3. As at 31 March 2006, in addition to the 95,000,000 shares of HK\$0.10 each in the capital of the Company held by Automatic Result. Automatic Result was also deemed to be interested in an aggregate of 360,000,000 shares ("Offer Shares") of HK\$0.10 each in the capital of the Company representing:
 - (i) the pro-rata entitlement of 190,000,000 Offer Shares for which Automatic Result undertook to subscribe under the underwriting agreement dated 14 February 2006 made between the Company and Automatic Result as underwriter (as varied, modified and supplemented by a supplemental agreement dated 28 February 2006 entered into between the same parties) (collectively, the "Underwriting Agreement") in relation to the issue by the Company of 360,000,000 Offer Shares by way of an open offer (the "Open Offer") on the basis of two Offer Shares for every existing share held in the Company as disclosed in the announcement of the Company dated 15 February 2006; and
 - (ii) 170,000,000 Offer Shares pursuant to the underwriting commitment under the Underwriting Agreement.

Accordingly, both Mr TONG and Mr LIU were also deemed to be interested in the 360,000,000 underlying shares in the Company held by Automatic Result by virtue of the SFO.



DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS

As disclosed in note 29 to the financial statements, there were related party transactions for the year ended 31 March 2006 in respect of rental paid to related parties pursuant to leases entered into by the Group in prior years which also constitute ongoing connected transactions. As the amount of these transactions for the year fall below the de-minimis threshold under the then applicable Listing Rules, they are exempt from the disclosure and the shareholders' approval requirements.

Except for respective interests of Mr. NG Man Chan and Ms. LI Mi Lai, both resigned on 13 October 2005, in contracts of significance aforesaid, no contract of significance to which the Company, its subsidiaries, its ultimate holding company or any of its fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or any time during the year.

Save as disclosed above, none of the directors of the Group had any direct or indirect interest in any assets acquired or disposed of by or leased to, or which were proposed to be acquired, disposed of by or leased to, the Company or any of its subsidiaries.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

COMPETING INTERESTS

None of the Directors or any of their respective associates (as defined in the Listing Rules) of the Company had an interest in a business which causes or may cause any significant competition with the business of the Group.

MAJOR CUSTOMERS AND SUPPLIERS

For the year under review, the top five customers of the Group together accounted for approximately 31.9% (2005: 30.5%) of the Group's total sales for the year while the single largest customer accounted for approximately 11.6% (2005: 6.4%) of the Group's total sales during the year.

The top five suppliers of the Group for the year under review together accounted for approximately 49.7% (2005: 30.3%) of the Group's total purchases for the year and the single largest supplier accounted for approximately 17.2% (2005: 10.5%) of the Group's total purchases.

None of the Directors, their respective associates or any shareholders of the Company who owns more than 5% of the issued share capital of the Company has any interests in the Group's five largest customers and suppliers.

Directors' Report

SUBSTANTIAL SHAREHOLDERS

At 31 March 2006, shareholders (other than directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or had otherwise notified the Company were as follows:

Name	Capacity	Number of issued securities (L) (Note 1)	Appropriate percentage of shareholding
Automatic Result	Beneficial owner	95,000,000 shares of HK\$0.10 each (Note 3)	52.78%
TONG Kit Shing	Interest of a controlled corporation (Note 2)	95,000,000 shares of HK\$0.10 each (Note 3)	52.78%
LIU Guoyao	Interest of a controlled corporation (Note 2)	95,000,000 shares of HK\$0.10 each (Note 3)	52.78%

Notes:

1. The letter "L" denotes the person's long position in the shares and underlying shares in the Company.
2. Automatic Result is solely and beneficially owned by Mr TONG Kit Shing whereas Mr LIU Guoyao is the sole director of Automatic Result. Accordingly, each of Mr TONG and Mr LIU is, by virtue of the SFO, deemed to be interested in all the shares and underlying shares in the Company in which Automatic Result is interested.
3. As at 31 March 2006, in addition to the 95,000,000 shares of HK\$0.10 each in the capital of the Company held by Automatic Result, Automatic Result was also deemed to be interested in an aggregate of 360,000,000 Offer Shares representing:
 - (i) the pro-rata entitlement of 190,000,000 Offer Shares for which Automatic Result undertook to subscribe under the Underwriting Agreement in relation to the issue by the Company of 360,000,000 Offer Shares by way of the Open Offer as disclosed in the announcement of the Company dated 15 February 2006; and
 - (ii) 170,000,000 Offer Shares pursuant to the underwriting commitment under the Underwriting Agreement.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the shares or underlying shares in the Company as at 31 March 2006.



CONTINGENT LIABILITIES

Significant contingent liabilities are disclosed in note 27 to the financial statements.

RETIREMENT BENEFITS SCHEMES

Particulars of the retirement benefits schemes of the Group are set out in note 2 to the financial statements.

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

The Company had no outstanding convertible securities, options, warrants or instruments carrying other similar rights as at 31 March 2006.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles, or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors (including their spouse and children under 18 years of age) to acquire benefits by means of the acquisition of shares in, or debt securities including debentures of, the Company or any other body corporate.

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

During the year ended 31 March 2006, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed Shares.

SHARE OPTIONS

The Company's existing share option scheme (the "Existing Share Option Scheme") was adopted pursuant to a written resolution passed on 22 October 2001 by the then shareholders of the Company. Particulars of the Existing Share Option Scheme are set out below.

(a) Participants of the Existing Share Option Scheme

The board of Directors (the "Board") may, as its absolute discretion, offer to grant to any full time employee of the Group (including directors of the Company) (the "Eligible Person"), options to subscribe for shares of the Company.

(b) Maximum number of Shares

The maximum number of shares in respect of which options may be granted (including shares in respect of which options, whether exercised or still outstanding, have already been granted) under the Existing Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed ten per cent. (10%) of the shares in issue whereas the maximum number of shares to be issued upon the exercise of all outstanding options granted and yet to be exercised at any time under the Scheme and any other share option schemes of the Group shall not exceed thirty per cent. (30%) of the issued share capital of the Company from time to time.

SHARE OPTIONS *(continued)*

(c) Maximum entitlement of each participant

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme (including both exercised or outstanding options) to each Eligible Person in any twelve-month period must not exceed one per cent.(1%) of the issued share capital of the Company for the time being.

(d) Time of exercise of option

Pursuant to the rules of the Existing Share Option Scheme, an Option may be exercised in whole or in part in the manner provided in the Existing Share Option Scheme by a grantee giving notice in writing to the Company at any time during a period commencing one year after the date of the Options, to be notified by the Board to the grantee, which shall be not less than 3 years nor more than 10 years from the date an Option is granted.

(e) Payment on acceptance of option

Upon application or acceptance of the option, the grantee shall pay HK\$1.00 to the Company as consideration for the grant.

(f) Subscription price for shares

The subscription price of options pursuant to the Existing Share Option Scheme is absolute discretion determined by the Board and will not be less than the highest of the following:

- (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a share, provided that for the purpose of determining the subscription price of the shares where the shares have been listed on the Stock Exchange for less than 5 business days preceding the date of grant, the issue price of the shares in connection with such listing shall be deemed to be the closing price of the shares for each business day falling within the period before the listing of the shares on the Stock Exchange.

(g) Period of the Existing Share Option Scheme

The Existing Share Option Scheme will remain in force for a period of ten years commencing from the Adoption Date.



SHARE OPTIONS *(continued)*

As at 31 March 2006, no option was granted by the Company pursuant to the Existing Share Option Scheme.

A resolution regarding the termination of the Existing Share Option Scheme and the adoption of a new share option scheme to comply with the provisions of Chapter 17 of the Listing Rules currently in force will be proposed for consideration and approval by the shareholders at the forthcoming annual general meeting of the Company.

CORPORATE GOVERNANCE

The Company is committed to the establishment of good corporate governance practices and procedures. The Company's corporate governance principles and practices are set out in the Corporate Governance Report on pages 8 to 16 of this report.

AUDIT COMMITTEE

The Company set up the audit committee ("**Audit Committee**") for the purpose of reviewing and providing supervision over the Company's financial reporting procedures and the internal control system, and maintaining an appropriate relationship with the Company's auditors.

The written terms of reference which govern the authority and duties of the Audit Committee were adopted in 2001 and subsequently amended in 2005 to align with the requirements of the code provisions of the Code on Corporate Governance Practices set out in the Listing Rules.

The Audit Committee provides an important link between the Board and the Company's auditors in audit, financial reporting and internal control matters. The Audit Committee, comprising of all the three independent non-executive Directors (namely Mr. SO Yin Wai, Mr. ZHOU Yaoming and Mr. LIN Jian) had reviewed with the auditors and the management of the Company the audited results of the Group for the year, the accounting principles and practices adopted by the Company and certain other matters relating to the internal control and financial reporting procedures of the Company.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITORS

During the year, Hopkins CPA Limited resigned and CCIF CPA Limited were appointed as auditors of the Company.

The accounts have been audited by CCIF CPA Limited who retire and, being eligible, offer themselves for re-appointment at a fee to be agreed by the Board.



Directors' Report

POST BALANCE SHEET EVENTS

1. On 15 February 2006, the Company announced its proposal to raise, HK\$180 million (before expenses) by way of an open offer on the basis of an assured allotment of two new Shares (each an **"Offer Share"**) for every then existing Share held by shareholders other than overseas shareholders at the subscription price of HK\$0.50 per Offer Share (the **"Open Offer"**). Automatic Result was the underwriter to the Open Offer. The Open Offer was approved at the extraordinary general meeting of the Company held on 17 March 2006. Upon Completion of the Open Offer on 6 April 2006, Automatic Result held 292,058,248 Shares or approximately 54.08% of the then entire issued share capital of the Company of 540,000,000 Shares.
2. On 26 April 2006, the Company announced that Lelion Holdings Limited (**"Lelion"**), a wholly-owned subsidiary of the Company entered into a conditional agreement to acquire the entire issued share capital of Figures Up Trading Limited (**"FUTL"**) at the consideration of HK\$472 million (subject to adjustments) (**"Acquisition"**). FUTL and its subsidiaries are principally engaged in the sale and distribution of pharmaceutical and healthcare products in the PRC.

The aggregate consideration for the Acquisition was satisfied as to (i) HK\$274 million in cash and (ii) HK\$198 million by the allotment and issue of an aggregate of 220 million Shares at an issue price of HK\$0.90 each by the Company to the vendors of shares in FUTL.

The Acquisition constituted a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and was approved by shareholders of the Company at the extraordinary general meeting of the Company held on 6 June 2006.

In order to finance part of the cash portion of the consideration of the Acquisition, the Company entered into the subscription agreement (**"Subscription Agreement"**) with Automatic Result, under which the Company has agreed to issue and Automatic Result has agreed to subscribe for a three-year HK\$114 million zero coupon convertible bonds. The Subscription Agreement was approved at the extraordinary general meeting of the Company held on 6 June 2006. The Acquisition and the Subscription Agreement were completed on 14 June 2006.

On behalf of the Board

TONG Kit Shing

Chairman

Hong Kong, 28 July 2006