



聯康生物科技集團有限公司\*

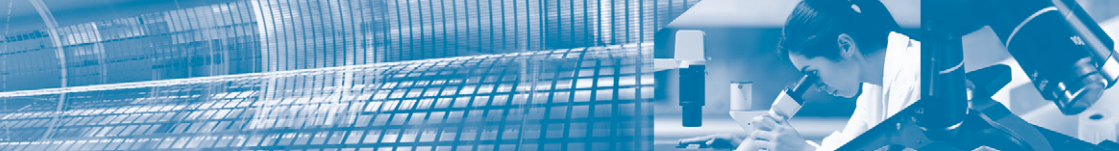
Uni-Bio Science Group Limited

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

# Interim Report 2013



\* For identification purposes only



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. TONG Kit Shing (*Chairman*)  
Mr. LIU Guoyao  
Mr. LEUNG Ka Chun

#### Independent Non-Executive Directors

Mr. TSAO Hoi Ho, Terry  
Mr. LOU Iok Kuong  
Mr. NG Pak Kin  
Mr. LEUNG Wai Chung, Vincent

### AUDIT COMMITTEE

Mr. TSAO Hoi Ho, Terry (*Chairman of the Audit Committee*)  
Mr. LOU Iok Kuong  
Mr. LEUNG Ka Chun  
Mr. NG Pak Kin  
Mr. LEUNG Wai Chung, Vincent

### REMUNERATION COMMITTEE

Mr. TONG Kit Shing  
Mr. TSAO Hoi Ho, Terry  
Mr. LOU Iok Kuong (*Chairman of the Remuneration Committee*)  
Mr. LEUNG Ka Chun  
Mr. NG Pak Kin  
Mr. LEUNG Wai Chung, Vincent

### NOMINATION COMMITTEE

Mr. TONG Kit Shing  
Mr. TSAO Hoi Ho, Terry  
Mr. LOU Iok Kuong  
Mr. LEUNG Ka Chun (*Chairman of the Nomination Committee*)

### CHIEF EXECUTIVE OFFICER

Mr. LIU Guoyao

### COMPANY SECRETARY

Mr. FUNG Kwok Leung

### REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman  
KY1-1111  
Cayman Islands

### AUDITORS

KTC Partners CPA Limited

### HEAD OFFICE & PRINCIPAL PLACE OF BUSINESS

13/F, Public Bank Centre  
120 Des Voeux Road Central  
Central, Hong Kong

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

HSBC Trustee (Cayman) Limited  
P.O. Box 484  
HSBC House,  
68 West Bay Road  
Grand Cayman  
KY1-1106  
Cayman Islands

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Abacus Limited  
26/F, Tesbury Centre  
28 Queen's Road East  
Wanchai, Hong Kong

### LEGAL ADVISERS AS TO HONG KONG LAW

Leung & Lau  
13/F, Public Bank Centre  
120 Des Voeux Road Central  
Central, Hong Kong

### PRINCIPAL BANKERS

Bank of Communications Co., Ltd,  
Hong Kong Branch  
Fubon Bank (Hong Kong) Limited  
Bank of China (Hong Kong) Limited

### STOCK CODE

0690

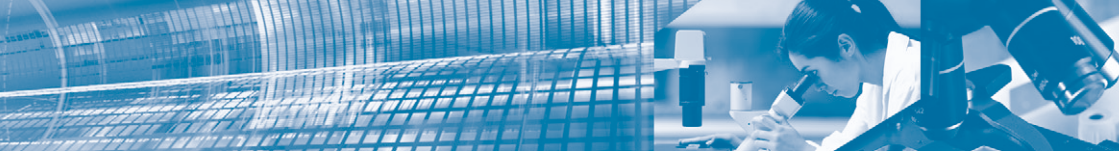
### WEBSITE

[www.uni-bioscience.com](http://www.uni-bioscience.com)  
Uni-Bio Science Group Limited

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2013

		(Unaudited) Six months ended 30 September	
	Notes	2013 HK\$'000	2012 HK\$'000
<b>Turnover</b>	3	55,583	46,894
Cost of sales		<u>(10,123)</u>	<u>(9,436)</u>
<b>Gross profit</b>		45,460	37,458
Other revenues		751	257
Distribution costs		(24,362)	(21,559)
Administrative expenses		(36,517)	(29,052)
Impairment loss of property, plant and equipment		<u>(381)</u>	<u>–</u>
<b>Loss from operation</b>		(15,049)	(12,896)
Finance costs		<u>(3,307)</u>	<u>(1,769)</u>
		(18,356)	(14,665)
Share of net loss of associates		<u>(265)</u>	<u>(249)</u>
<b>Loss before income tax</b>		(18,621)	(14,914)
Income tax	6	<u>(1,609)</u>	<u>(602)</u>
<b>Loss for the period</b>	4	<u>(20,230)</u>	<u>(15,516)</u>



## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

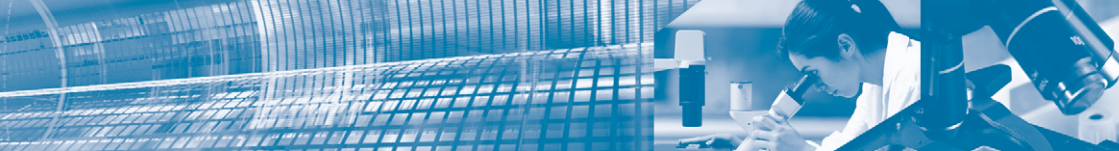
For the six months ended 30 September 2013

	(Unaudited) Six months ended 30 September	
Notes	2013 HK\$'000	2012 HK\$'000
<b>Loss for the period</b>	<b>(20,230)</b>	<b>(15,516)</b>
<b>Other comprehensive income</b>		
Exchange differences on translation of foreign operations	<u>(12,490)</u>	<u>15,299</u>
Total comprehensive income for the period	<u><b>(32,720)</b></u>	<u><b>(217)</b></u>

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2013

		(Unaudited) Six months ended 30 September	
		2013	2012
		HK\$'000	HK\$'000
		Notes	
<b>Attributable to:</b>			
Owners of the Company		(20,230)	(15,516)
Non-controlling interests		—	—
Loss for the period		<u>(20,230)</u>	<u>(15,516)</u>
		<b>HK cents</b>	HK cents
Loss per share attributable to the owners of the Company during the period			
– Basic	7	(1.3)	(1.2)
– Diluted	7	<u>(1.3)</u>	<u>(1.2)</u>



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

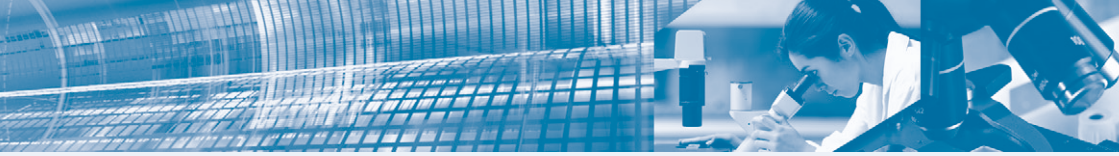
At 30 September 2013

	Notes	Unaudited 30 September 2013 HK\$'000	Audited 31 March 2013 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	8	156,021	160,390
Investment properties		24,632	24,632
Prepaid lease payments		16,750	16,436
Goodwill	9	259,416	259,416
Intangible assets	10	309,417	315,417
Interests in associates		6,596	6,861
Deposit paid for the acquisition of property, plant and equipment		—	22,448
		<b>772,832</b>	<b>805,600</b>
<b>Current assets</b>			
Inventories		5,066	4,924
Trade receivables	11	25,494	20,401
Deposit, prepayments and other receivables		46,029	27,793
Prepaid lease payments		773	1,087
Bank balances and cash	19	285,630	14,134
		<b>362,992</b>	<b>68,339</b>
<b>Current liabilities</b>			
Trade payables	12	3,633	1,015
Other payable	19	301,958	23,458
Amounts due to associates		7,359	7,359
Amounts due to directors		8,701	8,706
Bank loans and other borrowings	13	—	32,012
Income tax payable		2,452	2,638
		<b>324,103</b>	<b>75,188</b>
<b>Net current liabilities</b>		<b>38,889</b>	<b>(6,849)</b>
<b>Total assets less current liabilities</b>		<b>811,721</b>	<b>798,751</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At 30 September 2013

	Notes	Unaudited 30 September 2013 HK\$'000	Audited 31 March 2013 HK\$'000
<b>Non-current liabilities</b>			
Bank loans and other borrowings	13	104,491	97,801
Deferred tax liabilities		1,442	1,442
		<u>105,933</u>	<u>99,243</u>
<b>NET ASSETS</b>		<u>705,788</u>	<u>699,508</u>
<b>Shareholders' equity</b>			
Share capital	14	15,648	13,048
Reserves		690,140	686,460
<b>TOTAL EQUITY</b>		<u>705,788</u>	<u>699,508</u>



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2013

	(Unaudited) Six months ended 30 September	
	2013 HK\$'000	2012 HK\$'000
<b>Net cash generated/(used) in operating activities</b>	<b>(10,475)</b>	<b>1,332</b>
<b>Net cash used in investing activities</b>	<b>(7,404)</b>	<b>(12,089)</b>
<b>Net cash generated from financing activities</b>	<b>289,375</b>	<b>5,315</b>
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>271,496</b>	<b>(5,442)</b>
<b>Cash and cash equivalents at 1 April</b>	<b>14,134</b>	<b>22,273</b>
<b>Cash and cash equivalents at 30 September</b>	<b>285,630</b>	<b>16,831</b>
<b>Analysis of balances of cash and cash equivalents: Bank balances and cash</b>	<b>285,630</b>	<b>16,831</b>

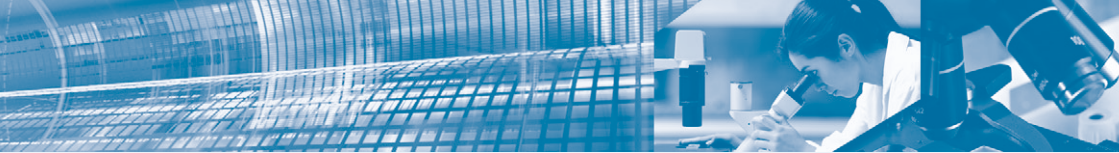


## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2013

	Share capital	Share premium	Capital reserve	Statutory reserve	Share- based payments reserve	Distributable reserve (Note)	Exchange reserve	Retained profits/ accumulated losses)	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2012 (Audited)	13,048	250,889	(267)	6,289	41,537	1,291,798	168,134	(1,004,126)	767,302
Total comprehensive income/ (expenses) for the period	-	-	-	-	-	-	15,299	(15,516)	(217)
At 30 September 2012 (Unaudited)	13,048	250,889	(267)	6,289	41,537	1,291,798	183,433	(1,019,642)	767,085
At 1 April 2013 (Audited)	13,048	250,889	(267)	6,289	41,537	1,291,798	169,648	(1,073,434)	699,508
Issue of shares	2,600	36,400	-	-	-	-	-	-	39,000
Total comprehensive income/ (expenses) for the period	-	-	-	-	-	-	(12,490)	(20,230)	(32,720)
At 30 September 2013 (Unaudited)	15,648	287,289	(267)	6,289	41,537	1,291,798	157,158	(1,093,664)	705,788

Note: The distributable reserve represents credit arising from Capital Reorganisation effected by the Company during the year ended 31 March 2010.



## NOTES TO CONDENSED ACCOUNTS

### 1. Organisation

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

The Company and its subsidiaries (hereinafter collectively referred to as the “Group”) are principally engaged in bioscience related business with focus on the research, development and commercialization of biopharmaceutical products through recombinant DNA and other technologies.

### 2. Basis of preparation and principal accounting policies

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

The accounting policies adopted and the basis of preparation used in the preparation of the condensed consolidated financial statement of the Group are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2013.

### 3. Segment information

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decisions.

At 30 September 2013, the Group has two reportable segments (2012: 2 reportable segments). The Group’s operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group’s reportable segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other reportable segments.

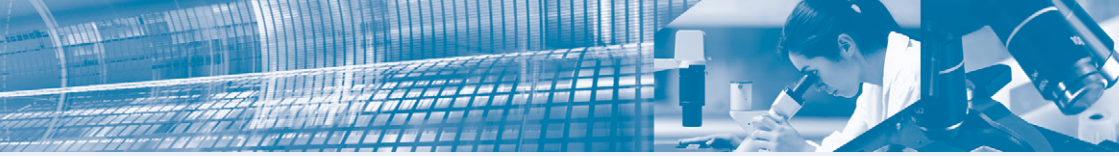
- (1) In-house chemical pharmaceutical products – Manufacture and sale of in-house chemical pharmaceutical products.
- (2) In-house biological pharmaceutical products – Manufacture and sale of in-house biological pharmaceutical products.

### 3. Segment information (Continued)

An analysis of the Group's by operating segments is as follows:

For the six months ended 30 September 2013 (unaudited)

	In-house chemical pharmaceutical products HK\$'000	In-house biological pharmaceutical products HK\$'000	Total HK\$'000
Revenue	16,197	39,386	55,583
Intersegment sales	—	—	—
Revenue from reportable segment	16,197	39,386	55,583
Segment results – gross	13,181	32,279	45,460
Operating income & expenses	(23,509)	(23,742)	(47,251)
Amortisation of land use rights	575	77	652
Segment results	(9,753)	8,614	(1,139)
Unallocated operating income and expenses			(13,910)
Operating loss			(15,049)
Finance costs			(3,307)
Share of loss of associates			(265)
Loss before taxation			(18,621)
Income tax			(1,609)
Loss for the year			(20,230)



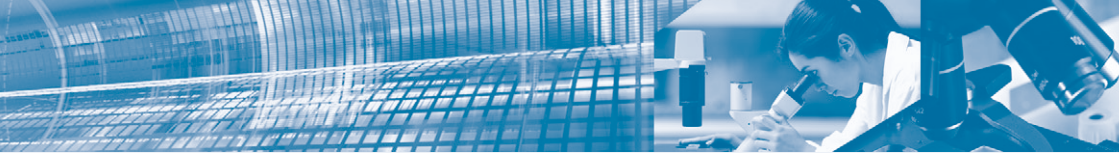
### 3. Segment information (Continued)

	In-house chemical pharmaceutical products HK\$'000	In-house biological pharmaceutical products HK\$'000	Total HK\$'000
Segment assets	90,272	846,274	936,546
Unallocated corporate assets			199,278
Total assets			<u>1,135,824</u>
Segment liabilities	11,002	96,727	107,729
Unallocated corporate liabilities			322,307
Total liabilities			<u>430,036</u>
Capital expenditure	4,497	2,907	7,404
Amortisation	–	652	652
Depreciation	4,687	6,346	11,033

### 3. Segment information (Continued)

For the six months ended 30 September 2012 (unaudited)

	In-house chemical pharmaceutical products HK\$'000	In-house biological pharmaceutical products HK\$'000	Total HK\$'000
Revenue	21,079	25,815	46,894
Intersegment sales	<u>–</u>	<u>–</u>	<u>–</u>
Revenue from reportable segment	21,079	25,815	46,894
Segment results – gross	17,185	20,273	37,458
Operating income & expenses	<u>(21,412)</u>	<u>(26,431)</u>	<u>(47,843)</u>
Amortisation of land use rights	<u>–</u>	<u>(155)</u>	<u>(155)</u>
Segment results	(4,227)	(6,313)	(10,540)
Unallocated operating income and expenses			<u>(2,356)</u>
Operating loss			(12,896)
Finance costs			(1,769)
Share of loss of associates			<u>(249)</u>
Loss before taxation			(14,914)
Income tax			<u>(602)</u>
Loss for the year			<u>(15,516)</u>



### 3. Segment information (Continued)

	In-house chemical pharmaceutical products HK\$'000	In-house biological pharmaceutical products HK\$'000	Total HK\$'000
Segment assets	108,843	794,157	903,000
Unallocated corporate assets			2,486
<b>Total assets</b>			<b>905,486</b>
Segment liabilities	17,105	26,086	43,191
Unallocated corporate liabilities			61,848
<b>Total liabilities</b>			<b>105,039</b>
Capital expenditure	7,563	4,526	12,089
Amortisation	–	155	155
Depreciation	2,962	4,659	7,621

There are no income, sales or other transactions between the operating segments. Unallocated income and expenses represent corporate expenses.

All the Group's revenue from external customers are attributed to the country of domicile of the relevant group entities, which is the PRC, during the six months ended 30 September 2013 and 30 September 2012 respectively.

None of the customers accounted for 10% or more of the total turnover of the Group during the six months ended 30 September 2013 and 30 September 2012 respectively.

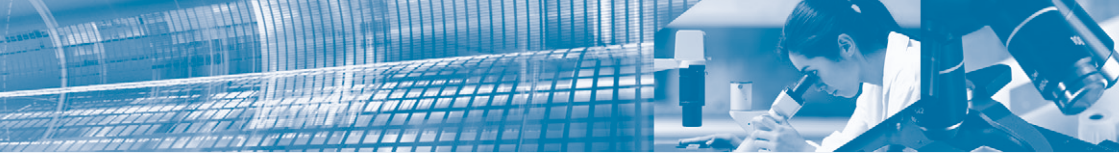
#### 4. Loss for the period

Loss for the period is stated after the following:

	<b>Unaudited six months ended 30 September</b>	
	<b>2013 HK\$'000</b>	<b>2012 HK\$'000</b>
After charging:		
Cost of inventories sold	<b>9,671</b>	8,923
Depreciation of fixed assets		
– owned assets	<b>11,033</b>	7,621
Research and development costs	<b>1,879</b>	1,677

#### 5. Staff costs

	<b>Unaudited six months ended 30 September</b>	
	<b>2013 HK\$'000</b>	<b>2012 HK\$'000</b>
Wages	<b>5,266</b>	4,949
Pension costs – defined contribution plans	<b>135</b>	161
	<b>5,401</b>	5,110



## 6. Income tax

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

	<b>Unaudited six months ended 30 September</b>	
	<b>2013 HK\$'000</b>	2012 HK\$'000
Hong Kong profits tax	—	—
Taxation in other jurisdictions	<b>1,609</b>	602
Deferred taxation	—	—
	<hr/> <b>1,609</b> <hr/>	<hr/> 602 <hr/>

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits for the six months ended 30 September 2013. Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates.

## 7. Loss per share

### (a) *Basic loss per share*

The calculation of the basic earnings per share is based on the continuing operation loss attributable to equity holders of the Company of approximately HK\$20,230,000 (2012: loss of HK\$15,516,000) and the weighted average number of 1,510,857,222 (2012: 1,304,846,293) ordinary shares in issue during the Period.

The calculation of the basic earnings per share is based on the continuing and discontinued operation profit attributable to equity holders of the Company of approximately HK\$20,230,000 (2012: profit of HK\$15,516,000) and the weighted average number of 1,510,857,222 (2012: 1,304,846,293) ordinary shares in issue during the Period.



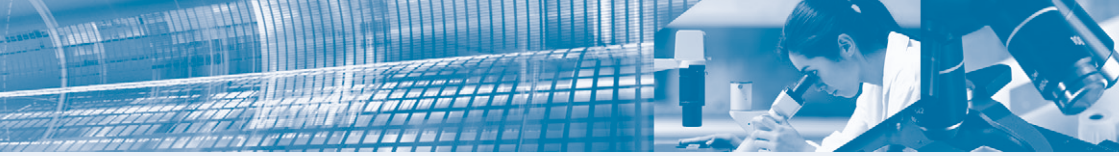
## 7. Loss per share (Continued)

### (b) Diluted loss per share

The calculation of the diluted earnings per share is based on the continuing operation loss attributable to owners of the Company of approximately HK\$20,230,000 (2012: loss of HK\$15,516,000) and the weighted average number of 1,510,857,222 (2012: 1,304,846,293) ordinary shares in issue during the Period.

The calculation of the diluted earnings per share is based on the continuing and discontinued operation profit attributable to owners of the Company of approximately HK\$20,230,000 (2012: profit of HK\$15,516,000) and the weighted average number of 1,510,857,222 (2012: 1,304,846,293) ordinary shares in issue during the Period.

	Unaudited six months ended 30 September	
	2013	2012
Number of shares:		
Issued ordinary shares at beginning of period	1,304,846,293	1,304,846,293
Effect of issue of shares upon open offer with bonus issue	<u>206,010,929</u>	<u>—</u>
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>1,510,857,222</u>	<u>1,304,846,293</u>
Weighted average number of ordinary shares for the purpose of calculating diluted loss per share	<u>1,510,857,222</u>	<u>1,304,846,293</u>



## 8. Property, plant and equipment

	Unaudited HK\$'000
<b>Cost</b>	
At 1 April 2013	419,760
Additions	7,404
Written off	(5,260)
Exchange adjustment	13,567
	<hr/>
At 30 September 2013	435,471
	<hr/>
<b>Accumulated depreciation/impairment</b>	
At 1 April 2013	259,370
Charge for the period	11,033
Eliminated on written off	(3,645)
Exchange adjustment	12,692
	<hr/>
At 30 September 2013	279,450
	<hr/>
<b>Net book value</b>	
At 30 September 2013	156,021
	<hr/>
At 31 March 2013	160,390
	<hr/>

## 9. Goodwill

Goodwill is allocated to the Group's cash-generating units ("CGU") identified according to country of operation and business segment as follows:

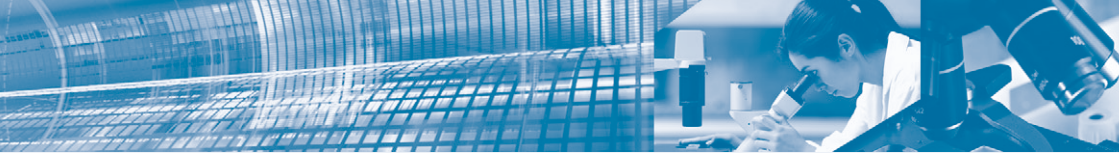
	<b>Unaudited 30 September 2013 HK\$'000</b>	Audited 31 March 2013 HK\$'000
Pharmaceutical products – the PRC	<b><u>259,416</u></b>	<u>259,416</u>

The recoverable amount of the CGU is determined based on value-in-use calculations.

Key assumptions used for value-in-use calculations:

	<b>Unaudited 30 September 2013 %</b>	Audited 31 March 2013 %
Gross margin	<b>90</b>	60
Growth rate	<b>12-150</b>	12-150
Discount rate	<b><u>15.23</u></b>	<u>15.23</u>

Management determined the budgeted gross margin based on past performance and its expectation for market development. The weighted average growth rates used are consistent with the forecast included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.



## 10. Intangible assets

### *Carrying amount*

	Trademarks and certificates HK\$'000	Technical know-how HK\$'000	Product development in progress HK\$'000	Total HK\$'000
At 30 September 2013	<u>31,035</u>	<u>84,940</u>	<u>193,442</u>	<u>309,417</u>
At 31 March 2013	<u>31,637</u>	<u>86,587</u>	<u>197,193</u>	<u>315,417</u>

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

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

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

The above intangible assets have definite useful lives and are amortised on a straight line basis over their remaining estimated useful life of five to ten years.

The amortisation charge for the year is included in “general and administrative expense” in the consolidated statement of comprehensive income.

No impairment was made during the period.

## 11. Trade receivables

The ageing analysis of trade receivables is as follows:

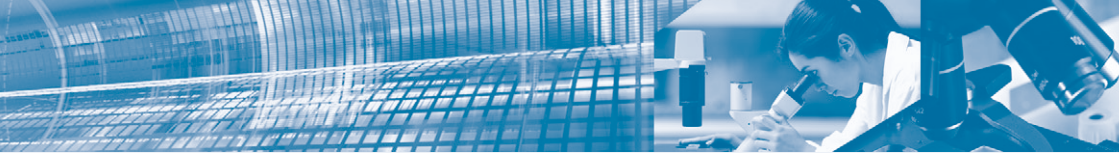
	<b>Unaudited 30 September 2013 HK\$'000</b>	<b>Audited 31 March 2013 HK\$'000</b>
Within 30 days	8,054	5,803
31 – 60 days	7,202	4,934
61 – 90 days	4,979	4,314
Over 90 days	5,259	5,350
	<hr/>	<hr/>
	25,494	20,401
Less: Provision for impairment of trade receivables	—	—
	<hr/>	<hr/>
	<b>25,494</b>	<b>20,401</b>

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

## 12. Trade payables

The ageing analysis of trade payables is as follows:

	<b>Unaudited 30 September 2013 HK\$'000</b>	<b>Audited 31 March 2013 HK\$'000</b>
Current – 30 days	844	315
31 – 60 days	241	99
61 – 90 days	—	266
Over 90 days	2,548	335
	<hr/>	<hr/>
	3,633	1,015



### 13. Bank loans and other borrowings

	<b>Unaudited 30 September 2013 HK\$'000</b>	Audited 31 March 2013 HK\$'000
Bank loans	–	32,012
Other borrowing – secured (i)	<b>102,890</b>	96,200
Other borrowing	<b>1,601</b>	1,601
	<hr/> <b>104,491</b>	<hr/> 129,813
Classified as non-current liabilities:		
Other borrowing	<b>1,601</b>	1,601
Other borrowing – secured (i)	<b>102,890</b>	96,200
	<hr/> <b>104,491</b>	<hr/> 32,012

- (i) Reference is made to the Company's announcement dated 14 November 2011. On 24 May 2011 Smart Focus Group Limited, an independent third party, made available to the Company a loan facility of up to HK\$300,000,000 bearing interest at 6% per annum and the interest rate was changed to 7% per annum with effect from 1 January 2013. Availability of the loan facility lasts for three years. As at 30 September 2013, HK\$102,890,000 had been drawn down and accrued interest up to 30 September 2013 amounted to approximately HK\$3,252,000.

As at 30 September 2013, the Group's borrowings were repayable as follows:

	<b>Unaudited 30 September 2013 HK\$'000</b>	Audited 31 March 2013 HK\$'000
The maturity of the above loans:		
Within 1 year	–	32,012
Between 1 to 5 years	<b>104,491</b>	97,801
	<hr/> <b>104,491</b>	<hr/> 129,813

## 14. Share Capital

	<b>Nominal value per share</b> HK\$	<b>Number of Shares</b> '000	<b>Amount</b> HK'000
Authorised:			
At 1 April 2013	0.01	500,000,000	5,000,000
Increase in capital	0.01	—	—
		<hr/>	<hr/>
At 30 September 2013	0.01	<u>500,000,000</u>	<u>5,000,000</u>

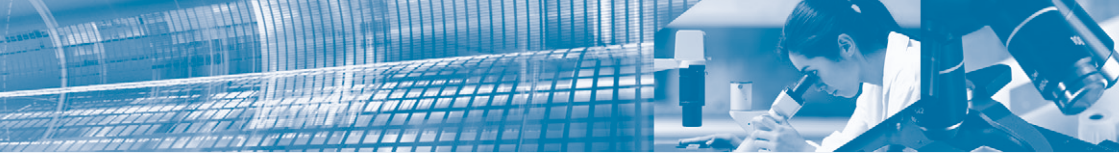
	<b>Nominal value per share</b> HK\$	<b>Number of Shares</b> '000	<b>Amount</b> HK'000
Issued and fully paid up:			
At 1 April 2013	0.01	1,304,846	13,048
Issue of shares by placing (note a)	0.01	<u>260,000</u>	<u>2,600</u>
		<hr/>	<hr/>
At 30 September 2013	0.01	<u>1,564,846</u>	<u>15,648</u>

Note:

- (a) On May 2013, the Company completed the placement of 260,000,000 ordinary shares at a placing price of HK\$0.15 per share for cash.

## 15. Share options

Under the share option scheme (the “2001 Scheme”) approved by the shareholders on 22 October 2001, the directors of the Company may, as its discretion, invite directors and employees of the Group to take up options to subscribe for shares in the Company representing up to 30 per cent of the issued share capital of the Company from time to time.



## 15. Share options (Continued)

The subscription price for the shares in relation to options to be granted under the 2001 Scheme shall be determined by the board of directors of the Company and shall be at least the highest of (i) the nominal value of shares of the Company; (ii) the closing price of shares on the date of grant (the “Offer Date”); and (iii) the average closing price of the shares for the five business days immediately preceding the Offer Date. The options are exercisable within 10 years from the Offer Date.

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

Under the 2006 Scheme, which is valid for a period of ten years, the board of directors of the Company may, at its discretion grant options to subscribe for shares in the Company to eligible participants (“Eligible Participants”) who contribute to the long-term growth and profitability of the Company. Eligible Participants include (i) any employee (whether full-time or part-time including any executive director but excluding any non-executive director) (the “Eligible Employee”) of the Company, any of its subsidiaries or any entity (“Invested Entity”) in which any member of the Group holds an equity interest; (ii) any non-executive director (including independent non-executive director) of the Company, any of its subsidiaries or any Invested Entity; (iii) any supplier of goods or services to any member of the Group or any Invested Entity; (iv) any customer of any member of the Group or any Invested Entity; (v) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; (vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; (vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and (viii) any other group or class of participants who has contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group. The subscription price for the Company’s shares shall be a price at least equal to the highest of the nominal value of the Company’s shares, the average of the closing prices of the Company’s shares quoted on the Stock Exchange on the 5 trading days immediately preceding the date of an offer of the grant of the options and the closing price of the Company’s shares quoted on the Stock Exchange on the date of an offer of the grant of the options. The options must be taken up within 28 days from the date of grant upon payment of HK\$1 and are exercisable over a period to be determined and notified by the directors to each grantee, which period may commence from the date of acceptance of the offer of the grant of the options but shall end in any event not later than 10 years from the date of adoption of the 2006 Scheme.



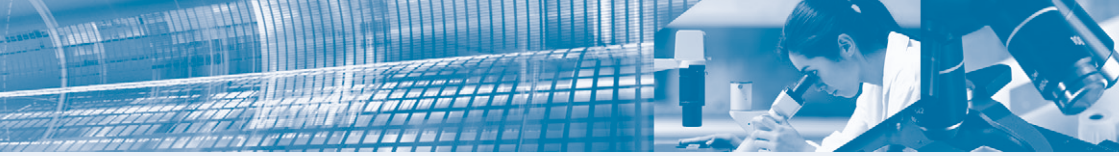


#### **15. Share options (Continued)**

The total number of the Company's shares which may be issued upon exercise of all options to be granted under the 2006 Scheme and any other schemes of the Group (excluding options lapsed in accordance with the terms of the 2006 Scheme and any other schemes of the Group) must not in aggregate exceed 10% of the Company's shares in issue as at the date of adoption of the 2006 Scheme. The limit on the number of the Company's shares which may be issued upon exercise of all outstanding option granted any yet to be exercised under the 2006 Scheme and any other schemes of the Group must not exceed 30% of the Company's shares in issue from time to time. The total number of the Company's shares issued and to be issued upon exercise of the options granted to each grantee (including both exercised and outstanding options) under the 2006 Scheme or other schemes of the Group in any 12-month period up to the date of grant must not exceed 1% of the Company's shares in issue at the date of grant unless approved by the Company's shareholders in general meeting.

The directors of the Company consider the 2006 Scheme, with its broadened basis of participation, will enable the Group to reward the employees, directors and other selected participants for their contributions to the Group and will also assist the Group in its recruitment and retention of high caliber professionals, executives and employees who are instrumental to the growth and stability of the Group. The share options are vested immediately on the date of grant.

Total consideration received during the period from eligible participants for taking up the options granted for the six months ended 30 September 2010 was zero (Six months ended 30 September 2009 was less than HK\$1,000). The consideration is required to be settled within 21 days from the issue of the share option offer.



## 15. Share options (Continued)

Details of the share option movements during the six months ended 30 September 2013 under 2006 Scheme are as follows:

	Number of share options					Outstanding at 30 September 2013 '000	Exercised price HK\$	Date of grant	Exercise period	Remaining contractual life
	Outstanding 31 March 2013 and 1 April 2013 '000	Granted during the year '000	Adjusted during the year '000	Exercised during the year '000	Lapsed during the year '000					
Employees	1,551	-	-	-	-	1,551	4.5100	28 January 2008	28 January 2008 to 21 September 2016	2.98 years
Others	4,126	-	-	-	-	4,126	4.5100	28 January 2008	28 January 2008 to 21 September 2016	2.98 years
Others	73,500	-	-	-	-	73,500	1.000	26 May 2009	26 May 2009 to 21 September 2016	2.98 years
	<u>79,177</u>	-	-	-	-	<u>79,177</u>				
Exercisable at the end of the period						<u>79,177</u>				
Weight average exercise price (HK\$)	1.25	N/A	N/A	N/A	N/A	1.25				

## 15. Share options (Continued)

Details of the share option movements during the six months ended 30 September 2012 under the 2001 Scheme and 2006 Scheme are as follows:

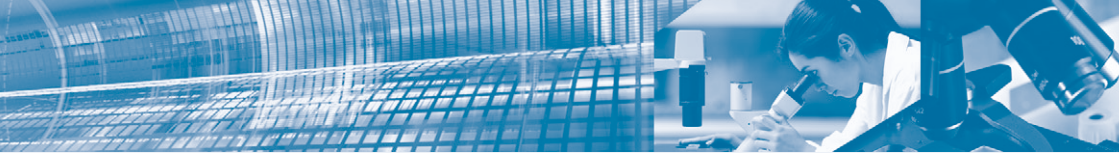
	Outstanding 31 March 2012 and 1 April 2012 '000	Number of share options				Outstanding at 30 September 2012 '000	Exercised price HK\$	Date of grant	Exercise period	Remaining contractual life
		Granted during the year '000	Adjusted during the year '000	Exercised during the year '000	Lapsed during the year '000					
Employees	7,159	-	-	-	(7,159)	-	1.9630	19 June 2006	19 June 2006 to 21 October 2011	N/A
Employees	1,551	-	-	-	-	1,551	4.5100	28 January 2008	28 January 2008 to 21 September 2016	3.98 years
Others	4,126	-	-	-	-	4,126	4.5100	28 January 2008	28 January 2008 to 21 September 2016	3.98 years
Others	73,500	-	-	-	-	73,500	1.000	26 May 2009	26 May 2009 to 21 September 2016	3.98 years
	<u>86,336</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,159)</u>	<u>79,177</u>				
Exercisable at the end of the period						<u>79,177</u>				
Weight average exercise price (HK\$)	<u>1.3107</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>1.25</u>				

## 16. Commitments

### (a) Operating lease commitment

At 30 September 2013, the Group had total future aggregate minimum lease payments under non-cancellable operating leases as follows:

	<b>Unaudited 30 September 2013 HK\$'000</b>	<b>Audited 31 March 2013 HK\$'000</b>
Within 1 year	<b>1,522</b>	<b>1,522</b>
After 1 year but within 5 years	<b>155</b>	<b>916</b>
	<u><b>1,677</b></u>	<u><b>2,438</b></u>



## 16. Commitments (Continued)

### (b) Capital commitments

At the end of the reporting period, the Group had capital commitments contracted but not provided for in the financial statements as follows:

	<b>Unaudited 30 September 2013 HK\$'000</b>	Audited 31 March 2013 HK\$'000
Contracted for:		
– Purchases of technical know-how	–	–
– Purchases of property, plant and equipment	–	6,293
	<u>–</u>	<u>6,293</u>
	<u>–</u>	<u>6,293</u>

## 17. Interim dividend

The directors of the Company do not recommend the payment of an interim dividend for the period under review (Six months ended 30 September 2012: Nil).

## 18. Capital management

The Group's objectives when managing capital are:

- To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;
- To support the Group's stability and growth; and
- To provide capital for the purpose of strengthening the Group's risk management capability.

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

## 19. Events After The Reporting Period

Pursuant to the Prospects dated 9 September 2013, the Company proposed an Open Offer for cash. As at 30 September 2013, subscription money of approximately HK\$250 million was received in the Company's bank account and the money so received was recorded as other payable at the balance sheet date.

On 2 October, 2013, the Company completed the Open Offer (for details please refer to the announcement dated 3 October 2013) with bonus shares and warrants. As a result, a total of 3,129,692,586 ordinary shares were issued and allotted and 782,423,146 warrants with conversion price at HK\$0.2 were issued.



## MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, the Company (together with its subsidiaries, the “Group”) recorded a consolidated turnover of approximately HK\$55,583,000 representing an increase of 18.5% compared with approximately HK\$46,894,000 recorded in the last corresponding period. The gross profit was approximately HK\$45,460,000 representing an increase of 21.4% as compared with approximately HK\$37,458,000 recorded in the last corresponding period. The Group recorded a net loss of approximately HK\$20,230,000 for the six months ended 30 September 2013 compared to a net loss of approximately HK\$(15,516,000) in the last financial year.

### Business Review and Prospect

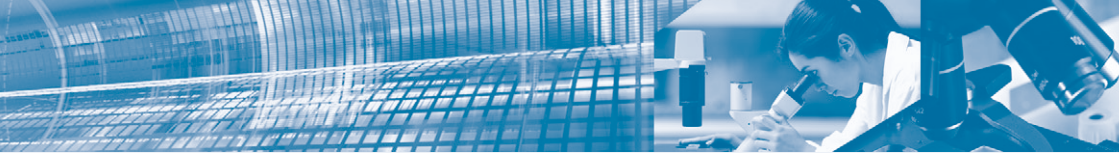
The Group is principally engaged in the research and development, manufacture and distribution of pharmaceutical products. The research and development centre is located in Dongguan, PRC. The Group also has two GMP manufacturing bases in Beijing and Shenzhen. Both Beijing and Shenzhen produces and distributes their own pharmaceutical products. Since 2012, the Group becomes more concentrate on bio-logical products. The Board believes that bio-logical products are more promising and will benefit the shareholders as a whole.

The Company is pleased to inform the shareholders that the Class II prescription new drugs Recombinant Human Parathyroid Hormone (1-34) (rhPTH 1-34) has completed its clinical trial process and we expect that the final approval by the SFDA would be obtained by middle of 2014.

The self-developed Class I prescription bio-logical product, rExtendin-4, is near to completion and the Board expects that upon formal approval by China Food and Drug Administration (“CFDA”) (formerly State Food and Drug Administration (“SFDA”)) and after marketing of the product, there will be a drastic jump on the Company’s performance in the very near future.

The renovation of the factory premises had completed late December 2012. The newly renovated production facility has a monthly production capacity of over 1,000,000 dosages. This could satisfy our expected production of both rhPTH 1-34 and extendent-4 in the coming five years.

The Group also re-renovated and upgraded the GMP facility in the Shenzhen plant which was completed in January 2013. The upgrade facilitates the compliance of latest GMP requirements and enhances more efficient and higher standard of safety in production.



## **Business Review and Prospect (Continued)**

During the period, impairment loss on trade receivables of HK\$nil; impairment loss on goodwill of HK\$nil; impairment loss on intangible assets of HK\$nil; impairment loss on property, plant and equipment of HK\$nil and valuation gain on investment properties of HK\$nil were recognized as a result of re-assessment of the Group's assets portfolio for the current financial period.

During the period under review, the healthcare reform in the People's Republic of China (the "PRC") has continued and the PRC healthcare industry continues to grow. The Group continued to face challenges of surging material and operating costs, and increasing competition.

Despite these challenges, the Group has continuously strengthened its management team which has been committed to rationalizing and re-engineering its work flow and processes to reduce costs and increase efficiency. The government of the PRC continued to support a series of policies, in particular, loosening of credit restrictions and stimulation of domestic consumption to drive up the GDP growth. These policies helped to ease certain negative impact, such as increased costs and market competition, on our operations. In the long run, the Group is optimistic that the business opportunities in the pharmaceutical and healthcare industry in the PRC will remain buoyant given the increasing income and health awareness of the mainland population.

### ***In-house biological pharmaceutical products***

This division achieved a turnover of approximately HK\$39,386,000 and a gross segment results of approximately HK\$32,279,000 for the six months ended 30 September 2013. The turnover and segment results of corresponding period in last financial year were approximately HK\$25,815,000 and approximately HK\$20,273,000 respectively. Sales for 2013 was even better than last year because of enhanced sales team.

### ***In-house chemical pharmaceutical products***

This division achieved a turnover of approximately 16,197,000 with gross segment results of approximately HK\$13,181,000 for the six months ended 30 September 2013. The turnover and segment results were approximately HK\$21,079,000 and approximately HK\$17,185,000 respectively in the corresponding period of last financial year. Sales decrease in current period due to less demand from old and new clients. Gross profit was steady at 81.5%.



## **Research Platforms**

The Group has developed several pharmaceutical R&D technology platforms, which include E.coli expression system, Pichia Yeast expression system, Mammalian cell expression system, E.coli constitutive secretion system, Gene therapy drug development system, Gene targeting system and Chemical medicines development system.

### ***E.coli, Pichia Yeast and Mammalian cell expression system***

The Group has established gene cloning, genetic engineering expression, fermentation, purification and examination technology systems. These systems exhibit the characteristics of high efficiency, high flux and high stability. With a series of B. Braun's bioreactors from 2L-50L, the Group may carry on the pilot scale protein preparation. Each time of fermentation may produce up to ten thousand lyophilized injection products. At the same time, mainly by making use of the AKTA liquid chromatography separation system, the Group has established the high flux two steps standard operating procedure for protein purification. With this standard method, the protein purity after purification is up to 98 percent, which is higher than the official standard in the PRC.

### ***E.coli constitutive secretion system***

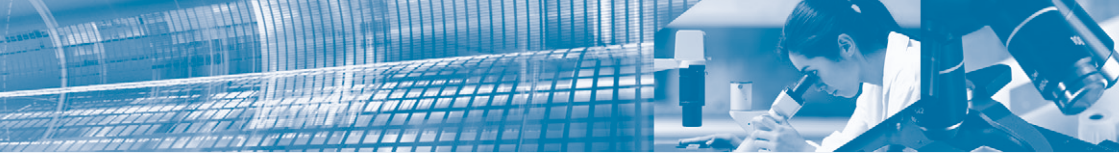
The Group is in the process of developing a revolutionary E.coli expression system, whereby the fermentation process could be self promulgated without using the standard promoters. This process, if successful, is expected to improve tremendously the yield that can normally be produced under the traditional fermentation process. Since most of the fermentation process uses E.coli expression system, this new platform could provide significant value for the Group.

### ***Gene therapy drug development system***

Adenovirus becomes one of the most important gene carrier systems because of so many important characteristics such as its clear structure and function. The Group has established an entire set of recombinant adenovirus technology, such as recombinant virus construction, transfection, monoclonal preparation, as well as highly effective cell packing. At present, the Group's independently developed adenovirus product is at the stage of animal experimentation.

### ***Gene targeting system***

Gene targeting system has already produced more than five hundred different mouse models of human disorders, including cardiovascular and neuro-degenerative diseases, diabetes and cancer. Gene targeting has now been used by many research groups. Three scientists with great contribution in this area were the winners of 2007 Nobel Laureates. The Group has already reconstructed a gene-targeted *Bacillus licheniformis* producing EGF by this technique. The Group can use gene targeted *Bacillus licheniformis* cells as vehicles to introduce genetic material into the human body, and the gene-targeted *Bacillus licheniformis* carrying various health genes could be established directly from this gene-targeting technique in the near future.



## **Research Platforms (Continued)**

### ***Chemical medicines development system***

This system is capable of designing, synthesizing and analyzing various small molecular chemical drugs and can prepare various new pharmaceutical delivery systems such as orally disintegrating tablets, soft capsules, ophthalmic gel, lyophilized powders and small dripping solutions. There are additional systems in which the Group has invested which improved the R&D capabilities and reduce the cost of production of the chemical medications.

## **Product Development**

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

### ***rExendin-4***

With the rapid increase in population with diabetes, it is expected that the expenditure on diabetes treatment in the PRC will increase significantly in the years ahead. The demand for diabetes drugs are one of the fastest growing segments in the pharmaceutical market, increased by approximately 40% when compared to in 2004 and accounting for approximately 20% of all prescription drugs in the global markets. In the PRC, the size of pharmaceutical market is estimated to be about US\$23-50 billion.

rExendin-4 is a non-insulin antidiabetic treatment candidate that stimulates the incretin pathway (a distinct mechanism of action) which is drawing attention in the medical community and has received the approval from China Food and Drug Administration in the PRC (“CFDA”) for clinical trials. Phase I clinical trials started in July 2006 and completed in 2007, Phase II clinical trials were also completed by the end of 2008. Phase III clinical trials commenced in June 2009. The self-developed bio-logical product is near to completion and the Board expects that upon formal approval by CFDA and after marketing of the product, there will be a drastic jump on the Company’s performance in the very near future.





## **Product Development (Continued)**

### ***rExendin-4*** (Continued)

On 6 July 2009, the Company announced that it has initiated pre-clinical trial on application of rExendin-4 on treatment of Type I diabetes. On 8 July 2009, the Company announced that the rExendin-4 project has been approved after evaluation by authoritative experts in the PRC during the first batch topic presentation for the “New Key Drug Formulation” of the State’s Major Science and Technology Project under the “Eleventh Five-Year Plan”, topic numbered 2008ZX09101-036; and has secured the “Specialty Contract of the State’s Major Science and Technology Project” with the Ministry of Science and Technology of the PRC. Among the 15 Class 1 new drug finalists of the first batch of genetic engineering drugs nationwide, the rExendin-4 project developed by the Group is the only project to receive grants in the Guangdong Province. Classified as Class I prescription new drug with nominal side effects, rExendin-4 stimulates the body’s ability to produce insulin in response to elevated levels of blood glucose, inhibits the release of glucagon following meals and slows down the rate at which glucose is being absorbed into the bloodstream. This new generation drug will be an effective treatment for Type 2 diabetes and is the only class of diabetic drugs that causes weight loss, the first of its kind to be in the PRC. Furthermore, the Group is in the process of investigating the long acting version (“LExendin-4”).

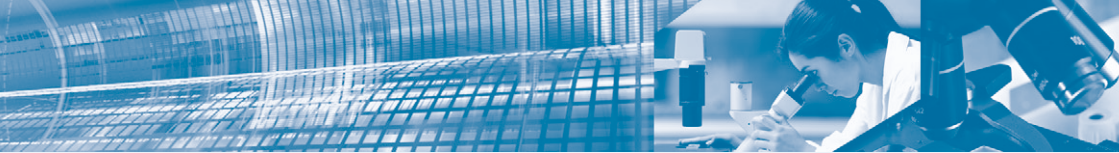
On 4 May 2009, the Company announced that study shows that the LExendin-4 has the biological activity of natural Exendin-4. If the subsequent studies prove to be successful, LExendin-4 will be a new generation of Exendin-4 that can be used for the treatment of Type II diabetes, and potentially, of Type I diabetes as well.

### ***rhEPO-Fc***

This medication candidate can be used for treatment of anemia associated with renal diseases, cancer related therapies or surgical blood loss. EPO is currently commercialized by several pharmaceutical companies for a worldwide market that exceeds USD12 billion, and the EPO market is growing at an average annual rate of 21%. The pre-clinical trial of rhEPO-Fc has been completed.

As announced on 21 January 2011, the rhEPO-Fc has obtained approval to conduct Phase I Human Clinical trial on its applications in the People’s Republic of China (the “PRC”).

On 8 July 2009, the Company announced that the rhEPO-Fc project has joined the second batch topic presentation for the “New Key Drug Formulation” of the State’s Major Science and Technology Project under the “Eleventh Five-Year Plan”, topic numbered 2009ZX09102-229. The master budget of this project has been submitted to the Ministry of Science and Technology.



## **Product Development (Continued)**

### ***cTP-5***

rTP-5 has been converted to cTP-5 as a class I chemical drug candidate for the treatment of chronic hepatitis B. It is well known that hepatitis is an epidemic in the PRC, especially hepatitis B. The global statistics of patients that have chronic infections with hepatitis B is around 400 million. The chronically infected population in the PRC is about 130 million (30% of the global infected population). cTP-5 is a chemical medical preparation for treating chronic hepatitis B and the research progress is currently at the final stages of pre-clinical trials. After stages of research and experiments, the Group is able to synthesize cTP-5 at a much lower cost than that of rTP-5 with similar effectiveness. Since most biopharmaceuticals products are bigger in size, the cost in production is much higher using the chemical method. However cTP-5 is only 5 amino acids in length, whereas most biopharmaceuticals are from 30 to 150 amino acids in length.

### ***LFA3-Fc***

LFA3-Fc is a Class I biopharmaceutical candidate for the treatment of psoriasis. The current treatment for psoriasis is suppression – orientated, but LFA3-Fc offers a potential cure for psoriasis. This is currently in the early stages of pre-clinical trials.

### ***rhIL-11***

rhIL-11 is currently under Phase 3 clinical trials approved by the SFDA for the treatment of chemotherapy-induced thrombocytopenia. rhIL-11 is a Class II prescription new drug candidate that stimulates human body to make platelets, which is a type of blood cell. It is suitable for patients who have received certain types of chemotherapy and is used to help prevent the number of platelets circulating in the blood from dropping to dangerously low level which can cause the patient to have difficulties in blood clotting. rhIL-11 may reduce the need for platelet transfusions after chemotherapy. A study shows that after applying the drug to nonmyelosuppressed cancer patients, platelet counts increased significantly. Upon cessation of the treatment, platelet counts continued to increase for up to 7 days then returned to baseline within 14 days. Besides treating chemotherapy-induced thrombocytopenia, rhIL-11 is also shown to have a variety of non-haematological actions such as stimulation of osteoclast development, inhibition of proliferation of adipocytes, protection of the gastrointestinal mucosa, induction of acute phase response proteins and rheumatoid arthritis.

### ***rhPTH 1-34***

rhPTH 1-34 (a Class II prescription new drug) has its Phase II clinical trial completed by the end of 2008. Phase III clinical trial commenced in April 2009. rhPTH 1-34 is a type of bone-active agent that primarily works by stimulating new bone formation on quiescent bone surface that is not simultaneously undergoing remodeling. It increases bone mass to a greater degree instead of just filling in the bone remodeling space.



## **Product Development (Continued)**

### ***rhPTH 1-34* (Continued)**

The Company is pleased to inform the shareholders that the Class II prescription new drugs Recombinant Human Parathyroid Hormone (1-34) (rhPTH 1-34) has completed its clinical trial process and a production of 300,000 trial dosages will be made and tested in some hospitals before the end of 31 December 2012. We expect that the final approval by the SFDA would be obtained by middle of 2014.

Osteoporosis is a worldwide epidemic. In 2005, the affected population in the PRC with osteoporosis is approximately 90 million (almost 8% of the country's population). The severe prevalence of this disease is partly due to the dietary habit (lack of calcium). rhPTH 1-34 has the potential to restore bone mass, bringing it back towards normal, and may reduce the risk of osteoporotic fracture more than the currently available antiresorptive agents.

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

## **Strategic Alliance**

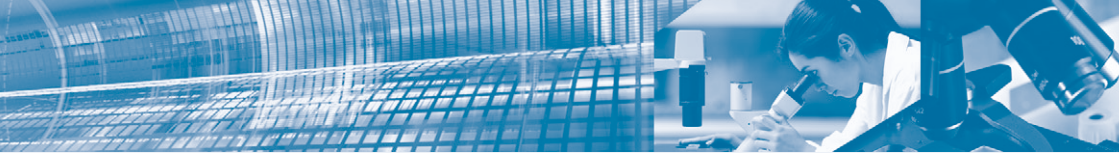
The Group has also formed a strategic alliance with DaAn Gene Co., Ltd of Sun Yat-sen University ("DaAn") to cooperate on individualized diagnostic reagents and new drugs. DaAn is a public company listed on the Shenzhen Stock Exchange, PRC, specialising in the field of biotechnologies, especially in the development and application of gene diagnostic technologies and related products. DaAn was one of the first companies in the PRC to develop in 2003 the FQ-PCR kit for early detection of SARS-coronavirus (SARS-CoV) upon the platform of FQ-PCR.

The Directors expect that the formation of the strategic alliance with DaAn will bring positive effect to the Group's bio-science related business.

## **Liquidity and Financial Resources**

The Company did not issue any Shares.

At 30 September 2013, the Group's bank deposits, bank balances and cash amounted to approximately HK\$285,630,000 and bank and other borrowings amounted to approximately HK\$105,933,000. At 30 September 2013, the Group has total assets of approximately HK\$1,135,824,000 current assets of approximately HK\$362,992 and current liabilities of approximately HK\$324,103,000. The gearing ratio, calculated by dividing the total debts over its total assets, was 9%.



## **Liquidity and Financial Resources (Continued)**

Reference is made to the Company's announcement dated 14 November 2011. On 24 May 2011 Smart Focus Group Limited, an independent third party, made available to the Company a loan facility of up to HK\$300,000,000 bearing interest at 7% per annum. Availability of the loan facility lasts for three years. As at 30 September 2013, HK\$102,890,000 had been drawn down and accrued interest up to 30 September 2013 amounted to approximately HK\$3,252,000.

The Group's major interest and operations are in the PRC. The Group also contracts with suppliers for goods and services that are denominated in Renminbi ("RMB"). The Group does not hedge its foreign currency risks as the rate of exchange between Hong Kong dollar and RMB is controlled within a narrow range.

## **Pledge of Assets and Contingent Liabilities**

As at 30 September 2013, leasehold building, leasehold land and land use rights and investment properties with an aggregate net book value of HK\$51,124,000 had been pledged to the Group's bankers for banking facilities granted to the Group.

At 30 September 2013, the Group did not have any material contingent liabilities.

## **Employment and Remuneration Policy**

At 30 September 2013, the Group employed approximately 393 staff, including approximately 57 staff in the PRC R&D centres, approximately 160 staff in total in the PRC sales offices, approximately 166 staff in the PRC production sites and approximately 10 staff in Hong Kong. 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.

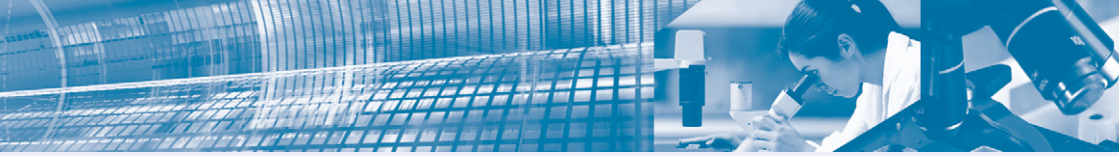
## DIRECTORS' INTERESTS IN SHARES

At 30 September 2012, the beneficial interests of the directors and their associates in the issued share capital 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	Name of the Company/ associated corporation	Capacity	Number of issued ordinary shares held (L) (Note 1)	Approximate percentage of shareholding
TONG Kit Shing	The Company	Interest of a controlled corporation (Note 2)	302,918,844 shares of HK\$0.01 each	19.36%
LIU Guoyao	The Company	Interest of a controlled corporation (Note 2)	302,918,844 shares of HK\$0.01 each	19.36%

Notes:

1. The letter “L” denotes the person’s long position in the ordinary 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 Limited (“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.



## SUBSTANTIAL SHAREHOLDERS

At 30 September 2013, shareholders (other than directors or chief executives of the Company) who had interests or short positions in the issued share capital 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)	Approximate percentage of shareholding
Automatic Result	Beneficial owner	302,918,844 shares of HK\$0.01 each	19.36%

Notes:

1. The letter "L" denotes the person's long position in the ordinary shares of 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.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 September 2013.

## PURCHASE, SALES OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's shares during the six months ended 30 September 2013.

## COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors of the Company, the Company has complied with the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2013. All the directors of the Company (including the non-executive Directors) are subject to retirement by rotation and re-election at the Company's annual general meeting in compliance with the Company's articles of association.



## COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 September 2013.

## AUDIT COMMITTEE

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited consolidated accounts of the Group for the six months ended 30 September 2013 with the directors of the Company.

By Order of the board of directors  
**Mr. TONG Kit Shing**  
*Chairman*

Hong Kong, 15 November 2013

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

*Executive Directors:*

TONG Kit Shing (*Chairman*)  
LIU Guoyao  
LEUNG Ka Chun

*Independent Non-Executive Directors:*

TSAO Hoi Ho, Terry  
LOU Iok Kuong  
NG Pak Kin, Danny  
LEUNG Wai Chung, Vincent