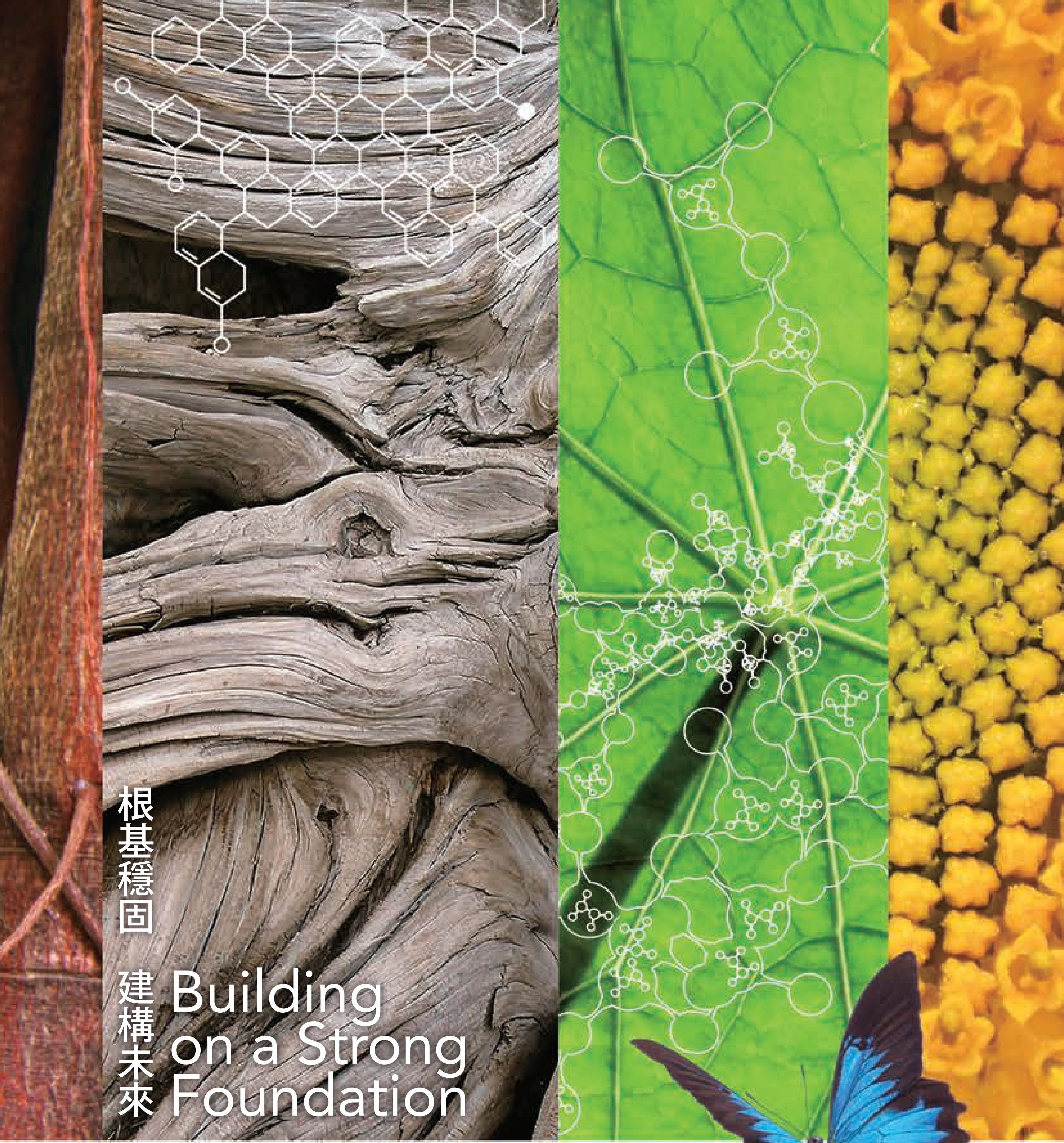


根基穩固 建構未來
Building on a Strong Foundation

ANNUAL REPORT 2013/2014 年報

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)
(於開曼群島註冊成立之有限公司)

Stock Code 股份代號: 0690

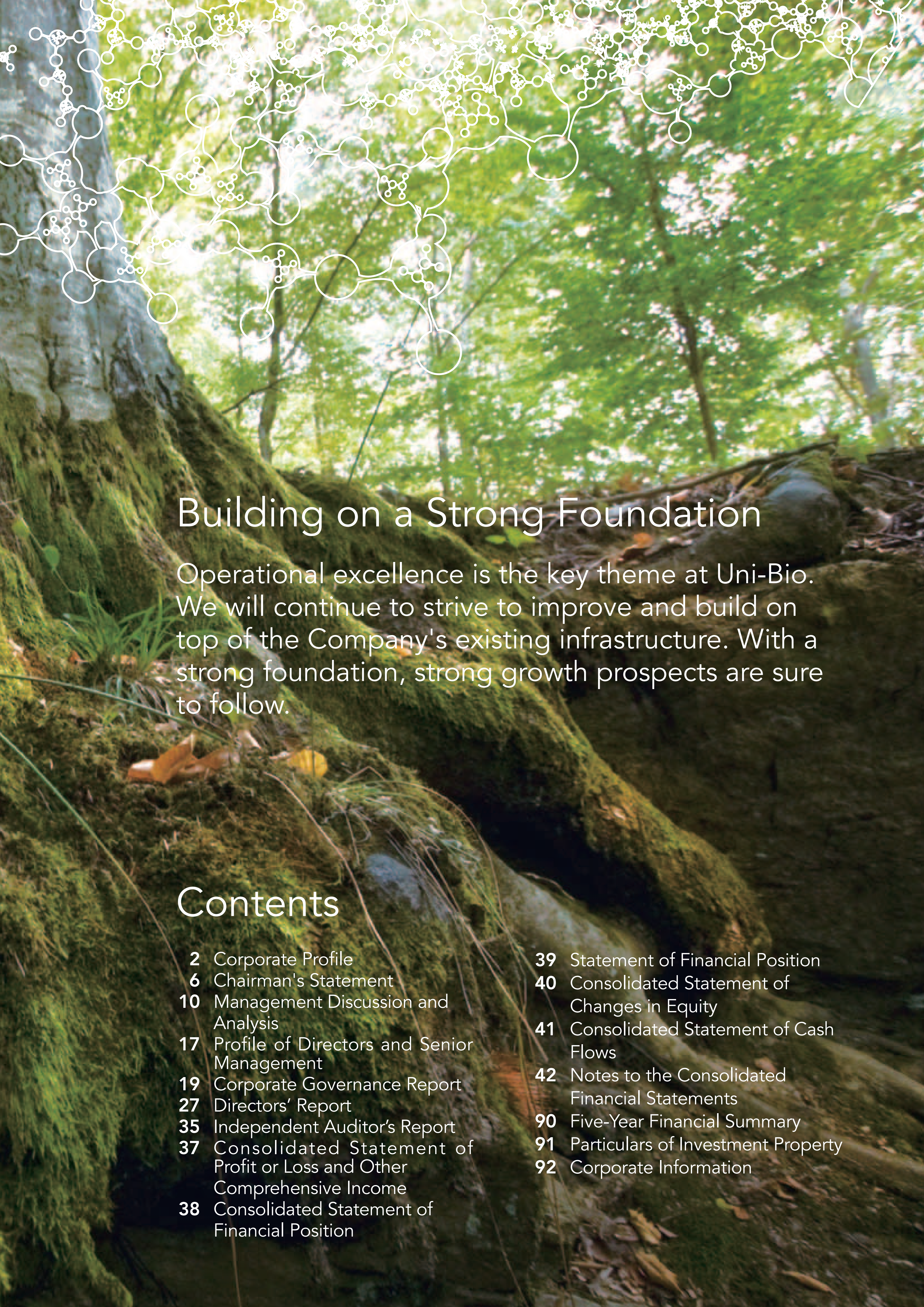
* For identification purposes only 僅供識別

Our Mission

To improve healthcare through innovative science.

Our Vision

To become the partner of choice for bringing cost-effective and innovative treatments to patients.



Building on a Strong Foundation

Operational excellence is the key theme at Uni-Bio. We will continue to strive to improve and build on top of the Company's existing infrastructure. With a strong foundation, strong growth prospects are sure to follow.

Contents

Our Commitment to QUALITY

At Uni-Bio, we are dedicated to **improving the quality of life** of patients **through innovative treatments**.

Uni-Bio Science Group Limited (the "Company") is a company listed on the main board of The Stock Exchange of Hong Kong Limited (stock code: 0690).

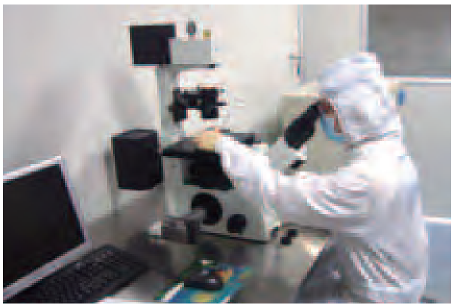
The core business of the Company and its subsidiaries (collectively referred to as "Uni-Bio" or the "Group") is the research, development, manufacturing and sales of innovative biologic products that treat human diseases.

Uni-Bio is headquartered in Hong Kong and its main operations are in mainland China. The Group is strongly focused on research and development ("R&D") and has a highly qualified team in Guangdong Province. The Group also has two GMP-certified (Good Manufacturing Practices) manufacturing plants in Beijing and Shenzhen, manufacturing our marketed products Voriconazole and EGF respectively.

Currently, the Group has two new prescription drugs that have completed all clinical trials – rExendin-4 ("Uni-E4") and rhPTH 1-34 ("Uni-PTH").

- Uni-E4 is targeted at the Type 2 diabetic patient population, especially those who are overweight.
- Uni-PTH is a treatment for osteoporosis in post-menopausal women.

The Group's corporate philosophy is to achieve better human health by bringing high quality science and treatments to patients. To this end, the Group is deeply dedicated to serve patients better through partnering. We aspire to be the "Partner of Choice" in China, bringing cost-effective and important treatments into China.


Growing from a Strong Foundation

Chairman's Statement

Beating industry growth, meeting major clinical and manufacturing milestones, and bolstering top management and Board of Directors with industry veterans.

Dear Shareholders,

The financial year ended 31 March 2014 (the "Year") was an outstanding year for Uni-Bio (the "Group"). Not only have we continued to show prowess in our commercialization and R&D capabilities, we also made leaps in terms of solidifying our foundation. During the Year, our topline growth continued to beat the industry average. We are extremely proud of the performance achieved by our sales force. Especially in light of the recent probes into foreign firms in China, Uni-Bio's continued focus on operational excellence, practices compliant to international standards, and product quality are some of the key reasons for our outstanding performance.

On the product development front, we reached a major milestone during the Year with the completion of all the required clinical trials for our new prescription drugs Uni-E4 and Uni-PTH. This spells good news for the Group as that brings us one big step closer to product registration and product launch.

Another important milestone achieved by the Group during the Year was the successful upgrade of our Shenzhen GMP plant. This upgrade means that our Shenzhen manufacturing plant is compliant with the latest GMP standards and approved to produce EGF products for the upcoming years. We will apply similar expertise and experience to the GMP upgrade of our chemical drug product line and the GMP certification of the Uni-E4 and Uni-PTH manufacturing line, all based in Beijing.

Finally, we bolstered our top management and Board of Directors with industry veterans towards the end of the Year. This included 1) a new CEO who will focus on further improving the Company's operations, and 2) new Board members that will provide valuable insights on the Company's strategic direction and intensify our corporate governance.

Financial Performance

We are delighted to report an increase in sales for the Year. During the Year, overall net sales increased 23% to HK$102,624,000, and managed to beat the industry average of 18% with reference to the report of the National Development and Reform Commission.

Our financial position is healthy with about HK$56,227,000 in cash as at 31 March 2014.

We recorded a net loss of HK$366,130,000 for the Year, which is an increase of 389% compared to that in the previous year. After a strategic review, the Group decided to refocus its resources in a couple of key projects, which we believe will generate most value in the future. Certain technical know-how and product development in progress other than the key projects will be discontinued and therefore leading to written-off or impairment loss.

Injection of New Talent into Board and Management Team

At Uni-Bio, we view human capital as our most important asset. As such, building a strong team is of paramount importance to us. It is our focus to build a team that is not only capable of weathering tough challenges, but is also brilliant at helping the Group achieve its goals and vision. During the Year, we made changes to our Board and senior management team as a continued effort to strengthen our foundation.

On February 2014, Mr. Kingsley Leung was appointed the Executive Director ("ED") to our Board. Kingsley is a Chartered Financial Analyst with a master's degree in Pharmacology from the University of Oxford. He has prior experience working in investment banking and biotechnology, and was previously responsible for sourcing, evaluating and executing new growth opportunities. Going forward, Kingsley will primarily be responsible for steering the Group's business development activities.

In the year under review, we welcomed Mr. Koh Phee Wah to our management team. Phee Wah is the new Chief Executive Officer of our wholly-owned subsidiary Uni-Bio Science Healthcare Limited. Phee Wah brings to Uni-Bio 15 years of general management experience from a number of multinational companies ("MNCs") within the life science sector. With a solid track record in leadership roles, along with industry experience that is deep and broad, I am certain he will contribute to Uni-Bio in significant ways.

On 1 April 2014, we appointed two new Independent Non-Executive Directors ("INEDs") to our Board – Dr. Carl Firth and Mr. Zhao Zhi Gang.

Dr. Firth brings to Uni-Bio a wealth of experience from the pharmaceutical industry. His experience is multi-facet and very relevant to our business. Moreover, he also worked as a healthcare investment banker in Asia for a number of years, and will be able bring to Uni-Bio knowledge of the global capital markets.

Zhi Gang brings to our Board 20 years of combined experience in corporate finance and auditing. He has also held multiple senior financial officer roles in healthcare companies in China.

We look forward to the invaluable guidance and insights from our new INEDs, especially in the area of enhancing the Group's corporate governance.

We will leverage the talent, expertise and wisdom of our strengthened Board and management team to propel Uni-Bio to greater heights.

New Strategy For Generating Growth

We are always reviewing and updating our business strategies and growth platforms to ensure these are well aligned with market needs and trends, as well as the Group's goals and vision.

To this end, we have devised a new strategy for growing our sales. Via this strategy, we plan to intensify our sales and marketing efforts by enlarging our sales network in China. This includes expanding the usage of our products to more departments within a hospital. This strategy also entails launching new product formulations that are highly demanded by doctors.

We have brought in a new partnering model, which is our new platform for generating growth. This new partnering model is centered on partnering with reputable foreign pharmaceutical companies to bring innovative treatments indicated for diseases highly prevalent in the Chinese population into China. We aspire to be the 'Partner of Choice' to selected foreign partners by providing them sales and marketing support, as well as a strong distribution channel that enables our foreign partners to participate in the China market in a cost-effective and efficient way. Developing these synergistic partnerships will provide the Group with a new source of income and enable us to tap new and promising markets as well as increase our market share. We will continue to focus on niche markets where we have a strong competitive edge such as diabetes, ophthalmology, and dermatology to generate growth for the Group.

Moving Ahead in Product Development

We have made good progress in product development during the Year. This is evident by the successful completion of all the CFDA required clinical trials for our two new drugs Uni-E4 and Uni-PTH in the Year. We are currently at the stage of preparing documents and research data for submitting to the CFDA.

Barring any unforeseen circumstances, we expect to receive CFDA's final approval of Uni-E4 and Uni-PTH in the second half of 2016. After the formal approval and a successful product launch, we expect a significant improvement in the Group's performance.

Going Forward

There are good prospects in the horizon for Uni-Bio. The fundamentals of the diabetes and osteoporosis drug markets are strong. For example, recent studies have shown that there are approximately 100 million diabetic patients in China, which is 4 times the number of the US. Diabetes remain as one of the top expenses (after oncology and pain) of the US healthcare system. With the continued changes in lifestyle, improved awareness of diabetes, increase in disposable income and insurance coverage in China, the Chinese diabetes market is expected to grow in the double digits and should become one of China's largest markets in healthcare. Moreover, given the macroeconomic data, the growth in China's pharmaceutical industry as a whole is expected to be sustained into the long term. We will work hard and smart to capture the right opportunities in China, as well as those within the international arena.

In closing, I thank our employees for their contribution to the Group during the Year. I also extend my deepest appreciation to our stakeholders, partners, customers and suppliers for their continued commitment to the Group. We will continue to maintain operational excellence throughout our business. With the strong foundation we have built, we are confident we can achieve much more for Uni-Bio in the years ahead.

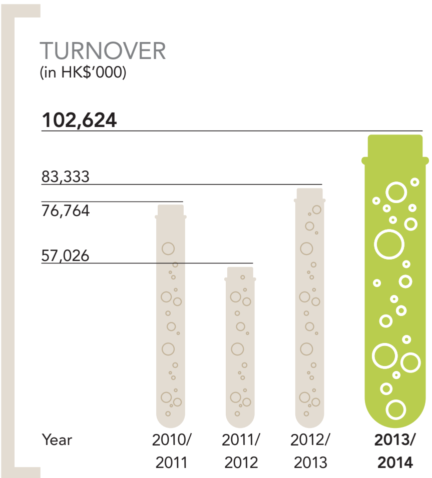
TONG Kit Shing
Chairman

30 June 2014

Building Today for a Brighter Tomorrow

Management Discussion and Analysis

During the year under review, the Group recorded a consolidated turnover of approximately HK$102,624,000 representing an increase of 23% compared with approximately HK$83,333,000 recorded in the last financial year. The gross profit was approximately HK$82,144,000 representing an increase of 24% as compared with approximately HK$66,290,000 recorded in the last financial year. The Group recorded a net loss of approximately HK$366,130,000 for the year ended 31 March 2014 compared to a net loss of approximately HK$69,308,000 in the last financial year. The significant increase in net loss was mainly due to the factors including impairment loss on goodwill of HK$259,416,000, impairment loss on intangible assets of HK$31,060,000, intangible assets written off of HK$16,424,000 and equity-settled share based payment expenses of HK$43,840,000.

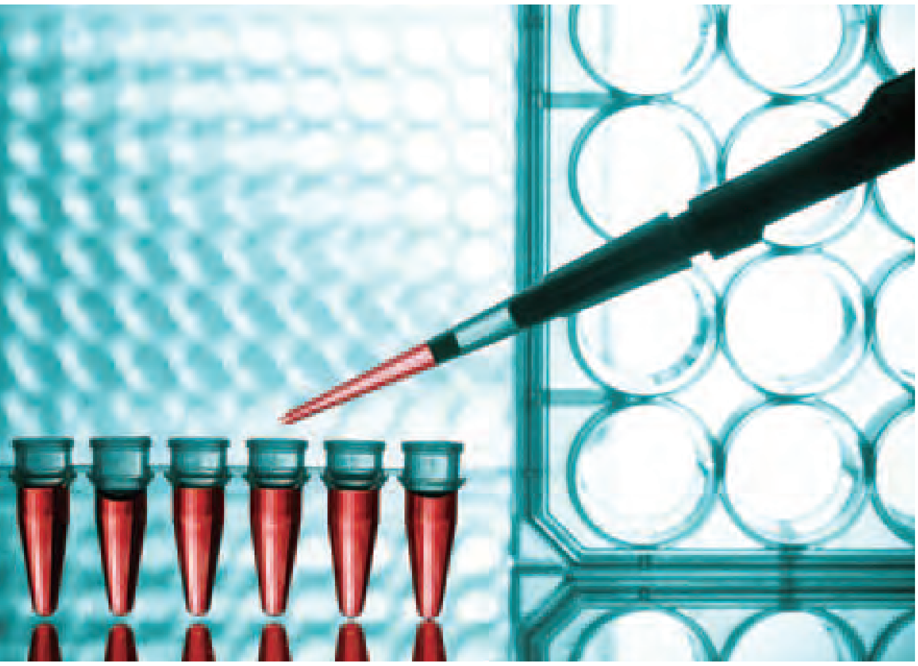


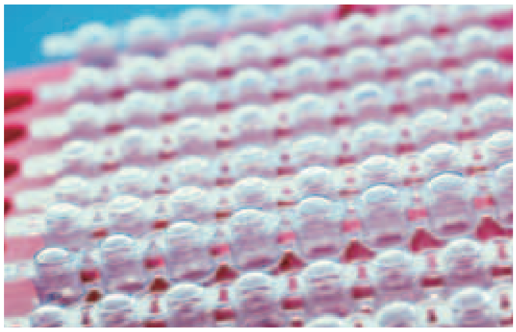
Business Review and Prospect

In 2013, In response to recent events at multi-national corporations (MNCs) the healthcare industry in the PRC has undergone a series of changes, including a stricter regulatory enforcement, and control of business practices and product price. During the year under review, these measures substantially affected the industry's peers. The more stringent regulatory regime and related investigations have stymied sales growth – 2013 growth fell to 17.9% from 22.6% the year 2012, according to statistics from Reuters. As tighter regulation of the industry is expected and new rounds of provincial tendering (lending to potential price cuts) has started, significant downward pressure on the healthcare sector's growth is expected to continue.

Nevertheless, the Group significantly outperformed its market peers with top line growth of approximately 23%, mainly driven by strong sales of the Group's biologics products. Unlike chemical generics, biologics products command a greater pricing power. As the industry competition continues to intensify and the dynamics continues to change (as mentioned above), industry players scramble to protect their growth and margins. Fortunately, the Group has always been focused in developing high-tech biologics drugs. With the expected launch of two more high-tech biologic drugs in the near future (rExendin-4 ("Uni-E4") and rhPTH 1-34 ("Uni-PTH")), the Group's prospect remains very strong in the years to come, with strong competitive position against many industry players. Going forward, competition will mainly drive rounds of consolidation and the Group will also look for ways to strengthen in terms of scale or technology to stay ahead of rivals. This includes focusing on specific therapeutic areas (such as diabetes, ophthalmology and dermatology) and reinvesting in key business units (such as sales and marketing).

In addition, the Group continues to look to strengthen its management team, which has been committed to rationalising and re-engineering its work flow and processes to reduce costs and increase efficiency. Recently, Mr. Phee Wah Koh joined the team as chief executive officer of the Group's newly formed wholly-owned subsidiary – Uni-Bio Science Healthcare Limited, the Group believes his past experiences in sales and marketing, and new product launches can effectively leverage the Group's competitive position to achieve even greater growth opportunities. The Group will continue to put emphasis on science-based, professional and experienced management systems to ensure optimal productivity, products are launched in time, talents are attracted, retained and developed, etc.





Finally, the government of the PRC continued to implement a series of supportive policies, in particular, loosening of credit restrictions and stimulation of domestic consumption to drive up the growth in gross domestic products. These policies helped to ease certain negative impact, such as increased costs and market competition, on our operations. All in all, 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.

During the year under review, impairment loss on goodwill of HK$259,416,000 was incurred. It is because the Group is developing a new delivery system for its new drugs with reference to the report of an external consultant. It will shift new products launch timetable to a later period. Besides, during the year under review there are intangible assets written off and impairment loss on intangible assets amounted to HK$16,424,000 and HK$31,060,000 as a result of refocusing the Group's resources in key projects after the strategic review. Certain projects apart from the key projects were terminated, including E.coli constitutive secretion system, gene therapy drug development system, gene targeting system, chemical medicines development system, cTP-5, LFA3-Fc and rhIL-11. Apart from these, the Company granted 469,340,000 share options on 27 November 2013 and led to an equity-settled share based payment expenses of HK$43,840,000 for the year ended 31 March 2014.

The Group disposed of a wholly-owned subsidiary during the year under review and recorded a gain on disposal of a subsidiary of HK$80,706,000. The gain was due to the reversal of the exchange difference from exchange reserve of HK$86,841,000 in the year under review.

In-house biological pharmaceutical products

The sales of in-house biological pharmaceutical products achieved a turnover of HK$71,897,000 and a segment loss of HK$365,908,000 for the year ended 31 March 2014. The turnover and segment loss of last financial year were HK$53,898,000 and HK$32,729,000 respectively. The Company achieved a 33% growth in biological sales in the financial year ended 31 March 2014. The outstanding performance was mainly attributed to couple of reasons. Firstly, the Group's biologics products (GeneTime & GeneSoft) is highly differentiated from competitors in the marketplace, with no additional new entrants in sight – customers remain loyal to the product and the price of the product is protected in tendering rounds. Secondly, the demand for the product remains robust, especially with the recent change in the one child policy, wound healing in departments such as Obstetrics and Gynaecology continue to show strong growth. During the year under review, development costs of HK$3,687,000 (2013: HK$2,320,000) were capitalised as intangible assets to reflect the development breakthrough in the Group's self-developed projects including Recombinant Exendin-4 ("Uni-E4"), Recombinant Human Erythropoietin-Fc ("rhEPO-Fc") and Recombinant Human Parathyroid Hormone (1-34) ("Uni-PTH"). The Group expects that these projects will bring the Group into a profitable position in the near future.

In-house chemical pharmaceutical products

This segment achieved a turnover of HK$30,727,000 with segment loss of HK$9,844,000 for the year ended 31 March 2014. The turnover and segment loss for the year ended 31 March 2013 were HK$29,435,000 and HK$9,501,000 respectively. The timid growth is due to continued price cuts on generic products and changing industry dynamics.

Technical know-how

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.

Product Development

The Board and management continuously perform competitive intelligence reviews in order to ensure that all products being marketed and developed remain commercially competitive. Based on the recent strategic review and everchanging biotech industry in the PRC, the Group has decided to focus its resources in three core therapeutic areas. With this in mind, the Group will continue to development three new patent protected Class I & VII prescription drugs in the pipeline. The Class I prescription new drugs include Uni-E4 and rhEPO-Fc. The Class VII prescription new drugs include Uni-PTH.

Uni-E4

Uni-E4, part of a class of anti-diabetic treatment called GLP-1 agonist, is a non-insulin treatment candidate that stimulates the incretin pathway, which is drawing attention in the medical community. GLP-1 agonist stimulates the body's ability to produce insulin in response to elevated levels of blood glucose, inhibits the release of glucagon following meals, physiological regulates appetite, and slows down the rate at which glucose is being absorbed into the bloodstream. This class of drug has been shown to be effective and well accepted in treatment of Type 2 diabetes mellitus ("T2DM") in the west and is one of the only classes of diabetic drugs that 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 risk of hypoglycemia and promoting ß-cell regeneration. China's diabetes drugs market will expand 20% annually to reach RMB20 billion by 2016, one of the largest therapeutic areas in the PRC. The PRC has an overall diabetes prevalence rate of 11.3% with the number of patients exceeding 100 million, four times the number of patients in the United States of America, making the PRC the country with the most diabetics in the world. Diabetes has also become the world's third largest therapeutic area after cardiovascular and cerebrovascular diseases and oncology, giving it growing market potential.

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. Uni-E4 has shown to be well tolerated with nominal side effects. 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.

On 6 July 2009, the Company announced that it has initiated pre-clinical trial on application of Uni-E4 on treatment of Type I diabetes. On 8 July 2009, the Company announced that the Uni-E4 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 I new drug finalists of the first batch of genetic engineering drugs nationwide, the Uni-E4 project developed by the Group is the only project to receive grants in the Guangdong Province. Currently, 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 III data in event CFDA harmonizes biostatistical analysis standards with international standards. The Company is in the stage of initiating statistical analysis of the research data of Phase III clinical trials and preparing documents for CFDA submission.

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.

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 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. Since the progress of the project was accomplished ahead of schedule, the Ministry of Science and Technology initiated support of future funding of the project.

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 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 – they restore bone density by decreasing bone remodeling. However, Uni-PTH is the only available treatment that stimulates new bone formation on quiescent bone surface. By stimulating bone formation, Uni-PTH reduce fracture incidence by improving bone qualities in addition to just increasing bone density. In addition, physicians believe that Uni-PTH is more effective in managing ostealgia (pain in the bone) when compared to current treatments, such as calcitonin.

Uni-PTH has previously received the approval from the CFDA for clinical trials. Currently, all clinical trials have been completed; including additional trials to supplement phase III data in event CFDA harmonizes biostatistical analysis standards with international standards. The phase III database was locked in 5 January 2014 and the study conclusion meeting was held on 20 April 2014. The phase III 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 decrease uNTX/UCr and a reduction in urinary NTx secretion provides evidence of compliance and drug efficacy. On the other hand, biomarkers of BSAP and resorption (uNTX/UCr) were increased by Uni-PTH, supporting its role as an anabolic agent to promote bone growth. For more information, please refer to the voluntary announcement dated 30 June 2014. The Company is in the stage of preparing new drug application ("NDA") for CFDA submission and looking to make formal submission before December 2014. Based on past regulatory approval timelines, the Board expects to obtain market approval in late 2016.

Liquidity and Financial Resources

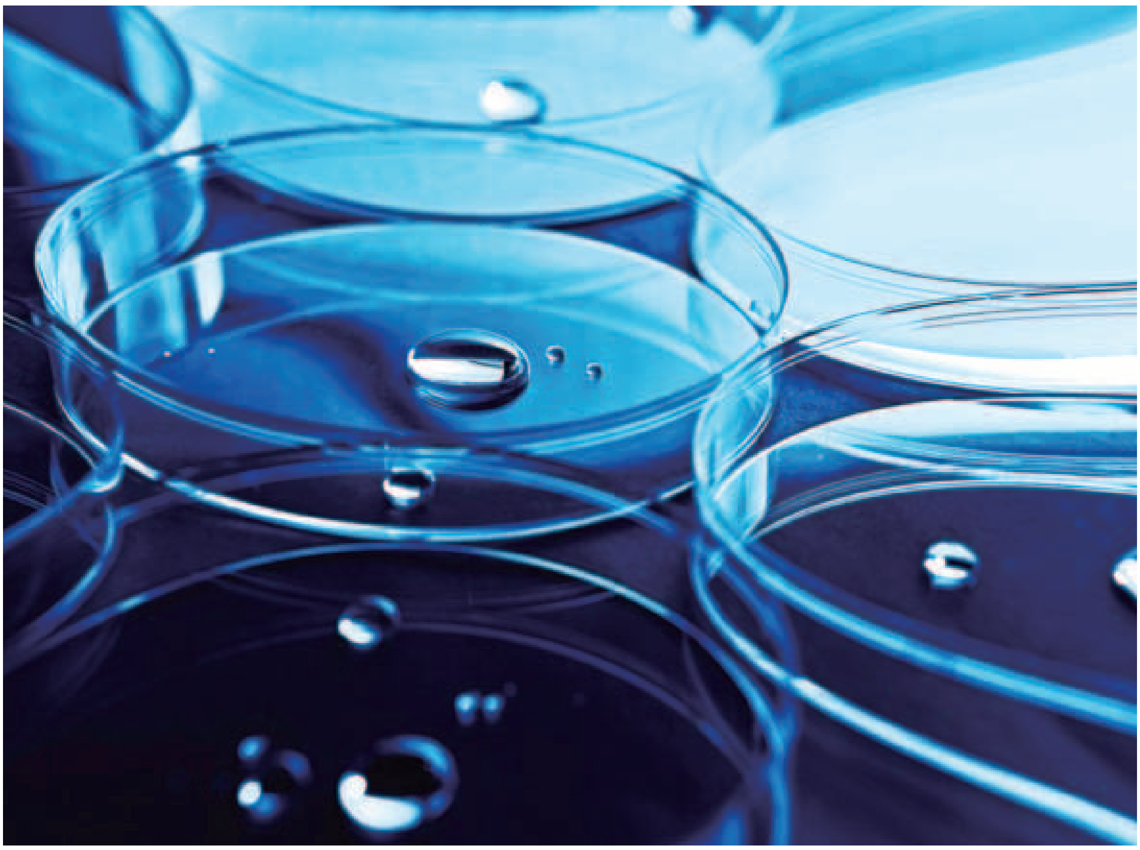
During the year under review, 130,672,545 ordinary shares of HK$0.01 each were issued resulting from the exercise of bonus warrant at a subscription price of HK$0.20 per share amounting to HK$26,135,000 and 260,000,000 ordinary shares of HK$0.01 each were issued at issue price of HK$0.15 per share under a placement arrangement in which the Company received net proceeds of approximately HK$38,000,000. Besides, 1,564,846,293 ordinary shares of HK$0.01 each were issued at issue price of HK$0.16 per share under the open offer of the Company on the basis of 1 offer share for every 1 then existing share held on the record date with the bonus issue of 1,564,846,293 ordinary shares of HK$0.01 per share on the basis of 1 bonus share for every 1 offer share taken up, in which the Company received net proceeds from the open offer of approximately HK$242,000,000.

At 31 March 2014, the Group's bank deposits, bank balances and cash amounted to HK$56,227,000 (2013: HK$14,134,000) and bank and other borrowings amounted to HK$Nil (2013: HK$129,813,000). At 31 March 2014, the Group has total assets of approximately HK$692,915,000 (2013: HK$873,939,000), current assets of the Group at 31 March 2014 amounted to approximately HK$254,423,000 (2013: HK$68,339,000) while current liabilities were HK$94,195,000 (2013: HK$75,188,000). The gearing ratio, calculated by dividing the total liabilities over its total assets, was 13.7% (2013: 20.0%).

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.

The following table illustrates the sensitivity analysis of the Group's loss after tax for the year and equity in regards to a 5% (2013: 5%) depreciation in the group entities' functional currencies against RMB. These percentages are the rates used when reporting foreign currency risk internally to key management personnel and represents management's best assessment of the possible change in foreign exchange rates. The sensitivity analysis of the Group's exposure to foreign currency risk at the end of the reporting period was determined based on the assumed percentage changes in foreign currency exchange rates taking place at the beginning of the financial year and held constant throughout the year under review.

	2014 RMB HK$'000	2013 RMB HK$'000
Loss for the year and accumulated losses	**(2)**	4,885



A 5% appreciation in the group entities' functional currencies against RMB would have the same magnitude on the Group's loss for the year and equity but of opposite effect.

These are the same method and assumption used in preparing the sensitivity analysis included in the financial statements of the year ended 31 March 2014.

Exposures to foreign exchange rates vary during the year depending on the volume of transactions in RMB. Nevertheless, the analysis above is considered to be representative of the Group's exposure to foreign currency risk.

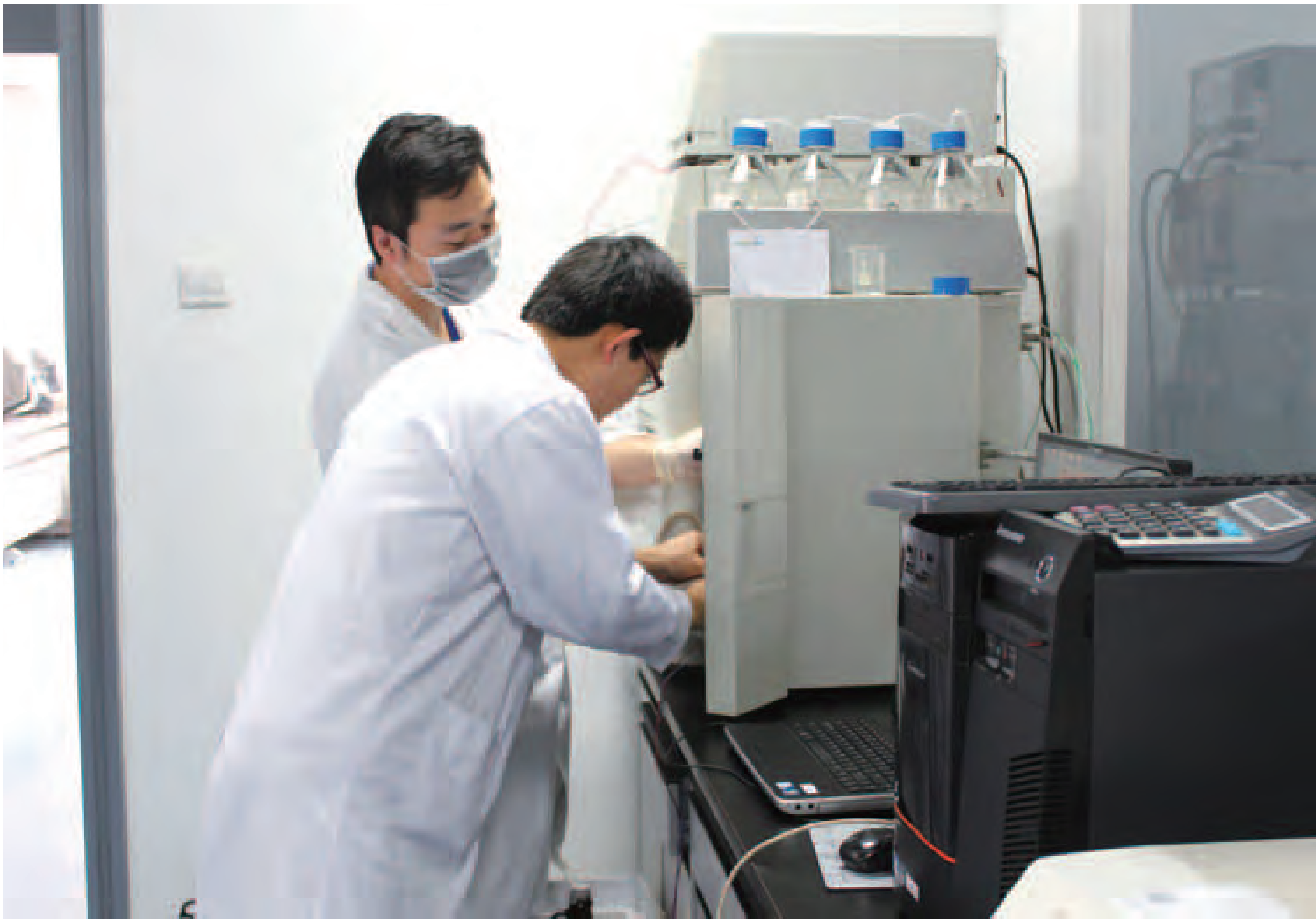
Pledge of Assets and Contingent Liabilities

At 31 March 2014, leasehold land and land use rights, leasehold building in the PRC and investment properties with an aggregate carrying value of Nil (2013: HK$44,730,000) had been pledged to the Group's bankers for banking facilities granted to the Group.

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

Employment and Remuneration Policy

At 31 March 2014, the Group employed 321 staff, including 39 staff in the PRC R&D centres, 126 staff in total in the PRC sales offices, 145 staff in the PRC production sites and approximately 11 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.



Profile of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. TONG Kit Shing, aged 53, is the chairman ("Chairman") of the Company and has been appointed as an executive director with effect from 22 September 2005. He has been engaged in metal trading business in the PRC since 1997. Mr. TONG also has extensive investment experience in water treatment business in the PRC using biotechnology.

Mr. Kingsley LEUNG, aged 27, has been appointed as an executive director of the Company with effect from 28 February 2014. Mr. Leung joined the Company on 8 July 2013 as Business Development Manager. Mr. Leung graduated with honours with a bachelor's degree in Biochemistry from Imperial College London in July 2008 and obtained a master's degree in Pharmacology from the University of Oxford in September 2009. Mr. Leung is currently a Chartered Financial Analyst and a member of The Hong Kong Society of Financial Analysts. Mr. Leung has extensive experience in investment banking and business development in the biotechnology industry. Mr. Leung is a cousin of Mr. TONG Kit Shing.

NON-EXECUTIVE DIRECTOR

Mr. FUNG Kwok Leung, aged 48, has been appointed as a non-executive director with effect from 28 February 2014. Prior to his appointment as a non-executive director of the Company, Mr. Fung was the Company Secretary and the Chief Financial Officer ("CFO") of the Company. Mr. Fung is the Company Secretary of China Innovationpay Group Limited (stock code: 8083) whose shares are listed on the Growth Enterprise Market of the Stock Exchange. Mr. Fung holds an Honour Degree in Accountancy from the Hong Kong Polytechnic University, is a fellow member of both of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants, and is a fellow member of the Taxation Institute of Hong Kong and a Certified Tax Advisor. He has over 20 years of extensive experience in accounting and related fields.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. TSAO Hoi Ho, Terry, aged 49, has been appointed as an independent non-executive director of the Company with effect from 7 May 2010. Mr. Tsao is a Certified Public Accountant (Practising) of the Hong Kong Institute of Certified Public Accountants, an associate of The Institute of Chartered Secretaries and Administrators, an associate of the Australasian Institute of Banking & Finance, a member of the Institute of Chartered Accountants of New Zealand and an associate of the Bankers' Institute of New Zealand. Mr. Tsao graduated from the University of Warwick with a Master of Business Administration degree. He has over 20 years' extensive experience in auditing, corporate finance and company secretary. He has worked for international accounting firms for 5 years and is currently the Financial Controller, Company Secretary and authorized representative of Ningbo WanHao Holdings Company Limited, a joint stock limited company incorporated in the People's Republic of China whose shares are listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8249). He is also the CFO of China Shouguan Mining Corporation, a company incorporated in the state of Nevada, United States whose shares are quoted at the OTCQB market in the United States.

Dr. Carl Aslan Jason Morton FIRTH, aged 41, has been appointed as an independent non-executive director of the Company with effect from 1 April 2014. Dr. Firth is the Chief Executive Officer and Founder of ASLAN Pharmaceuticals Pte Ltd. Dr. Firth was previously the Head of Asia Healthcare at Bank of America Merrill Lynch. He also spent 5 years at AstraZeneca in pharmaceutical research and development and 4 years in business development, strategic projects and the development of new products in Asia. Dr. Firth holds a PhD degree from Cambridge University in Molecular Biology and a Master of Business Administration degree from London Business School.

Mr. ZHAO Zhi Gang, aged 54, has been appointed as an independent non-executive director of the Company with effect from 1 April 2014. Mr. Zhao holds a bachelor's degree in Economics from the Peking University and a master's degree in Professional Accounting from the University of Hartford, Connecticut, United States of America ("U.S."). Mr. Zhao is a U.S. certified public accountant and a fellow of the American Institute of Certified Public Accounts. Mr. Zhao has over 20 years of experience in corporate finance and audit practice with various publicly listed companies and Pricewaterhouse Coopers in the U.S. and in China.

Mr. Zhao is currently an independent director of Zuoan Fashion Ltd., whose shares are listed on the New York Stock Exchange ("NYSE"). Previously, Mr. Zhao was the Chief Financial Officer ("CFO") of Borqs Beijing Limited from 2012 to 2014, the CFO of Kingmed Center for Clinical Laboratories from 2011 to 2012, and the CFO of Simcere Pharmaceutical Group from 2006 to 2011, whose shares was listed on the NYSE. Prior to that, Mr. Zhao was the CFO of Sun New Media Group Limited, a NASDAQ-listed company, from 2005 to 2006. Mr. Zhao had also held senior financial positions with several publicly listed companies in the U.S. and was an investment consultant with Beijing International Trust and Investment Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS *(Continued)*

Mr. LOU Iok Kuong, aged 44, is a Hong Kong lawyer with over 16 years of extensive experience in the profession. He was admitted as a solicitor in Hong Kong in 1995. He holds a master's degree in Business Administration from the Chinese University of Hong Kong and a Bachelor of Laws degree from the University of Hong Kong. Mr. Lou is an honorary Legal Advisor of the Hong Kong SAR Government Drivers' Union; the Government Chauffeurs Union and The Hong Kong Allergy Association. Mr. Lou had worked for several law firms as a solicitor or a consultant and currently Mr. Lou is a Partner of Edward Lau, Wong & Lou.

Mr. Lou was appointed as an independent non-executive director with effect from 25 June 2010 and resigned as an independent non-executive director of the Company on 1 April 2014.

Mr. NG Pak Kin, aged 35, is a practicing Barrister-at-Law, has over 12 years of working experience in the legal profession. Mr. Ng holds a Law Degree (LLB) and a Postgraduate Certificate in Laws (PCLL) from the University of Hong Kong. His legal practice mainly rests on civil litigation including tort, contract and commercial law. He is also familiar with other legal matters in relation to the Securities and Futures Commission.

Mr. Ng was appointed as an independent non-executive director with effect from 1 December 2012 and resigned as an independent non-executive director of the Company on 1 April 2014.

SENIOR MANAGEMENT

Mr. KOH Phee Wah, aged 54, was appointed as the Chief Executive Officer of Uni-Bio Science Healthcare Limited, a wholly-owned subsidiary of the Company in February 2014. Mr. Koh is in charge of managing all the Group's biotech operations. Mr. Koh has more than 15 years of general manager experience in a number of multinational life science companies, such as Becton Dickinson, Pharmacia and Monsanto, and also previously led drug product launches in Southeast Asia and China. Prior to joining the Group, Mr. Koh was the Chief Operating Officer of UCB Biopharma China which is one of the top 15 global biotechnology companies by market capitalization. Mr. Koh graduated from the National University of Singapore and holds an MBA from Washington University. He also qualified as a Chartered Accountant of Australia and New Zealand.

Mr. CHAN Shun Tai, Edward, aged 53, is the Director of Market Access of Uni-Bio Science Healthcare Limited, a wholly-owned subsidiary of the Company. Mr. Chan is a professional pharmacist and has obtained his Pharmacist licenses in Canada and Hong Kong since 1985 and 1987 respectively. Mr. Chan has over 24 years of extensive sales and marketing experience especially in the pharmaceutical industry. Before joining the Company on 5 March 2012, he was the Director of New Business Development of Xian-Janssen Pharmaceutical Ltd and a General Manager of Jacobson Medical Limited.

Mr. KONG You Hoi, Matthew, aged 47, is the General Manager of Sales and Marketing of Uni-Bio Science Healthcare Limited, a wholly-owned subsidiary of the Company. Mr. Kong is in charge of managing the sales and marketing functions of the Group. Mr. Kong has over 20 years of extensive sales and marketing experience with Hong Kong and multinational pharmaceutical companies in China. Mr. Kong graduated from the Chinese University of Hong Kong in Biology.

Dr. WEN Ya Lei, Jacky, aged 53, is the General Manager of Beijing Genetech Pharmaceutical Co., Ltd. Dr. Wen has more than 30 years of extensive experience in biotechnology and the development of GMP and GLP facilities, as well as developing new drugs and clinical research projects. Dr. Wen graduated from the South China University of Technologies.

Mr. HAN Wei Yue, aged 47, is the General Manager of Dongguan Taili Biotech Co., Ltd. Mr. Han has over 20 years of management experience in the development of genetic engineering drugs in large pharmaceutical companies. Mr. Wen graduated from Fudan University.

Ms. LUO Chang Qing, aged 51, is the Deputy General manager of Shenzhen Watsin GeneTech Ltd. Ms. Luo has over 30 years of experience in finance, accounting and management. She graduated from the University of Hunan Broadcasting Television.

Mr. SHUM Chi Chung, aged 39, is the Financial Controller and Company Secretary of the Company. Mr. Shum graduated with a bachelor's degree in Business Administration (Honours) from the Hong Kong University of Science and Technology and is a fellow of the Hong Kong Institute of Certified Public Accountants. He has over 16 years of experience in company secretary, auditing, finance and accounting fields.

Corporate Governance Report

The Group is committed to maintaining and improving the quality of corporate governance so as to ensure better transparency and protection of shareholders' interest in general. The directors ("Directors") of the Company believe that good corporate governance practices are increasingly important for maintaining and promoting investor confidence and for stable growth of the Group.

The Directors are of the opinion that the Company has complied with all the code provisions set out in the Corporate Governance Code ("CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on Stock Exchange (the "Listing Rules") for the financial year ended 31 March 2014.

The Board of Directors

The Board currently consists of six members, including two executive Directors, one being the Chairman, one non-executive Director and three independent non- executive Directors. One of our independent non-executive directors has the professional and accounting qualifications as required by the Listing Rules.

The terms of our non-executive Director and independent non-executive Directors are as follows:

Non-executive Director

Mr. FUNG Kwok Leung was appointed for a term of 3 years commencing from 28 February 2014.

Independent non-executive Directors

(1) Mr. TSAO Hoi Ho was appointed for a term of 2 years commencing from 1 May 2012.
(2) Mr. Carl Aslan Jason Morton FIRTH was appointed for a term of 3 years commencing from 1 April 2014.
(3) Mr. ZHAO Zhi Gang was appointed for a term of 3 years commencing from 1 April 2014.
(4) Mr. LOU Iok Kuong was appointed for a term of 2 years commencing from 1 May 2012 (Mr. Lou resigned on 1 April 2014).
(5) Mr. Ng Pak Kin was appointed for a term of 2 years commencing from 1 December 2012 (Mr. Ng resigned on 1 April 2014).
(6) Mr. LEUNG Wai Chung, Vincent was appointed for a term of 2 years commencing from 1 December 2012 (Mr. Leung resigned on 28 February 2014).

The Chairman of the Board is Mr. TONG Kit Shing. The principal function of the Board is to formulate strategy and to monitor and control operating and financial performance in pursuit of the strategic objectives of the Group. The Board, led by the Chairman, is vested with full responsibility for setting objective and business development plans, overseeing the processes that management has in place to identify business opportunities and risks, considering and determining major acquisition and disposal and assuming responsibility for corporate governance.

The management is responsible for implementing the strategies and plans adopted by the Board. Executive Directors and management executives meet monthly to review the performance of the businesses of the business units and of the Group as a whole, co-ordinate overall resources and make financial and operational decisions.

There is a segregation of duties between the Chairman's responsibility for leadership and management of the Board and the Group's strategies, and the responsibility of the Chief Executive Officer is to develop business objectives and budgets and to implement the Group's strategies. Such division of responsibilities helps to reinforce their accountability and independence. Upon the resignation of Mr. LIU Guoyao as an executive Director and the Chief Executive Officer on 28 February 2014, the current duties of Chief Executive Officer is temporary shared by another executive Director and key executives, except the Chairman, until a suitable successor is appointed. The Board considers that the vesting of the roles of chief executive officer to the other executive Director and key executives in the aforementioned arrangement will not impair the balance of power and authority within the Board as all major decisions are made in consultation with members of the Board.

Mr. Kingsley LEUNG, an executive Director, is a cousin of Mr. TONG Kit Shing, the Chairman of the Board, and Mr. Kingsley LEUNG used to be employed by ASLAN Pharmaceuticals Pte Ltd. from June 2011 to March 2014, of which Dr. Carl Aslan Jason Morton Firth, an independent non-executive Director, is the chief executive officer and founder, and is currently holding less than 5% interest in ASLAN Pharmaceuticals Pte Ltd. Save as disclosed, there is no other financial, business, family or other material/relevant relationship amongst Directors. With a wide range of expertise and a balance of skills, the independent non-executive Directors bring independent judgment on issues of strategic direction, development, performance and risk management through their contribution at board meetings and committee work.

The Board of Directors *(Continued)*

The independent non-executive Directors also serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. The Board considers that each independent non-executive Director is independent in character and judgment and that they all meet the specific independence criteria as required by the Listing Rules. The Company has received from each independent non- executive Director an annual confirmation of their independence and is satisfied about their independence up to the date of this report. The independent non-executive Directors are explicitly identified in all corporate communications.

All Directors are regularly updated on governance and regulatory matters. There is an established procedure for Directors to obtain independent professional advice at the expense of the Company in the furtherance of their duties. When the Board considers any material proposal or transaction in which a substantial shareholder of the Company or a Director has a conflict of interest, a board meeting is held and only those executive and independent non-executive Directors who have no interest in the transaction can be counted as quorum and entitled to vote at such board meeting. At the meeting, the Director who has interests shall declare his interest and abstain from voting.

All Directors have participated in appropriate continuous professional development activities by attending training courses and reading materials relevant to the Company's business or to the Directors' duties and responsibilities.

According to the records provided by the Directors, a summary of training received by the Directors during the year ended 31 March 2014 is as follows:

	Type of continuous professional development activities
TONG Kit Shing *(Chairman)*	A,B
Kingsley LEUNG (appointed on 28 February 2014)	A,B
FUNG Kwok Leung (appointed on 28 February 2014)	A,B,C
TSAO Hoi Ho, Terry	A,B,C
Carl Aslan Jason Morton FIRTH (appointed on 1 April 2014)	D
ZHAO Zhi Gang (appointed on 1 April 2014)	D
LIU Guoyao (resigned on 28 February 2014)	A,B
LEUNG Ka Chun (resigned on 28 February 2014)	A,B
LOU Iok Kuong (resigned on 1 April 2014)	A,B
NG Pak Kin (resigned on 1 April 2014)	A,B
LEUNG Wai Chung, Vincent (resigned on 28 February 2014)	A,B

Notes:
A Reading materials, journals and updates relating to the business and industry development
B Reading materials relevant to the latest development of the Listing Rules and other applicable regulatory requirement
C Attending seminars and/or conferences and/or forums
D Appointment of directors after the year ended 31 March 2014

All Directors are committed to devote sufficient time and attention to the affairs of the Group. Directors have also disclosed to the Company the number and nature of offices held in Hong Kong or overseas listed public companies or organizations and other significant commitments, with the identity of the public companies or organizations. Directors are reminded to notify the Company in a timely manner of any changes of such information.

The Company has arranged for appropriate liability insurance to indemnify its Directors for their liabilities arising out of corporate activities. The insurance coverage is reviewed on an annual basis.

The Board of Directors *(Continued)*

The Board meets regularly throughout the year to review the overall strategy and to monitor the operation as well as the financial performance of the Group. The Board is supplied with relevant information by the management pertaining to matters to be brought before the Board for decision as well as reports relating to operational and financial performance of the Group before each regular board meeting. The Chairman is primarily responsible for drawing up and approving the agenda for each board meeting in consultation with all Directors. Notice of at least 14 days have been given to all Directors for all regular board meetings and the Directors can include matters for discussion in the agenda if necessary. Agenda and accompanying materials in respect of regular board meetings are sent out in full to all Directors within reasonable time before the meeting. Draft minutes of all board meetings are circulated to Directors for comment within a reasonable time prior to confirmation.

Minutes of board meetings and meetings of board committees are kept by duly appointed secretaries of the respective meetings and all Directors have access to materials and related materials, and are provided with adequate information on a timely manner, which enable the Board to make an informed decision on matters placed before it.

All board meetings held during the year under review involved the active participation, either in person or through other electronic means of communication, of a majority of Directors.

We summarised below the attendance of individual Directors to the board meetings and general meetings during the year under review.

	Number of attendance	
	General meetings	**Board meetings**
Executive Directors		
TONG Kit Shing *(Chairman)*	3/3	9/9
LEUNG Kingsley (appointed on 28 February 2014)	0/3	2/9
LIU Guoyao (resigned on 28 February 2014)	0/3	2/9
LEUNG Ka Chun (resigned on 28 February 2014)	2/3	6/9
Non-executive Directors		
FUNG Kwok Leung (appointed on 28 February 2014)	0/3	2/9
Independent Non-executive Directors		
TSAO Hoi Ho, Terry	3/3	4/9
Carl Aslan Jason Morton FIRTH (appointed on 1 April 2014)	0/3	0/9
ZHAO Zhi Gang (appointed on 1 April 2014)	0/3	0/9
LOU Iok Kuong (resigned on 1 April 2014)	1/3	3/9
Ng Pak Kin (resigned on 1 April 2014)	1/3	3/9
LEUNG Wai Chung, Vincent (resigned on 28 February 2014)	2/3	2/9

Directors' 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 the code of conduct regarding securities transactions by all Directors. A copy of the Model Code is sent to each Director first on his appointment and a reminder is sent to each Director to remind him about the blackout period during which he cannot deal in the securities of the Company at the appropriate time prior to board meetings to approve the Company's financial results.

Having made specific enquiry to all Directors, all Directors confirmed they had complied with the required standard set out in the Model Code throughout the year ended 31 March 2014.

Audit Committee

The audit committee of the Company ("Audit Committee") was established in 2001. The current members of the Audit Committee are Mr. TSAO Hoi Ho, Terry (Chairman), Mr. FUNG Kwok Leung, Dr. Carl Aslan Jason Morton FIRTH and Mr. ZHAO Zhi Gang. Other than Mr. FUNG Kwok Leung who has been appointed as an non-executive Director of the Company with effect from 28 February 2014, all of the rest of the audit committee members were and are independent non-executive Directors. Dr. Carl Aslan Jason Morton FIRTH and Mr. ZHAO Zhi Gang were appointed on 1 April 2014.

Mr. TSAO Hoi Ho, Terry was appointed on 7 May 2010 and has the appropriate professional qualifications and accounting and related financial management expertise as required under Rule 3.21 of the Listing Rules for the purpose of such appointment.

The audit committee has adopted written terms of reference to conform to the provisions of the CG Code.

The meetings of the Audit Committee are held not less than twice a year to review and discuss the interim and annual financial statements respectively. Additional meeting may also be held by the Audit Committee from time to time to discuss special projects or other issues which it considers necessary. The external auditors of the Group may request a meeting of the Audit Committee to be convened if they consider that it is necessary.

The main duties of the Audit Committee are as follows:

- To consider the appointment of the external auditors, the audit fee, and any question of resignation or dismissal
- To discuss with the external auditors the nature and scope of the audit
- To review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standard
- To develop and implement policy on the engagement of an external auditors to supply non-audit services
- To review the Group's interim and annual financial statements before submission to the Board
- To discuss problems and reservations arising from the interim and final audits and any matters that the external auditors may wish to discuss
- To review the external auditors' management letter and the management's response
- To review the Group's statement on internal control system prior to endorsement by the Board
- To consider the major findings of any internal investigation and the management's response
- To consider other topics, as defined by the Board

The Audit Committee held two meetings during the year under review. The attendance record of the Audit Committee meetings for the year under review is as follows:

Members of the Audit Committee	Number of attendance
TSAO Hoi Ho, Terry *(Chairman)*	2/2
Carl Aslan Jason Morton FIRTH (appointed on 1 April 2014)	0/2
ZHAO Zhi Gang (appointed on 1 April 2014)	0/2
FUNG Kwok Leung (appointed on 28 February 2014)	0/2
NG Pak Kin (resigned on 1 April 2014)	2/2
LEUNG Wai Chung, Vincent (resigned on 28 February 2014)	2/2
LOU Iok Kuong (resigned on 1 April 2014)	2/2
LEUNG Ka Chun (resigned on 28 February 2014)	2/2

Throughout the year under review, the Audit Committee discharged its responsibilities by reviewing and discussing the interim financial results, annual financial results and internal control system of the Group.

Remuneration Committee

The Company established a remuneration committee ("Remuneration Committee") on 4 November 2005 with written terms of reference in compliance with the CG Code. Current members of the Remuneration Committee comprised Dr. Carl Aslan Jason Morton FIRTH (Chairman), Mr. TONG Kit Shing, Mr. TSAO Hoi Ho, Terry, Mr. FUNG Kwok Leung and Mr. ZHAO Zhi Gang. A majority of members of the Remuneration Committee are independent non- executive Directors. No Directors will be involved in any discussion in connection with his own remuneration.

Remuneration Committee *(Continued)*

The main duties of the Remuneration Committee are as follows:

- To determine the remuneration policy of the Group
- To make recommendations to the Board on the remuneration package of individual executive Directors and senior management
- To review and approve all equity based plans
- To review the appropriateness and relevance of the remuneration policy
- To approve the performance related pay schemes operated by the Group
- To review all share incentive plans for approval by the Board
- To review annually and take note of the remuneration trends of the Group and obtain reliable and up-to-date information about remuneration packages of other closely comparable companies

It is the Company's policy that the remuneration package of each Director shall be determined by reference to their experience, qualification and the time expected to be devoted by them on the affairs of the Company.

The Remuneration Committee meets regularly to determine the policy for the remuneration of the Directors and assess performance of the executive Directors and senior management of the Group. During the year under review, the Remuneration Committee has assessed the performance of the executive Directors, reviewed and discussed the remuneration package of the executive Directors, the remuneration of the non-executive director, independent non-executive Directors and senior management. Three Remuneration Committee meetings were held, the individual attendance of each member is set out below:

Name of director	Number of attendance
Carl Aslan Jason Morton FIRTH *(Chairman)* (appointed on 1 April 2014)	0/3
TONG Kit Shing	3/3
TSAO Hoi Ho, Terry	3/3
FUNG Kwok Leung (appointed on 28 February 2014)	1/3
ZHAO Zhi Gang (appointed on 1 April 2014)	0/3
LOU Iok Kuong (resigned on 1 April 2014)	1/3
NG Pak Kin (resigned on 1 April 2014)	1/3
LEUNG Wai Chung, Vincent (resigned on 28 February 2014)	1/3
LEUNG Ka Chun (resigned on 28 February 2014)	0/3

Nomination Committee

The Company established a nomination committee ("Nomination Committee") on 4 November 2005. The Nomination Committee has adopted written terms of reference to conform to the CG Code. Current members of the Nomination Committee comprised Mr. TONG Kit Shing (Chairman), Mr. TSAO Hoi Ho, Terry, Dr. Carl Aslan Jason Morton FIRTH and Mr. ZHAO Zhi Gang. A majority of members of the Nomination Committee are independent non-executive Directors.

The Nomination Committee shall meet before the annual general meeting of the Company, or at other times as required by the chairman of the Nomination Committee.

The main duties of the Nomination Committee are as follows:

- To determine the policy for the nomination of directors
- To review the structure, size and composition of the Board regularly and to make recommendations to the Board with regard to any changes required
- To evaluate the balance of skills, knowledge and experience of the Board
- To identify and nominate any candidate for the Board's approval
- To make recommendations for the appointment and removal of the Chairman or any Director
- To make recommendations to the Board on the re-appointment of any non-executive Director at the conclusion of his specified term of office
- To report to the Board on its proceedings after each meeting

Nomination Committee *(Continued)*

During the year under review, two Nomination Committee meetings were held, the individual attendance of each member is set out below:

Name of director	Number of attendance
TONG Kit Shing *(Chairman)*	2/2
TSAO Hoi Ho, Terry	2/2
Carl Aslan Jason Morton FIRTH (appointed on 1 April 2014)	0/2
ZHAO Zhi Gang (appointed on 1 April 2014)	0/2
LOU Iok Kuong (resigned on 1 April 2014)	1/2
LEUNG Ka Chun (resigned on 28 February 2014)	0/2

During the year ended 31 March 2014, the Nomination Committee performed the following work:

(i) reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board;
(ii) assessed the independence of the independent non-executive Directors; and
(iii) made recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive.

The Nomination Committee meetings held during the year under review involved the active participation, either in person or through other electronic means of communication, of all members of the Nomination Committee.

When considering the appointment or reappointment of Directors, the Group will consider various factors including the background, experience and qualification of the proposed candidates to ensure that the proposed candidates possess the requisite experience, characters and integrity to act as a Director, and other criterias with regard to the benefits of diversity, including but not limited to gender, age, cultural and educational background, or professional experience and taking into account the Group's business model and specific needs, as set out in the board diversity policy adopted by the Company which is available on the website of the Company on http://www.uni-bioscience.com.

Corporate Governance Functions

The Board is responsible for determining the policy for the corporate governance of the Company and performing the corporate governance duties as below:

(1) to develop and review the Company's policies and practices on corporate governance and make recommendations;
(2) to review and monitor the training and continuous professional development of directors and senior management;
(3) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
(4) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors;
(5) to review the Company's compliance with the code and disclosure in the Corporate Governance Report;

During the year, the Board has engaged an independent accounting firm to perform a review of compliance to the CG Code.

Auditors' Remuneration

The Group was charged HK$1,427,000 for auditing services by Messrs. KTC Partners CPA Limited in respect of the year ended 31 March 2014.

Internal Controls

The Board has overall responsibility for the system of internal controls of the Company and for reviewing its effectiveness. The Board is committed to implement an effective and sound internal control system to safeguard the interest of shareholders and the Group's assets. The Board has delegated such duties to the executive management for the implementation of the system of internal controls and reviewing of all relevant financial, operational, compliance controls and risk management function within an established framework.

The Board has conducted a review of the effectiveness of the Group's internal control system, covering its financial, operational, compliance control and risk management functions.

Directors' Responsibility Statement

The Directors are responsible for the preparation of accounts for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. In preparing the accounts for the year ended 31 March 2014, the Directors have selected suitable accounting policies and applied them consistently; adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards; made adjustments and estimates that are prudent and reasonable; and have prepared the accounts on the going concern basis. The Directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. The external auditors of the Company acknowledge their reporting responsibilities in the auditors' report on the consolidated financial statements of the Company for the year ended 31 March 2014.

Company Secretary

Mr. SHUM Chi Chung was appointed as the company secretary of the Company with effect from 28 February 2014. All Directors have access the advice and services of the company secretary. During the year ended 31 March 2014, Mr. SHUM Chi Chung and Mr. FUNG Kwok Leung, who resigned on 28 February 2014, have taken no less than 15 hours of relevant professional trainings respectively to update their skills and knowledge.

Communication with Shareholders

The Board recognizes the importance of good communications with all shareholders. The Company's annual general meeting for the year ended 31 March 2013 ("AGM") is a valuable forum for the Board to communicate directly with the shareholders. The Chairman of the Board and the Chairman of the Audit, Remuneration and Nomination Committees together with the external auditors were also present at the AGM to answer shareholders' questions. The Company has also published a shareholders communication policy on the website of the Company. Enquiries to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong at Room 3006, 30/F., The Centrium, 60 Wyndham Street, Central, Hong Kong.

All shareholders' circulars set out the relevant information of the proposed resolutions. Separate resolutions are proposed at general meetings on each substantially separate issue, including the election of individual Directors.

Pursuant to Article 58 of the articles of association of the Company, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, stating the objects of the meeting and deposited at our principal place of business in Hong Kong at Room 3006, 30/F., The Centrium, 60 Wyndham Street, Central, Hong Kong to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition.

Save as the procedures for shareholders of the Company to convene a general meeting as set out above, there are no other provisions allowing shareholders of the Company to put forward proposals at the general meeting under the articles of association of the Company or under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised), of the Cayman Islands. Shareholders of the Company may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.

Communication with Shareholders *(Continued)*

A key element of effective communication with shareholders and investors is the prompt and timely dissemination of information in relation to the Group. The Company has announced all its inside information, announcement, interim and annual results in a timely manner in compliance with the Listing Rules. The Company also maintains a company website as a channel to let shareholders know the Company's news and raise questions through emails and telephone.

There have been no changes in the Company's constitutional documents during the year under review.

Business Ethics

The Company is committed to high standard of business ethics and integrity. A long established code of conduct is enforced on all employees of the Group. No personal gifts or other forms of advantages from any person or organization doing business with the Group can be accepted by any employee. Business partners and suppliers are reminded from time to time that our company's policy forbids our employees or agents from accepting any gift from them.

The Group has developed a code of business conduct for its vendors and suppliers. All the vendors and suppliers of the Group are required to maintain a safe and healthy workplace, fair and ethical employment practice and ensure that proper environmental protection measures are in place. The Group also closely monitors that all the relevant codes of conduct stipulated by our major licensors and customers are strictly followed by its vendors and suppliers.

Social Responsibility

The Group makes regular contributions in terms of financial and other supports to various charitable organizations. Employees are encouraged to have direct and active involvement in fund raising activities for the needs of the society.

Directors' Report

The Directors 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 2014.

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 24 to the financial statements. Segmental information of the Group was disclosed in note 11 to the financial statements.

Results and Appropriations

The results of the Group for the year ended 31 March 2014 are set out in the consolidated statement of profit or loss and other comprehensive income on page 37.

Dividend

The Directors do not recommend the payment for a dividend for the year ended 31 March 2014.

Share Capital and Reserves

Details of the movements in share capital of the Company during the year under review are set out in note 35 to the consolidated financial statements.

Movements in reserves of the Group during the year under review are set out on note 36 to the consolidated financial statements.

In accordance with the Companies Law (revised) of the Cayman Islands, share premium is distributable to shareholders, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of share premium if (i) it is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital accounts.

At 31 March 2014, the aggregate amount of the Company's reserves available for distribution to shareholders was approximately HK$100,866,000 (2013: HK$675,577,000).

Movements in share capital and reserves for year ended 31 March 2014 are set out in Note 35 and Note 36 to the consolidated financial statements.

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group are set out in note 19 to the consolidated 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 *(Chairman)*
Mr. Kingsley LEUNG (appointed on 28 February 2014)
Mr. LIU Guoyao (resigned on 28 February 2014)
Mr. LEUNG Ka Chun (resigned on 28 February 2014)

Non-Executive Director
Mr. FUNG Kwok Leung (appointed on 28 February 2014)

Independent Non-Executive Directors
Mr. TSAO Hoi Ho, Terry
Dr. Carl Aslan Jason Morton FIRTH (appointed on 1 April 2014)
Mr. ZHAO Zhi Gang (appointed on 1 April 2014)
Mr. LOU Iok Kuong (resigned on 1 April 2014)
Mr. NG Pak Kin (resigned on 1 April 2014)
Mr. LEUNG Wai Chung, Vincent (resigned on 28 February 2014)

In accordance with article 87(1) of the Company's articles of association, Mr. TSAO Hoi Ho, Terry will retire by rotation at the forthcoming annual general meeting of the Company and being eligible, offers himself for re-election. In accordance with article 86(3) of the Company's articles of association, Mr. Kingsley LEUNG, Mr. FUNG Kwok Leung, Dr. Carl Aslan Jason Morton FIRTH and Mr. ZHAO Zhi Gang will retire at the forthcoming annual general meeting of the Company and being eligible, offer themselves for re-election.

Biographical information of the Directors is set out on pages 17 to 18 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 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's listed securities.

Remuneration Policy

The remuneration policy of the Group to reward its employees is based on individual performance, qualifications and competence displayed.

The emoluments of the Directors are reviewed by the Remuneration Committee, having regarded to the Company's operating results, individual performance and comparable market statistics.

Directors' Interests in Shares

As at 31 March 2014, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of the its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Name of director	Capacity	Number of ordinary shares	Number of underlying shares	Total	Approximate percentage of shareholding *(Note 5)*
TONG Kit Shing	Interest of a controlled corporation *(Note 2)*	914,756,532 (L)	151,459,422 (L)	1,066,215,954 (L)	22.10%
Kingsley LEUNG	Interest of a controlled corporation *(Note 3)*	844,576,010 (L)	211,144,002 (L)	1,055,720,012 (L)	21.88%
TSAO Hoi Ho	Beneficial owner	–	600,000 (L) *(Note 4)*	600,000 (L)	0.01%

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 and underlying 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, an executive Directors whereas Mr. LIU Guoyao, an executive Director who resigned on 28 February 2014, is the sole director of Automatic Result. As such, Mr. TONG is deemed to be interested in all the interest in the shares and underlying shares in the Company held by Automatic Result by virtue of the SFO.

3. These shares and underlying shares are registered in the name of and beneficially owned by Lord Profit Limited ("Lord Profit"), which is beneficially owned as to 90% by Mr. Kingsley LEUNG, an executive Director, and to 10% by Mr. TONG Kit Shing, an executive Director. As such, Mr. LEUNG is deemed to be interested in all the interest in the shares and underlying shares in the Company held by Lord Profit by virtue of the SFO.

4. These 600,000 underlying shares are share options granted by the Company on 27 November 2013 under the share option scheme adopted by the Company on 22 September 2006 at the exercise price of HK$0.219 per share.

5. The percentage of shareholding is calculated on the basis of 4,825,211,424 Shares in issue as at 31 March 2014.

Save as disclosed above, as at 31 March 2014, none of the Directors and chief executive of the Company, or any of their associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO).

Substantial Shareholders' Interests in Securities

To the best knowledge of the Directors after making reasonable enquiry, as at 31 March 2014, 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 ordinary shares	Number of underlying shares	Total	Approximate percentage of shareholding *(Note 5)*
Automatic Result *(Note 2)*	Beneficial owner	914,756,532 (L)	151,459,422 (L)	1,066,215,954 (L)	22.10%
Lord Profit *(Note 3)*	Beneficial owner	884,576,010 (L)	211,144,002 (L)	1,055,720,012 (L)	21.88%
Overseas Capital Assets Limited *(Note 4)*	Beneficial owner	657,180,000 (L)	109,530,000 (L)	766,710,000 (L)	15.89%

Notes:

1. The letter "L" denotes the person's long position in the shares and underlying shares in the Company.
2. Automatic Result Limited is solely and beneficially owned by Mr. TONG Kit Shing, an executive Director, whereas Mr. LIU Guoyao, an executive Director who resigned on 28 February 2014, is the sole director of Automatic Result.
3. Lord Profit is beneficially owned as to 90% by Mr. Kingsley LEUNG, an executive Director, and as to 10% by Mr. TONG Kit Shing, an executive Director.
4. Based on the individual substantial shareholder notice of Overseas Capital Assets Limited filed on 19 June 2014, Overseas Capital Assets Limited is wholly-owned by He Rufeng.
5. The percentage of shareholding is calculated on the basis of 4,825,211,424 Shares in issue as at 31 March 2014.

Save as disclosed above, the Directors and chief executive of the Company were not aware of any other persons who have relevant interests or short positions in the shares or underlying shares in the Company as at 31 March 2014 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.

Directors' Interest in Contracts

No contracts of significance in which a director or was materially interested, either directly or indirectly, had subsisted at the end of the year or at any time during the year ended 31 March 2014, except the Underwriting Agreement dated 10 July 2013 entered into between the Company and Lord Profit Limited, which is owned as to 90% by Mr. Kingsley LEUNG and as to 10% by Mr. TONG Kit Shing, who are executive Directors of the Company, in relation to the Open Offer.

Contracts of Significance

No contracts of significance to which the Group, the Company's holding companies or subsidiaries of the Company's holding companies was a party had subsisted at the end of the year or at any time during the year ended 31 March 2014.

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 under review.

Directors' Interests in Competing Interests

During the year under review, none of the Directors had an interest in any business which competes or may compete with the business in which the Group is engaged.

Connected Transactions

On 10 July 2013, the Company entered into an underwriting agreement with Lord Profit Limited and Prominence Financial Limited (as supplemented and amended by a supplemental underwriting agreement dated 31 July 2013 entered into by the same parties) pursuant to which, the Company agreed to appoint Lord Profit Limited and Prominence Financial Limited as the underwriters ("Underwriters") of the Company (further particulars of which are disclosed in the prospectus of the Company dated 9 September 2013) in the open offer for a commission of 2.5% of the aggregate subscription price in respect of the underwritten shares. Lord Profit Limited was owned as to 90% by Mr. Kingsley Leung and as to 10% by Mr. Tong Kit Shing. As Mr. Tong Kit Shing is an executive Director, where Mr. Kingsley Leung is a cousin of Mr. Tong Kit Shing, Lord Profit Limited is a connected person of the Company. Pursuant to Chapter 14A of the Listing Rules, the transaction constituted a connected transaction of the Company and was subject to the reporting and announcement requirements, but was exempted from the independent shareholder's approval requirement. The underwriting commission under the open offer paid to the Underwriters was approximately HK$5.0 million. For details, please refer to the circular of the Company dated 13 August 2013. The Directors confirm that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Major Customers and Suppliers

For the year under review, the top five customers of the Group together accounted for approximately 29% (2013: 36%) of the Group's total sales for the year while the single largest customer accounted for approximately 16% (2013: 23%) of the Group's total sales during the year under review.

The top five suppliers of the Group for the year under review together accounted for approximately 74% (2013: 75%) of the Group's total purchases for the year and the single largest supplier accounted for approximately 29% (2013: 22%) 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.

Contingent Liabilities

At 31 March 2014, the Group had no material contingent liabilities.

Retirement Benefits Schemes

Particulars of the retirement benefits schemes of the Group are set out in note 18 to the Consolidated financial statements.

Convertible Securities, Options, Warrants or Similar Rights

On 2 October 2013, the bonus warrants (the "Bonus Warrants") entitling the holders thereof to subscribe in cash up to an aggregate of HK$156,484,629.20 for new shares (the "Warrant Shares") of the Company to be issued by Company upon exercise of the subscription rights attached to the Bonus Warrants at the initial exercise price of HK$0.20 per Warrant Share (subject to adjustments) were issued on the basis of one Bonus Warrant for every two offer shares taken up under the open offer of the Company, details of which are set out in the prospectus of the Company dated 9 September 2013. The subscription rights attaching to the Bonus Warrants may be exercised at any time between the date of issue of the Bonus Warrants and 3 years after the date of issue of the Bonus Warrants.

During the year ended 31 March 2014, 130,672,545 shares of HK$0.01 were issued for cash at an exercise price of HK$0.20 per Warrant Share. As at 31 March 2014, the outstanding aggregate amount of the Bonus Warrants was HK$130,350,120.20 entitling the holders thereof to subscribe for up to 651,750,601 shares of HK$0.01 each of the Company upon the exercise of all the subscription rights attached to the outstanding Bonus Warrants.

Save as disclosed above and in the section headed "Share Options" below, the Company had no outstanding convertible securities, options, warrants or instruments carrying other similar rights as at 31 March 2014.

Pre-emptive Rights

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

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 Securities

During the year ended 31 March 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Share Options

Under the share option scheme (the "2001 Scheme") approved by the shareholders on 22 October 2001, the Directors of may, as their 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.

The subscription price for the shares in relation to options to be granted under the 2001 Scheme shall be determined by the Board 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.

	Number of share options								
	At 1 April 2013	Granted during the year	Adjusted during the year (Note)	Lapsed during the year	At 31 March 2014	Date of grant of share options	Validity period of share options	Exercise price of share options HK$ per share	Adjusted exercise price of share options HK$ per share
Directors:									
TSAO Hoi Ho, Terry	–	600,000		–	600,000	27 November 2013	27 November 2013 to 21 September 2016	0.2190	0.2190
LOU Iok Kuong	–	600,000		(600,000)	–	27 November 2013	27 November 2013 to 21 September 2016	0.2190	0.2190
NG Pak Kin	–	200,000		(200,000)	–	27 November 2013	27 November 2013 to 21 September 2016	0.2190	0.2190
LEUNG Wai Chung, Vincent	–	200,000		(200,000)	–	27 November 2013	27 November 2013 to 21 September 2016	0.2190	0.2190
Employees	–	27,420,000		–	27,420,000	27 November 2013	27 November 2013 to 21 September 2016	0.2190	0.2190
	1,550,689	–	143,594	–	1,694,283	28 January 2008	22 September 2006 to 21 September 2016	4.5100	4.1278
Other eligible participants	4,126,166	–	382,082	–	4,508,248	28 January 2008	22 September 2006 to 21 September 2016	4.5100	4.1278
	73,500,000	–	6,806,100	(2,185,200)	78,120,900	26 May 2009	13 September 2007 to 21 September 2016	1.0000	0.9152
	–	440,320,000	–	–	440,320,000	27 November 2013	27 November 2013 to 21 September 2016	0.2190	0.2190
	79,176,855	469,340,000	7,331,776	(3,185,200)	552,663,431				

Note:

The exercise prices and the number of shares falling to be issued under the share options granted on 28 January 2008 and 26 May 2009 respectively have been adjusted as a result of the completion of the Open Offer and the Bonus Issue (as defined in the prospectus of the Company dated 9 September 2013), details of such adjustments have been disclosed in the announcement of the Company dated 28 October 2013.

Share Options *(Continued)*

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.

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 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. Further details of share options were set out in note 30 to the financial statements.

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 19 to 26 of this report.

Audit Committee

The Company sets 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.

Written terms of reference which govern the authority and duties of the Audit Committee were adopted to comply with the requirements of the code provisions of the CG Code set out in the Listing Rules.

The Audit Committee provides an important linkage between the Board and the Company's auditors in relation to audit, financial reporting and internal control matters. The Audit Committee had reviewed with the auditors and the management of the Company the audited results of the Group for the year ended 31 March 2014, 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 the 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 ended review and up to the date of this report.

Subsidiaries and Associated Companies

Details of the Company's subsidiaries and associates at 31 March 2014 are set out in notes 24 and 25 to the financial statements respectively.

Auditors

The financial statements for the year ended 31 March 2014 of the Company have been audited by KTC Partners CPA Limited.

On behalf of the Board

TONG Kit Shing
Chairman

Hong Kong, 30 June 2014

Independent Auditor's Report

KTC Partners CPA Limited

Certified Public Accountants (Practising)

和信會計師事務所有限公司

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TO THE SHAREHOLDERS OF UNI-BIO SCIENCE GROUP LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Uni-Bio Science Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 37 to 89, which comprise the consolidated and company statements of financial position as at 31 March 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2014, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

KTC Partners CPA Limited
Certified Public Accountants (Practising)

Chow Yiu Wah, Joseph
Practising Certificate Number: P04686

Hong Kong
30 June 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Turnover	10	**102,624**	83,333
Cost of sales		**(20,480)**	(17,043)
Gross profit		**82,144**	66,290
Other income	10	**7,071**	5,580
Change in fair value of investment properties	20	**(4,296)**	1,120
Gain on disposal of a subsidiary	40	**80,706**	–
Selling and distribution expenses		**(53,764)**	(41,708)
General and administrative expenses		**(98,443)**	(92,182)
Equity-settled share based payment expenses		**(43,840)**	–
Impairment loss on property, plant and equipment	19	**(15,405)**	–
Impairment loss on goodwill	22	**(259,416)**	–
Impairment loss on intangible assets	23	**(31,060)**	–
Intangible assets written off	23	**(16,424)**	–
Loss on disposal of property, plant and equipment		**(5,692)**	(28)
Property, plant and equipment written off	19	**(675)**	(162)
Loss from operation		**(359,094)**	(61,090)
Finance costs	12	**(3,738)**	(7,670)
Share of results of associates		**(1,365)**	497
Loss before taxation	13	**(364,197)**	(68,263)
Income tax expense	14	**(1,933)**	(1,045)
Loss for the year		**(366,130)**	(69,308)
Items that may be classified subsequently to profit or loss			
Exchange differences arising on translation of financial statements of foreign operations		**6,630**	1,514
Exchange differences reclassified to profit or loss on disposal of a subsidiary	40	**(86,841)**	–
Release of capital reserves upon disposal of a subsidiary	40	**267**	–
Release of statutory reserves upon disposal of a subsidiary	40	**(6,289)**	–
Total other comprehensive (expenses) income for the year		**(86,233)**	1,514
Total comprehensive expenses for the year		**(452,363)**	(67,794)
Loss per share	15		
Basic (HK' cents per share)		**(11.83)**	(5.31)
Diluted (HK' cents per share)		**(11.83)**	(5.31)

Consolidated Statement of Financial Position

At 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment	19	**141,499**	160,390
Investment properties	20	**20,902**	24,632
Prepaid lease payments	21	**15,696**	16,436
Goodwill	22	**–**	259,416
Intangible assets	23	**244,435**	315,417
Interests in associates	25	**5,653**	6,861
Deposit paid for the acquisition of property, plant and equipment	26	**10,307**	22,448
		438,492	805,600
Current assets			
Inventories	27	**5,756**	4,924
Trade and other receivables	28	**33,073**	48,194
Prepaid lease payments	21	**1,112**	1,087
Held-to-maturity investments	29	**138,504**	–
Amount due from an associate	30	**19,751**	–
Bank balances and cash	31	**56,227**	14,134
		254,423	68,339
Current liabilities			
Trade and other payables	32	**73,744**	24,473
Amount due to an associate	30	**–**	7,359
Amount due to a director	30	**17,498**	8,706
Borrowings	33	**–**	32,012
Income tax payable		**2,953**	2,638
		94,195	75,188
Net current assets (liabilities)		**160,228**	(6,849)
Total assets less current liabilities		**598,720**	798,751
Non-current liabilities			
Borrowings	33	**–**	97,801
Deferred tax liabilities	34	**498**	1,442
		498	99,243
Net assets		**598,222**	699,508
Capital and reserves			
Share capital	35	**48,252**	13,048
Reserves		**549,970**	686,460
Total equity		**598,222**	699,508

The financial statements on pages 37 to 89 were approved and authorised for issue by the board of directors on 30 June 2014 and are signed on its behalf by:

Tong Kit Shing	**Kingsley Leung**
Director	*Director*

Statement of Financial Position

At 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current asset			
Investments in subsidiaries	24	**–**	–
Current assets			
Amounts due from subsidiaries	24	**578,526**	737,918
Other receivables	28	**131**	512
Bank balances and cash	31	**25,155**	362
		603,812	738,792
Current liabilities			
Amounts due to subsidiaries	24	**1,224**	–
Other payables	32	**1,850**	2,861
Amounts due to a director	30	**5,764**	5,769
		8,838	8,630
Net current assets		**594,974**	730,162
Total assets less current liabilities		**594,974**	730,162
Net assets		**594,974**	730,162
Capital and reserves			
Share capital	35	**48,252**	13,048
Reserves	36	**546,722**	717,114
Total equity		**594,974**	730,162

The financial statements on pages 37 to 89 were approved and authorised for issue by the board of directors on 30 June 2014 and are signed on its behalf by:

Tong Kit Shing
Director

Kingsley Leung
Director

Consolidated Statement of Changes In Equity

For the year ended 31 March 2014

	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000 (Note a)	Statutory reserve HK$'000 (Note b)	Share-based payments reserve HK$'000	Distributable reserve HK$'000 (Note c)	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2012	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 year	–	–	–	–	–	–	1,514	(69,308)	(67,794)
At 31 March 2013	13,048	250,889	(267)	6,289	41,537	1,291,798	169,648	(1,073,434)	699,508
Total comprehensive income (expenses) for the year	–	–	267	(6,289)	–	–	(80,211)	(366,130)	(452,363)
Recognition of equity-settled share based payments	–	–	–	–	43,840	–	–	–	43,840
Lapsed of share options	–	–	–	–	(1,173)	–	–	1,173	–
Issue of shares upon:									
– placement of shares	2,600	35,519	–	–	–	–	–	–	38,119
– open offer	31,297	211,718	–	–	–	–	–	–	243,015
– exercise of warrants	1,307	24,796	–	–	–	–	–	–	26,103
At 31 March 2014	48,252	522,922	–	–	84,204	1,291,798	89,437	(1,438,391)	598,222

Notes:

(a) Capital reserve

The capital reserve represents the equity component of the convertible bonds.

(b) Statutory reserve

In accordance with the Company Law of the People's Republic of China (the "PRC"), companies in the PRC are required to allocate 10% of their profit after taxation to the statutory reserve until such reserve reaches 50% of the registered capital of the companies. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory reserve may be converted to increase paid-in capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

(c) Distributable reserve

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

Under the Companies Law (revised) of the Cayman Islands, share premium is distributable to shareholders, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of share premium if (i) it is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital accounts.

Consolidated Statement of Cash Flows

For the year ended 31 March 2014

	2014 HK$'000	2013 HK$'000
OPERATING ACTIVITIES		
Loss before taxation	**(364,197)**	(68,263)
Adjustments for:		
Amortisation of intangible assets	**34,167**	30,481
Amortisation of prepaid lease payments	**1,112**	1,092
Bad debt directly written off	**89**	–
Change in fair value of investment properties	**4,296**	(1,120)
Depreciation of property, plant and equipment	**29,976**	30,474
Equity-settled share based payment expenses	**43,840**	–
Gain on disposal of a subsidiary	**(80,706)**	–
Impairment loss on intangible assets	**31,060**	–
Impairment loss on deposit paid for acquisition of intangible assets	**–**	1,761
Impairment loss on goodwill	**259,416**	–
Interest expenses	**3,738**	7,670
Interest income	**(3,661)**	(155)
Intangible assets written off	**16,424**	–
Impairment loss on property, plant and equipment	**15,405**	–
Loss on disposal of property, plant and equipment	**5,692**	28
Property, plant and equipment written off	**675**	162
Reversal of impairment of trade receivables	**(1,178)**	(3,399)
Reversal of impairment loss on deposit paid for acquisition of property, plant and equipment	**–**	(5,362)
Share of results of associates	**1,365**	(497)
Operating cash flows before changes in working capital	**(2,487)**	(7,128)
(Increase) decrease in inventories	**(722)**	2,883
Increase in trade and other receivables	**(26,870)**	(21,752)
Increase in trade payables and other payables	**82,632**	3,554
Cash generated from (used in) operations	**52,553**	(22,443)
Income taxes paid	**(2,562)**	(701)
NET CASH USED IN OPERATING ACTIVITIES	**49,991**	(23,144)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(36,474)**	(24,105)
Proceeds from disposal of property, plant and equipment	**10,561**	14
Purchase of intangible assets	**(3,693)**	(1,295)
Purchase of investment in trusts	**(138,731)**	–
Interest received	**3,661**	155
NET CASH USED IN INVESTING ACTIVITIES	**(164,676)**	(25,231)
FINANCING ACTIVITIES		
Advance from (repayments to) a director	**8,823**	(758)
Others borrowings raised	**–**	50,000
Proceeds from issue of open offer shares	**243,015**	–
Proceeds from exercise of warrants	**26,103**	–
Proceeds from issue of new shares	**38,119**	–
(Repayments to) advance from an associate	**(27,321)**	3,659
Repayment of bank and other borrowings	**(130,431)**	(7,387)
Interest paid	**(3,738)**	(7,670)
NET CASH FROM FINANCING ACTIVITIES	**154,570**	37,844
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**39,885**	(10,531)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**14,134**	22,273
EFFECT OF CHANGE IN FOREIGN EXCHANGE RATE	**2,208**	2,392
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	**56,227**	14,134

1. General

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

The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the annual report.

The functional currency of the Company and its subsidiaries (collectively referred to as the "Group") is Hong Kong dollars ("HK$") and for those subsidiaries established in the People's Republic of China ("PRC") is Renminbi ("RMB"). The consolidated financial statements are presented in Hong Kong dollars ("HK$") for the convenience of users of the consolidated financial statements as the Company is listed in Hong Kong.

The Company is engaged in investment holding and the principal activities of its subsidiaries are set in Note 24.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

The Group has applied the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKFRS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HK(IFRIC)–Int 20	Stripping Costs in the Production Phase of a Surface Mine

3. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 *Consolidated Financial Statements*, HKFRS 11 *Joint Arrangements*, HKFRS 12 *Disclosure of Interests in Other Entities*, HKAS 27 (as revised in 2011) *Separate Financial Statements* and HKAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*, together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK(SIC) Int–12 Consolidation – *Special Purpose Entities*. HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

As a result of the initial application of HKFRS 10, the directors of the Company made an assessment of whether the Group has control over its investees at the date of initial application and concluded that the application of HKFRS 10 does not result in any change in control conclusion.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

3. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

The application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*. Upon the adoption of the amendments to HKAS 1, the Group's "statement of comprehensive income" is renamed as the "statement of profit or loss and other comprehensive income". The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

3. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

New and revised HKFRSs in issue but not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle[2]
HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferral Accounts[4]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC)–Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.

2 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

3 Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

4 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

4. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the 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 and certain financial instruments 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.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

4. Significant Accounting Policies *(Continued)*

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 – inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 – inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its powers to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidated.

4. Significant Accounting Policies *(Continued)*

Investments in subsidiaries

Investments in subsidiaries are included in the Company's statement of financial position at cost less impairment loss, if any.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an as associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKAS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When a group entity transacts with an associate of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

4. Significant Accounting Policies *(Continued)*

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

The Group's policy for goodwill arising on the acquisition of an associate is described above.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

(i) *Sale of goods*

Revenue from the sale of goods is recognised when the goods are delivered and title has passed, at which time the Group has transferred to the buyer the significant risks and rewards of ownership of the goods.

(ii) *Interest income*

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing below.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

4. Significant Accounting Policies *(Continued)*

Property, plant and equipment

Property, plant and equipment including leasehold land (classified as finance leases) and buildings held for use in the production or supply of goods, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

4. Significant Accounting Policies *(Continued)*

Intangible assets

(i) *Intangible assets acquired separately*
Intangible assets with finite useful lives acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

(ii) *Internally-generated intangible assets – research and development expenditures*
Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

(iii) *Intangible assets acquired in a business combination*
Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortisation and any accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

4. Significant Accounting Policies *(Continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transaction. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interests becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

4. Significant Accounting Policies *(Continued)*

Taxation *(Continued)*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Financial assets are classified as other loans and receivables or held-to-maturity investments. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

4. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amount due from an associate and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Held-to-maturity investment

"Held-to-maturity investment" are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity. The Group has designated the investment in trust as held-to-maturity investments because the trusts have fixed payments and maturity and the Group has the positive intention and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment (see accounting policy on impairment losses on financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

4. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit and loss. When a trade or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities including trade and other payables, amount due to an associate/a director and borrowings are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

4. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments (Continued)

Derecognition *(Continued)*

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Cash and cash equivalents

Bank balances and cash comprise cash at bank, on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalent consist of cash and short-term deposits as defined above.

Equity-settled share-based payment transactions

Share options granted to employees/directors

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the date of grant and is expenses on a straight-line basis over the vesting period, with a corresponding increase in equity (share-based payments reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share-based payments reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When the share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to accumulated losses.

Impairment on tangible and intangible assets other than goodwill

(See the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

4. Significant Accounting Policies *(Continued)*

Impairment on tangible and intangible assets other than goodwill *(Continued)*

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgment in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Held-to-maturity investments

The directors of the Company have reviewed the Group's held-to-maturity investments in the light of its capital maintenance and liquidity requirements and have confirmed the Group's positive intention and ability to hold those assets to maturity. The carrying amount of the held-to-maturity investments is HK$138,504,000 (2013: Nil). Details of those assets are set out in Note 29.

Keys sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of property, plant and equipment

This requires an estimation of the recoverable amount which was determined by either based on fair value less cost to sell method. The fair value of the assets were determined by management based on recent market transactions. The market approach involves a direct comparison of the assets being appraised to similar assets that have sold in the same or in a similar market.

The Group determines whether an asset is impaired at least on an annual basis or where an indication of impairment exists. At 31 March 2014, the carrying amount of property, plant and equipment is HK$141,499,000 (2013: HK$160,390,000), and management of the Group determined that an impairment loss of HK$15,405,000 (2013: Nil) has been recognised.

5. Critical Accounting Judgments and Key Sources Of Estimation Uncertainty *(Continued)*

Depreciation of property, plant and equipment

Management determines the estimated useful lives and residual values for the Group's property, plant and equipment. The Group will revise the depreciation charge where useful lives and residual values are different to previous estimates, or will write off or write down technically obsolete or on-strategic assets that have been abandoned or sold.

Fair value of investment properties

At the end of each reporting period, investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market conditions. In relying on the valuation report, the directors of the Company have exercised their judgment and are satisfied that the assumptions used in the valuation have reflected the current market conditions. Changes to these assumptions would result in changes in the fair values of the Group's investment properties being recognised in profit or loss. At 31 March 2014, the carrying amount of investment properties measured at fair value was approximately HK$20,902,000 (2013: HK$24,632,000).

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount which is higher of the fair value less cost to sell or value in use of the cash-generating units to which goodwill has been allocated. The calculation of value in use requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or there is a downward revision of future estimated cash flows due to unfavourable changes in facts and circumstances, an impairment loss may arise. At 31 March 2014, the carrying amount of goodwill is Nil (2013: HK$259,416,000), net of accumulated impairment loss of HK$573,552,000 (2013: HK$314,136,000).

Amortisation of intangible assets

Intangible assets are amortised over their useful economic lives. The assessment of estimated useful lives is a matter of judgment based on the experience of the Group, taking into account factors such as the ability to legally renew the technical know-how, technological progress and changes in market demand. Useful lives are periodically reviewed for continued appropriateness. Due to long lives of assets, changes to the estimates used can result in variations in their carrying value in the period in which the change take places. At 31 March 2014, the carrying amount of intangible assets is HK$244,435,000 (2013: HK$315,417,000), and amortisation of the intangible assets of HK$34,167,000 (2013: HK$ 30,481,000) was recognised for the year.

Estimated impairment of intangible assets

Determining whether intangible assets are impaired requires an estimation of the recoverable amount which is higher of the fair value less cost to sell, or value in use of the cash-generating units to which intangible asset has been allocated.

(i) *Technical know-how*
The fair value of technical know-how were determined by the market-based approach. The Market-Based Approach values an intangible asset by comparing prices at which other intangible assets in a similar nature changed hands in arm's length transactions. Impairment loss of HK$28,342,000 (2013: Nil) has been recognised in respect of technical know-how during the year ended 31 March 2014.

(ii) *Trademarks and certificates and product development in progress*
The fair value of trademarks and certificates and product development in progress were calculated using the value in use which requires the Group to estimate the future cash flows expected to arise from the relevant assets or the cash-generating unit in which the relevant intangible assets belong and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or there is downward revision of future estimated cash flows due to unfavourable changes in facts and circumstances, an impairment loss may arise. At 31 March 2014, the carrying amount of trademark and certificate and product development in progress is HK$9,051,000 and HK$188,065,000 respectively (2013: HK$31,637,000 and HK$197,193,000 respectively). During the year ended 31 March 2014, an impairment loss on trademarks and certificates of approximately HK$1,829,000 (2013: Nil) and product development in progress of approximately HK$889,000 (2013: Nil) was recognised.

5. Critical Accounting Judgments and Key Sources Of Estimation Uncertainty *(Continued)*

Estimated impairment loss on trade and other receivables

Impairment of trade receivables is made based on assessment of the recoverability of trade receivables. The assessment involves reviewing aging of trade and other receivables and assessing the payment history of the debtor. The identification of impairment requires management judgment and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact the carrying value of the receivables as well as impairment or write-back of impairment in the period in which such estimate has been changed.

At 31 March 2014, the carrying amounts of trade receivables was HK$25,597,000 (2013: HK$20,401,000). No impairment loss has been recognised in respect of trade receivables during the two years ended 31 March 2014.

At 31 March 2014, the carrying amounts of other receivables was HK$7,476,000 (2013: HK$27,793,000). No impairment loss has been recognised in respect of other receivables during the two years ended 31 March 2014.

6. Capital Risk Management

The Group's objectives when managing capital is to safeguard the Group's ability to continue as going concern in order to provide returns for the shareholders and to maintain an optimal capital structure to reduce the cost of capital and to support the Group's stability and growth.

The capital structure of the Group consists of net debt, which includes borrowings disclosed in Note 33, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The Group monitors its capital structure and make adjustments to it in the light of changes in economic conditions and the risk characteristic of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue new shares, raise new debt financing or sell assets to reduce debts. No changes were made in the objectives, policies or processes during the years ended 31 March 2014 and 2013.

The gearing ratio at the end of the reporting was as follows:

	2014 HK$'000	2013 HK$'000
Debts (i)	**–**	129,813
Bank balances and cash	**(56,227)**	(14,134)
Net debt	**(56,227)**	115,679
Total equity (ii)	**598,222**	699,508
Net debt-to-equity ratio (iii)	**N/A**	16.54%

Notes:

(i) Debts are defined as long and short-term borrowings.

(ii) Equity includes all capital and reserves of the Group.

(iii) No borrowings outstanding as of 31 March 2014. Therefore, net debt-to-equity ratio is not available.

7. Financial Instruments

Categories of financial instruments	**The Group**		**The Company**	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Held-to-maturity investments	**138,504**	–	**–**	–
Loans and receivables (including bank balances and cash)	**109,051**	61,022	**40,308**	738,284
	247,555	61,022	**40,308**	738,284
Financial liabilities at amortised cost	**91,242**	170,351	**8,838**	8,630

8. Financial Risk Management Objectives and Policies

The Group's major financial instruments include trade and other receivables, amount due from an associate, bank balances and cash, trade and other payables, amounts due to a director/an associate and borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) *Currency risk*

The Group mainly operates in the PRC, and did not have any significant sales or purchases denominated in currencies other than the functional currency of the relevant group entities. However, the Group has certain bank balances and borrowings that are denominated in Hong Kong dollars ("HK$"). As a result, the Group is exposed to fluctuations in exchange rates of HK$ against Renminbi ("RMB"). The Group did not enter into any derivative contracts nor did it have a foreign currency hedging policy aimed at minimising exchange rate risks during the year. However, the management closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		Assets	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
HK$	**–**	99,061	**48**	1,363

Sensitivity analysis

The Group is mainly exposed to exchange rate fluctuations of HK$. The following table details the Group's sensitivity to a 5% (2013: 5%) increase in RMB against the HK$ while all other variables are held constant. 5% (2013: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2013: 5%) change in foreign currency rates.

The sensitivity analysis includes monetary items where the denomination of the balances is in a currency other than the functional currency of the respective group entities. A positive number below indicates a decrease in loss for the year where RMB strengthen 5% (2013: 5%) against the relevant currency while a negative number represents an increase in loss for the year. For a 5% (2013: 5%) weakening of RMB against the relevant currency, there would be an equal and opposite impact on the result for the year.

	2014	2013
	HK$'000	HK$'000
Loss for the year	**(2)**	4,885

In management's opinion, the sensitivity analysis is unrepresentative of the inherent currency risk as the year end exposure does not reflect the exposure during the year.

8. Financial Risk Management Objectives and Policies *(Continued)*

Market risk *(Continued)*

(ii) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from bank borrowings. Borrowings bearing variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The exposure to interest rates for the Group's short term bank deposits is considered immaterial.

The Group will review whether bank loans bearing floating rates should be drawn from time to time with reference to the trend of changes in interest rates. The interest rates and repayment terms of borrowings and bank balances and cash of the Group are disclosed in Note 33 and 31 respectively. The Group currently does not have an interest rate hedging policy. However, the directors monitor interest rate change exposure and will consider hedging significant interest rate exchange exposure should the need arises. The policies to management interest rate risk have been followed by the Group since prior year and are considered to be effective.

Sensitivity analysis

As of 31 March 2013, it is estimated that a general 100 basis point increase or decrease in interest rates, with all other variables held constant, would increase or decrease the Company's loss for the year ended 31 March 2013 and accumulated losses by approximately HK$320,000 (2014: Nil).

The above sensitivity for the year ended 31 March 2013 analysis has been determined assuming that a change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis point increase or decrease represents directors' assessment of a reasonably possible change in interest rates over the period until the next reporting period. No sensitivity analysis was performed for the year ended 31 March 2014.

Credit risk

At 31 March 2014 and 2013, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to the failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In addition, the Group reviews the recoverable amount of each individual trade and other receivables, amount due from an associate and amounts due from subsidiaries at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are authorised banks in Hong Kong and the PRC with high credit ratings.

At 31 March 2014, the Group has concentration of credit risk as 18% (2013: 20%) and 33% (2013: 31%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

At 31 March 2014 and 2013, all trade receivables were from customers located in the PRC.

8. Financial Risk Management Objectives and Policies *(Continued)*

Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities. The Group is exposed to liquidity risk in respect of settlement of trade payables and its financing obligations, and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

The Group manages its liquidity needs on a consolidated basis by carefully monitoring scheduled debt servicing payments for long term financial liabilities as well as forecast cash inflows and outflows due in day to day business. Liquidity needs are monitored in various time bands, on a day to day and week to week basis, as well as on the basis of a rolling 30 day projection. Long term liquidity needs for a 90-day and 180-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows if available borrowing facilities are expected to be sufficient over the lookout period.

The Group maintains cash and short-term bank deposits to meet its liquidity requirements for 30 day periods at a minimum. Funding for longer-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell longer-term financial assets.

The liquidity policies have been followed by the Group since prior years and are considered to have been effective in managing liquidity risks.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

At 31 March 2014

	Within 1 year or on demand and total contractual undiscounted cash flow HK$'000	Total carrying amount HK$'000
The Group		
Trade and other payables	73,744	73,744
Amount due to a director	17,498	17,498
	91,242	91,242
The Company		
Amounts due to subsidiaries	1,224	1,224
Other payables	1,850	1,850
Amount due to a director	5,764	5,764
	8,838	8,838

8. Financial Risk Management Objectives and Policies *(Continued)*

Liquidity risk *(Continued)*

At 31 March 2013

	Within 1 year or On demand HK$'000	Between 1 and 2 years HK$'000	Total contractual undiscounted cash flow HK$'000	Total Carrying Amount HK$'000
The Group				
Trade and other payables	24,473	–	24,473	24,473
Amount due to an associate	7,359	–	7,359	7,359
Amount due to a director	8,706	–	8,706	8,706
Borrowings	33,933	103,669	137,602	129,813
	74,471	103,669	178,140	170,351
The Company				
Other payables	2,861	–	2,861	2,861
Amount due to a director	5,769	–	5,769	5,769
	8,630	–	8,630	8,630

9. Fair Value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices and ask prices, respectively;
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments; and
- the fair value if non-optional derivative instrument is calculated using quoted prices where such prices are not available, the fair value is estimated using discounted cash flow analysis and the applicable curve for the duration of the instruments. For option based derivative, the fair value is estimated using option pricing model (for example, the Binomial model).

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values due to their short-term maturities.

The directors of the Company also consider that the fair value of the long-term portion of liabilities approximates to their carrying amount as they are carried at amortised cost by using effective interest rate method.

10. Turnover and Other Income

Turnover 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 year is as follows:

	2014 HK$'000	2013 HK$'000
Turnover		
Sales of pharmaceutical products	**102,624**	83,333
Other income		
Interest income (Note i)	**3,661**	155
Rental income (Note ii)	**1,912**	1,903
Reversal of impairment on trade receivables	**1,178**	3,399
Sundry income	**320**	123
	7,071	5,580
Total income	**109,695**	88,913

(i) For the year ended 31 March 2014, interest income includes interest received from held-to-maturity investments of approximately HK$3,307,000 (2013: Nil).

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

11. Segment Information

Information reported to the board of directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on the types of goods sold.

Specifically, the Group's reportable segments under HKFRS 8 are as follows:

Third party pharmaceutical products – Distribution of third party pharmaceutical products.

In-house chemical pharmaceutical products – Manufacture and sale of in-house chemical pharmaceutical products.

In-house biological pharmaceutical products – Manufacture and sale of in-house biological pharmaceutical products.

11. Segment Information *(Continued)*

(a) Segment revenues and result

For the year ended

	Third party pharmaceutical products		In-house chemical pharmaceutical products		In-house biological pharmaceutical products		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue	**–**	–	**30,727**	29,435	**71,897**	53,898	**102,624**	83,333
Segment results	**(6,255)**	(8,528)	**(9,844)**	(9,501)	**(365,908)**	(32,729)	**(382,007)**	(50,758)
Unallocated income and unallocated expenses							**22,913**	(10,332)
Finance costs							**(3,738)**	(7,670)
Share of results of associates							**(1,365)**	497
Loss before taxation							**(364,197)**	(68,263)

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 4. Segment results represents the results of each segment without allocation of interest income, gain on disposal of a subsidiary, central administration costs, directors' remuneration, equity-settled share based payment expenses, share of results of associates and finance costs. This is the measure reported to the chief operating decision maker of the Group for the purposes of resource allocation and performance assessment.

(b) Segment assets and liabilities

At 31 March

	Third party pharmaceutical products		In-house chemical pharmaceutical products		In-house biological pharmaceutical products		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment assets								
Segment assets	**–**	36,742	**102,583**	97,984	**348,353**	693,515	**450,936**	828,241
Unallocated assets							**241,979**	45,698
Total assets							**692,915**	873,939
Segment liabilities								
Segment liabilities	**–**	937	**5,606**	5,077	**66,029**	8,336	**71,635**	14,350
Unallocated liabilities							**23,058**	160,081
Total liabilities							**94,693**	174,431

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 and bank balances and cash. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and

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

11. Segment Information *(Continued)*

(c) Other segment information

For the year ended

	Third party pharmaceutical products		In-house chemical pharmaceutical products		In-house biological pharmaceutical products		Unallocated amount		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$,000**	HK$,000	**HK$'000**	HK$'000
Amounts included in the measure of segment profit or loss or segment assets										
Additions to non-current assets (Note)	**–**	–	**15,505**	26,047	**26,792**	55,171	**1,080**	–	**43,377**	81,218
Amortisation of intangible assets	**–**	–	**1,301**	3,340	**32,866**	27,141	**–**	–	**34,167**	30,481
Amortisation of prepaid lease payments	**–**	–	**321**	315	**791**	777	**–**	–	**1,112**	1,092
Bad debts directly written off	**–**	–	**89**	–	**–**	–	**–**	–	**89**	–
Depreciation for property, plant and equipment	**6,347**	10,395	**8,484**	8,611	**14,904**	11,807	**241**	33	**29,976**	30,846
Equity-settled share based payments	**–**	–	**–**	–	**–**	–	**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**	–
Impairment loss on deposit paid for acquisition of intangible assets	**–**	–	**–**	1,761	**–**	–	**–**	–	**–**	1,761
Property, plant and equipment written off	**17**	–	**22**	–	**474**	–	**162**	–	**675**	–
Reversal of impairment loss on trade receivables	**–**	(1,862)	**–**	–	**(1,178)**	(1,537)	**–**	–	**(1,178)**	(3,399)
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**	1,757	**–**	11	**41**	901	**2,953**	5,001	**3,738**	7,670
Interest income	**(73)**	(5)	**(23)**	(21)	**(3,341)**	(129)	**(224)**	–	**(3,661)**	(155)

Note: Non-current assets included property, plant and equipment and intangible assets.

11. Segment Information *(Continued)*

(d) Geographical segments

For the two years 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 distributors, and information about the Group's assets presented based on the geographical location of the assets are summarised below.

	Sales to external customers for the year ended 31 March		**Total assets at 31 March**	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**–**	–	**35,155**	1,504
PRC	**102,624**	83,333	**657,760**	872,435
	102,624	83,333	**692,915**	873,939

(e) Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group as follows:

		2014	2013
		HK$'000	HK$'000
Customer A	Revenue generated from In-house chemical pharmaceutical products	**16,307**	N/A*

* The corresponding revenue does not contribute over 10% of the total revenue of the Group in the year ended 31 March 2013.

12. Finance Costs

	2014 **HK$'000**	2013 HK$'000
Interest expenses on:		
– bank borrowings wholly repayable within five years	**785**	2,676
– other borrowings wholly repayable within five years	**2,953**	4,994
	3,738	7,670

13. Loss Before Taxation

Loss before taxation is arrived at after charging:

	2014 **HK$'000**	2013 HK$'000
Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	**18,959**	15,308
Retirement benefit scheme contribution	**3,867**	1,301
Equity-settled share based payments	**2,709**	–
	25,535	16,609
Less: Staff costs included in research and development costs	**(72)**	(60)
Total staff cost	**25,463**	16,549
Amortisation of intangible assets	**34,167**	30,481
Amortisation of prepaid lease payments	**1,112**	1,092
Auditor's remuneration	**1,427**	1,000
Bad debts directly written off	**89**	–
Cost of inventories recognised as an expense	**19,581**	15,595
Depreciation	**29,976**	30,846
Less: Depreciation included in research and development costs	**(900)**	(372)
	29,076	30,474
Operating lease rentals in respect of offices	**1,642**	1,172
Research and development costs	**5,806**	4,195
Less: Capitalisation on intangible assets	**(3,687)**	(2,320)
	2,119	1,875

14. Income Tax Expense

	2014 **HK$'000**	2013 HK$'000
PRC Enterprise Income Tax ("EIT")		
– Current year	**2,865**	877
– Under-provision in previous years	**45**	–
	2,910	877
Deferred taxation (Note 34)		
– Current year	**(977)**	168
	1,933	1,045

14. Income Tax Expense *(Continued)*

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

Pursuant to the relevant laws and regulations in the PRC, one of the Group's PRC subsidiary, Shenzhen Watsin Genetech Pharmaceutical Co., Limited, was approved as a "high-new technology enterprises" and became eligible to enjoy a preferential enterprise income tax rate of 15% for the year ended 31 March 2013. Enterprise income tax of this subsidiary is 25% for the year 31 March 2014.

The income tax expense for the year can be reconciled to the loss before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2014 HK$'000	2013 HK$'000
Loss before taxation	**(364,197)**	(68,263)
Tax of the Statutory tax rate of 16.5% (2013: 16.5%)	**(60,092)**	(11,263)
Tax effect of non-taxable income	**(21,012)**	(1,359)
Tax effect of non-deductible expenses	**81,410**	7,454
Effect of tax concessionary rates granted to the PRC subsidiaries	**–**	(1,127)
Effect of different rates for companies operating on other jurisdictions	**(3,746)**	(4,542)
Under provision in previous years	**45**	–
Tax effect of unused tax losses not recognised	**5,328**	11,882
Income tax expense for the year	**1,933**	1,045

15. Loss Per Share

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

	2014 HK$'000	2013 HK$'000
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	**(366,130)**	(69,308)

	2014 '000	2013 '000
Number of shares		
Weighted average number of ordinary shares for basic loss per share calculation	**3,094,709**	1,304,846

No adjustment has been made to basic loss per share amounts presented for the years ended 31 March 2014 and 2013 in respect of a dilution as the impact of the share options and warrants outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

16. Dividend

No dividend was paid, declared or proposed during the year ended 31 March 2014, nor has any dividend been proposed since the end of the reporting period (2013: Nil).

17. Directors', Chief Executive's and Employees' Emoluments

(a) Director's and chief executive's remuneration

	For the year ended 31 March 2014				
	Fees HK$'000	Other emoluments and other benefits HK$'000	Retirement benefit scheme contributions HK$'000	Equity-settled share based payments HK$'000	Total emoluments HK$'000
Executive Directors					
Tong Kit Shing	145	–	7	–	152
Kingsley Leung (appointed on 28 February 2014)	50	–	1	–	51
Liu Guoyao (Chief Executive Officer, resigned on 28 February 2014)	49	–	–	–	49
Leung Ka Chun (appointed on 1 December 2012 and resigned on 28 February 2014)	330	–	14	–	344
Non-executive Directors					
Fung Kwok Leung (appointed on 28 February 2014)	10	–	–	–	10
Independent Non-executive Directors					
Tsao Hoi Ho, Terry	120	–	–	56	176
Lou Iok Kuong (resigned on 1 April 2014)	120	–	–	56	176
Ng Pak Kin (resigned on 1 April 2014)	120	–	–	19	139
Leung Wai Chung, Vincent (resigned on 28 February 2014)	110	–	–	19	129
	1,054	–	22	150	1,226

Liu Guoyao is also the Chief Executive Officer of the Company and his emoluments disclosed above include those rendered by him as Chief Executive. He resigned as an executive director and the chief executive officer office on 28 February 2014. As the Company does not appoint the new Chief Executive Officer, no Chief Executive Officer has been shown during the year.

	For the year ended 31 March 2013				
	Fees HK$'000	Other emoluments and other benefits HK$'000	Retirement benefit scheme contributions HK$'000	Equity-settled share based payments HK$'000	Total emoluments HK$'000
Executive Directors					
Tong Kit Shing	145	–	7	–	152
Liu Guoyao (Chief Executive Officer)	–	–	–	–	–
Leung Ka Chun (appointed on 1 December 2012)	200	–	5	–	205
Independent Non-executive Directors					
Zhou Yaoming (resigned on 1 April 2012)	50	–	–	–	50
Lin Jian (resigned on 1 April 2012)	50	–	–	–	50
Tsao Hoi Ho	120	–	–	–	120
Lou Iok Kuong	120	–	–	–	120
Ng Pak Kin (appointed on 1 December 2012)	40	–	–	–	40
Leung Wai Chung, Vincent (appointed on 1 December 2012)	40	–	–	–	40
	765	–	12	–	777

Liu Guoyao is also the Chief Executive Officer of the Company and his emoluments disclosed above include those rendered by him as Chief Executive.

17. Directors', Chief Executive's and Employees' Emoluments *(Continued)*

(b) Senior management's remuneration

Of the five individuals with highest emoluments in the Group, none (2013: none) were directors of the Company whose emoluments are set out above. The emoluments of the remaining five (2013: five) highest paid individuals were as follows:

	2014 **HK$'000**	2013 HK$'000
Salaries and other benefits	**2,739**	2,365
Retirement benefit scheme contributions	**84**	59
Equity-settled share based payments	**590**	–
	3,413	2,424

Their emoluments were within the following bands:

	2014	2013
Nil to HK$1,000,000	**4**	5
HK$1,000,001 to HK$2,000,000	**1**	–
	5	5

(c) No emoluments have been paid by the Group to the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Company, or as compensation for loss of office during the two years ended 31 March 2014.

18. Staff Costs (Excluding Directors' and Chief Executive's Remuneration)

	2014 **HK$'000**	2013 HK$'000
Salaries and other benefits	**17,833**	14,483
Retirement benefit scheme contributions	**3,845**	1,289
Equity-settled share based payments	**2,559**	–
	24,237	15,772

Hong Kong

The Group operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employee's relevant income, subject to a cap of monthly relevant income of HK$25,000 (2013: HK$25,000). Apart from the mandatory contributions, the employer would make monthly voluntary contributions. The aggregate of the mandatory and voluntary contributions made by the employer represents 5% of the basic salary of the employees. Mandatory contributions to the plan vest immediately. Where there are employees who leave the Group prior to vesting fully in the voluntary contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions. During the year ended 31 March 2014, a total contribution of approximately HK$122,000 (2013: HK$93,000) was made by the Group in respect of this scheme.

PRC

The employees employed in China subsidiaries are members of the state-managed retirement benefits schemes operated by the China government. The China subsidiaries are required to contribute to the retirement benefits schemes based on a certain percentage of their payroll to fund the benefits. The only obligation of the Group with respect to these retirement benefits schemes is to make the required contributions under the schemes. During the year ended 31 March 2014, a total contribution of approximately HK$3,745,000 (2013: HK$1,208,000) was made by the Group in respect of this scheme.

The Group has no other material obligation for payment of retirement benefits beyond the annual contributions as described above.

19. Property, Plant and Equipment

The Group

	Leasehold buildings HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
COST							
At 1 April 2012	46,500	253,311	34,186	49,043	5,222	3,530	391,792
Exchange realignment	151	821	111	159	17	11	1,270
Additions	–	15,883	1,940	4,374	–	5,728	27,925
Disposals	–	(6)	–	–	(417)	–	(423)
Written off	–	(285)	(7)	–	(512)	–	(804)
At 31 March 2013	46,651	269,724	36,230	53,576	4,310	9,269	419,760
Exchange realignment	1,108	11,856	147	1,355	129	193	14,788
Additions	–	17,856	1,512	1,394	432	18,496	39,690
Disposals	–	(19,289)	–	–	–	–	(19,289)
Written off (Note d)	–	(49,944)	(5,467)	(6,500)	–	–	(61,911)
Transfer	–	1,651	457	7,357	–	(9,465)	–
Disposal of a subsidiary (Note 40)	–	–	(9)	–	–	–	(9)
At 31 March 2014	47,759	231,854	32,870	57,182	4,871	18,493	393,029
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 April 2012	22,897	140,839	30,133	29,427	4,843	–	228,139
Exchange realignment	151	931	199	195	33	–	1,509
Provided for the year	2,939	26,659	805	244	199	–	30,846
Eliminated on disposals	–	(6)	–	–	(375)	–	(381)
Eliminated on written off	–	(240)	(6)	–	(497)	–	(743)
At 31 March 2013	25,987	168,183	31,131	29,866	4,203	–	259,370
Exchange realignment	(395)	8,280	70	3,685	(583)	–	11,057
Provided for the year	1,647	23,999	942	3,249	139	–	29,976
Eliminated on disposals	–	(3,036)	–	–	–	–	(3,036)
Eliminated on written off	–	(49,931)	(4,829)	(6,476)	–	–	(61,236)
Eliminated on disposal of a subsidiary	–	–	(6)	–	–	–	(6)
Impairment for the year (Note e)	–	15,405	–	–	–	–	15,405
At 31 March 2014	27,239	162,900	27,308	30,324	3,759	–	251,530
CARRYING VALUES							
At 31 March 2014	20,520	68,954	5,562	26,858	1,112	18,493	141,499
At 31 March 2013	20,664	101,541	5,099	23,710	107	9,269	160,390

19. Property, Plant and Equipment *(Continued)*

(a) The leasehold buildings are held in the PRC under medium-term leases.

(b) The above items of property, plant and equipment, except for construction in progress, are depreciated on a straight-line basis, less their estimated residual value, if any, at the following rates per annum:

Buildings	Over 5% or the term of the lease or land use rights, if shorter
Plant and machinery	6.6% – 20%
Furniture, fixtures and equipment	10% – 20%
Leasehold improvements	5% – 18%
Motor vehicles	15% – 20%

(c) At 31 March 2014, certain properties with carrying amount of Nil (2013: HK$20,664,000) were pledged as collateral of the Group's bank borrowings (Note 33).

(d) Due to wear and tear, the carrying amounts of the Group's property, plant and equipment amounting to approximately HK$675,000 (2013: HK$61,000) were written off during the year ended 31 March 2014.

(e) According to the results of review of the valuations, which were based on recent market price of assets with similar age and obsolescence, carried out by an independent professional firm of valuers, Roma Appraisals Limited, an impairment loss of HK$15,405,000 (2013: Nil) was recognised for the year ended 31 March 2014.

20. Investment Properties

	The Group	
	2014	2013
	HK$'000	HK$'000
FAIR VALUE		
At the beginning of the year	**24,632**	23,558
Exchange realignment	**566**	(46)
Change in fair value	**(4,296)**	1,120
At the end of the year	**20,902**	24,632

(a) The carrying value of investment properties shown above were situated in the PRC and held under medium-term lease.

(b) All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes were measured using the fair value model and were classified and accounted for as investment properties.

(c) The fair value of the investment properties of the Group as at 31 March 2014 and 2013 has been arrived at on an open market value basis assuming sale with existing tenancies by using the income approach by capitalising the net rental income receivable from the existing tenancies and the reversionary rental income potentials. The valuations were carried out by an independent qualified professional valuer not connected with the Group, Roma Appraisals Limited, who had among its staff members of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued.

(d) At 31 March 2014, certain of the Group's investment properties with carrying amount of Nil (2013: HK$9,849,000) were pledged as collateral for the Group's bank borrowings (Note 33).

20. Investment Properties *(Continued)*

Fair value measurement of the Group's investment properties

The fair value of the Group's investment properties as at 31 March 2014 and 2013 has been arrived at on the basis of a valuation carried out on the respective dates by Roma Appraisal Limited, independent qualified professional valuers not connected to the Group.

The fair value was determined based on the income approach, where the market rental of all lettable units of the properties are assessed and discounted at the market yield expected by investors for this type of properties. The market rentals are assessed by reference to the rentals achieved in the lettable units of the properties as well as other lettings of similar properties in the neighborhood.

The discount rate is derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations.

There has been no change from the valuation technique used in the prior year. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

One of the key inputs used in valuing the investment properties was the discount rates used, which ranged from 6% to 6.5%. A slight increase in the discount rate used would result in a significant decrease in fair value measurement of the investment properties, and vice versa.

Details of the Group's investment properties and information about the fair value hierarchy as at 31 March 2014 are as follows:

	Level 1 HK$'000	**Level 2** HK$'000	**Level 3** HK$'000	**Fair value as at 31 March 2014** HK$'000
Commercial property units located in the PRC	–	–	20,902	20,902

There were no transfers into or out of Level 3 during the year.

21. Prepaid Lease Payments

	The Group **2014** **HK$'000**	 2013 HK$'000
The Group's prepaid lease payments are held under in the PRC as follows:		
Medium-term lease	**10,913**	10,985
Short-term lease	**5,895**	6,538
	16,808	17,523

	The Group **2014** **HK$'000**	 2013 HK$'000
Analysed for reporting purposes as:		
Current assets	**1,112**	1,087
Non-current assets	**15,696**	16,436
	16,808	17,523

At 31 March 2014, the carrying amount of the Group's prepaid lease payments amounted to approximately Nil (2013: HK$14,217,000) was pledged as security for the banking facilities granted to the Group (Note 33).

22. Goodwill

(a)

	The Group HK$'000
COST	
At 1 April 2012, 31 March 2013 and 31 March 2014	573,552
IMPAIRMENT	
At 1 April 2012 and 31 March 2013	314,136
Impairment loss for the year	259,416
At 31 March 2014	573,552
CARRYING VALUES	
At 31 March 2014	–
At 31 March 2013	259,416

(b) **Impairment testing**

Goodwill is allocated to one cash-generating units ("CGU") pharmaceutical products in the PRC. The Group's CGU identified according to country of operation and business segment as follows are:

	2014 HK$'000	2013 HK$'000
Pharmaceutical products – the PRC	**–**	259,416

Key assumptions used for value-in-use calculations:

	2014 %	2013 %
Gross margin	**89 – 90**	90
Growth rate	**8.48 – 4547**	12-150
Discount rate	**18.20**	25.79

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.

At 31 March 2014, the fair value of the CGU of goodwill is determined taking into account the valuation performed by Roma Appraisals Limited, independent professional valuers not connected to the Group, based on the cash flow forecasts derived from the most recent financial budgets for the next 24 years (2013: 5 years) approved by the management using the discount rate of 18.20% (2013: 25.79%) which reflects current market assessments of the time value of money and the risk specific to the CGU. The cash flows beyond the 9-year-period are extrapolated for 15 years assuming 8.48% growth (2013: no growth). The recoverable amount of the CGU is determined from value in use calculations.

Based on the results from the valuations, the recoverable amount is lower than the carrying amount. Accordingly, an impairment loss of HK$259,416,000 was recognised for the year ended 31 March 2014 (2013: Nil).

The major factors leading to a significant impairment loss being recognised for the year ended 31 March 2014 is mainly attributed to a significant decrease in the future income streams of the CGU resulting from:

- with reference to a market research report prepared by an external professional market research consultant, the financial budget forecasts for the current year's valuation were prepared more prudently than that for the year ended 31 March 2013;
- the time expected to launch of the drug products is delayed; and
- one of the drugs being developed was terminated.

23. Intangible Assets

The Group

	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 1 April 2012	263,599	72,983	195,210	531,792
Exchange realignment	(454)	(126)	(337)	(917)
Additions	–	50,973	2,320	53,293
At 31 March 2013	263,145	123,830	197,193	584,168
Exchange realignment	5,964	2,504	4,498	12,966
Written-off (Note f)	–	–	(16,424)	(16,424)
Additions	–	–	3,687	3,687
At 31 March 2014	269,109	126,334	188,954	584,397
ACCUMULATED AMORTISATION AND IMPAIRMENT				
At 1 April 2012	208,811	30,008	–	238,819
Exchange realignment	(465)	(84)	–	(549)
Provided for the year	23,162	7,319	–	30,481
At 31 March 2013	231,508	37,243	–	268,751
Exchange realignment	5,208	776	–	5,984
Provided for the year	21,513	12,654	–	34,167
Impairment for the year (Note e)	1,829	28,342	889	31,060
At 31 March 2014	260,058	79,015	889	339,962
CARRYING VALUES				
At 31 March 2014	9,051	47,319	188,065	244,435
At 31 March 2013	31,637	86,587	197,193	315,417

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

(b) Technical know-how mainly represents techniques and formulas acquired 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 the product development in progress, intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

23. Intangible Assets *(Continued)*

(e) The directors of the Company conducted an impairment review of the Group's intangible assets.

The recoverable amount of trademark and certificate has been determined by the value-in-use. As a result of the impairment review, the recoverable amount of the trademark and certificate is estimated to be less than the carrying amounts and an impairment loss of HK$1,829,000 was recognised to profit or loss during the year ended 31 March 2014 (2013: Nil).

The recoverable amount of technical know-how was determined based on the fair value less cost to sell. For the year ended 31 March 2014, an impairment loss of approximately HK$28,342,000 was recognised in respect of technical know-how as the technical know-how alone do not generate income and cannot be allocated to a specific cash-generating unit.

The recoverable amount of product development in progress was determined based on the fair value less cost to sell or value-in-use. Based on the impairment review, the recoverable amount of the product development in progress is estimated to be less than the carrying amounts and an impairment loss of HK$889,000 was recognised to profit or loss during the year ended 31 March 2014 (2013: Nil).

(f) Due to the termination of development of rhIL-11, the Company has written-off the production development in progress of HK$16,424,000 and charged to profit or loss during the year ended 31 March 2014 (2013: Nil).

24. Investments in Subsidiaries

	Notes	The Company 2014 HK$'000	2013 HK$'000
Unlisted shares, at cost		**–**	–
Amounts due from subsidiaries	(a)	**1,846,430**	1,568,870
Less: Impairment loss recognised	(b)	**(1,267,868)**	(830,952)
		578,562	737,918
Amounts due to subsidiaries	(a)	**(1,224)**	–
		577,338	737,918

(a) Amounts due from (to) subsidiaries are unsecured, interest-free and repayable on demand.

(b) Movement in impairment loss recognised in respect of amounts due from subsidiaries are as follows:

	The Company 2014 HK$'000	2013 HK$'000
At the beginning of the year	**830,952**	830,952
Recognised for the year	**436,916**	–
At the end of the year	**1,267,868**	830,952

During the year ended 31 March 2014, an impairment loss of approximately HK$436,916,000 (2013: Nil) was recognised because the recoverable amount of the amounts due was estimated to be less than their carrying amounts and the possibility of the recovery was remote.

24. Investments in Subsidiaries *(Continued)*

(c) The details of subsidiaries at 31 March 2014 and 2013 are as follows:

Name	Place of incorporation/ establishment and operation	Principal activities	Percentage of equity attributable to the Company 2014	2013	Particulars of issued and paid up share capital
Directly hold					
Lelion Holding Limited	British Virgin Islands/ Hong Kong	Investment holding	**100%**	100%	2 Ordinary shares of US$1 each
Indirectly hold					
Lord Success Limited	British Virgin Islands/ Hong Kong	Investment holding	**100%**	–	1 Ordinary share of US$1
Uni-Bio Science Healthcare Limited	British Virgin Islands/ Hong Kong	Investment holding	**100%**	–	1 Ordinary share of HK$1
Joint Peace Limited	British Virgin Islands/ Hong Kong	Dormant	**100%**	100%	2 Ordinary shares of US$1 each
Uni-Bio Management Limited	Hong Kong	Provision of management services	**100%**	100%	1 Ordinary share of HK$1
Figures Up Trading Limited	British Virgin Islands/ Hong Kong	Investment holding	**100%**	100%	100 Ordinary shares of US$1 each
Nan Hoo Properties Limited	British Virgin Islands/ Hong Kong	Investment holding	**100%**	100%	50,000 Ordinary shares of US$1 each
Zethanel Properties Limited	British Virgin Islands/ Hong Kong	Investment holding	**100%**	100%	10,000 Ordinary shares of US$1 each
Empire Mind Limited	British Virgin Islands/ Hong Kong	Investment holding	**100%**	–	1 Ordinary share of US$1
Uni-Bioscience Pharm Co. Limited	Hong Kong	Dormant	**100%**	–	1 Ordinary share of HK$1
World Alliance Finance Limited	British Virgin Islands/ Hong Kong	Money lending	**100%**	–	1 Ordinary share of HK$1
Dongguan Taili Biotech Co., Limited 東莞太力生物工程有限公司	The PRC	Research and development	**100%**	100%	Contributed capital of HK$120,000,000
Dongguan Shi Bo Kang Jian Pharmaceutical Technology Co., Limited 東莞市博康健醫藥科技有限公司	The PRC	Trading of medical and biological products	**–**	100%	Contributed capital of RMB1,000,000
Beijing Genetech Pharmaceutical Co., Limited 北京博康健基因科技有限公司	The PRC	Manufacture and sales of medical and biological products	**100%**	100%	Contributed capital of RMB91,000,000
Shenzhen Watsin Genetech Limited 深圳市華生元基因工程發展有限公司	The PRC	Manufacture and sales of biological products	**100%**	100%	Contributed capital of RMB100,000,000

25. Interests in Associates

	The Group 2014 HK$'000	2013 HK$'000
Unlisted shares, at cost	**11,332**	15,390
Share of post-acquisition results	**(5,679)**	(4,538)
	5,653	10,852
Amount due to an associate	**–**	(3,854)
Deregistration of an associate	**–**	(137)
	5,653	6,861

(a) At 31 March 2014 and 2013, the Group had interests in the following associates:

Name of associates	Place of incorporation and operation	Principal activities	Particulars of issued and paid up capital	Interest held 2014	2013
Guangdong Lian Kang Biological and Pharmaceutical Limited 廣東聯康生物與醫藥研究院	The PRC	Research and development of pharmaceutical products	Contributed capital of RMB20,000,000	**45%**	45%

(b) The results of Guangdong Lian Kang Biological and Pharmaceutical Limited incorporated into the Group's consolidated financial statements made up to 31 December 2013. This was the financial reporting date established when the associate established. For the purpose of applying the equity accounting, the financial statements of the associate for the year ended 31 December 2013 have been used, and appropriate adjustments have been made for the effects of significant transactions between that date and 31 March 2014.

(c) The amount due to an associate was unsecured, non-interest bearing and repayable on demand.

The summarised financial information in respect of the Group's interest in an associate which are accounted for using the equity method is set out below:

	2014 HK$'000	2013 HK$'000
Total assets	**15,793**	19,292
Total liabilities	**(3,230)**	(4,046)
Net assets	**12,563**	15,246
Group's share of net assets of associates	**5,653**	6,861
Total revenue for the year	**–**	–
Total (loss) profit for the year	**(3,034)**	1,030
Group's share of results of associates	**(1,365)**	497

26. Deposit Paid for the Acquisition of Property, Plant and Equipment

At 31 March 2014, the carrying amounts of deposits paid for the acquisition of property, plant and equipment relates to the purchase of plant and equipment for the expansion of production facilities. The carrying amounts at 31 March 2014 was approximately HK$10,307,000 (2013: HK$22,448,000).

27. Inventories

	The Group	
	2014	2013
	HK$'000	HK$'000
Raw materials	**1,334**	1,030
Work in progress	**2,617**	2,560
Finished goods	**1,805**	1,334
	5,756	4,924

28. Trade and Other Receivables

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables	**27,892**	23,795	**–**	–
Less: Impairment loss recognised	**(2,295)**	(3,394)	**–**	–
	25,597	20,401	**–**	–
Other receivables and prepayments	**8,269**	28,568	**131**	512
Less: Impairment loss recognised	**(793)**	(775)	**–**	–
	7,476	27,793	**131**	512
	33,073	48,194	**131**	512

(i) The Group allows an average credit period of 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 is as follows:

	The Group	
	2014	2013
	HK$'000	HK$'000
Within 30 days	**7,164**	5,803
31 – 60 days	**3,266**	4,934
61 – 90 days	**6,504**	4,314
Over 90 days	**8,663**	5,350
	25,597	20,401

28. Trade and Other Receivables *(Continued)*

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

	The Group			
			Past due but not impaired	
	Total	Neither past due nor impaired	Not more than one month past due	More than one month past due
	HK$'000	HK$'000	HK$'000	HK$'000
At 31 March 2014	**25,597**	**18,909**	**1,923**	**4,765**
At 31 March 2013	20,401	16,893	2,503	1,005

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$6,688,000 (2013: HK$3,508,000) 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.

(iv) Movements in the impairment losses recognised in respect of trade receivables are as follows:

	The Group	
	2014	2013
	HK$'000	HK$'000
At the beginning of the year	**3,394**	6,789
Exchange realignment	**79**	4
Reversed during the year	**(1,178)**	(3,399)
At the end of the year	**2,295**	3,394

(v) Movements in the impairment losses recognised in respect of other receivables are as follows:

	The Group	
	2014	2013
	HK$'000	HK$'000
At the beginning of the year	**775**	748
Exchange realignment	**18**	27
At the end of the year	**793**	775

29. Held-to-Maturity Investments

	The Group	
	2014	2013
	HK$'000	HK$'000
Unlisted investments	**138,504**	–

The unlisted investments are trusts issued by a financial institution in the PRC with a maturity on 21 October 2014 and 25 October 2014, and are grouped under current assets. The investment carry interest at 8.2% and 8.6% per annum. The principal and interests for the investments in trusts are guarantee by the issuing financial institution which is a subsidiary of a major bank in the PRC with high credit ratings.

30. Amount Due From/(To) A Director/An Associate

The amounts due are unsecured, non-interest bearing and repayable on demand.

31. Bank Balances and Cash

The Group and the Company

(i) For the two years ended 31 March 2014, bank balances represented short-term deposits with a maturity of three months or less. The interest rates ranged from 0.01% to 0.45% per annum (2013: 0.01% to 0.4% per annum).

(ii) The carrying amounts of the Group's and the Company's bank balances and cash denominated in currencies other than the functional currency of the relevant group entities are set out below:

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
HK$	**48**	1,363	**–**	–

32. Trade and Other Payables

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables	**1,520**	1,015	**–**	–
Accrued expenses and other payables	**72,224**	23,458	**1,850**	2,861
	73,744	24,473	**1,850**	2,861

(i) The average credit period on purchases of goods is 120 days (2013: 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:

	The Group	
	2014	2013
	HK$'000	HK$'000
Within 30 days	**444**	315
31-60 days	**101**	99
61-90 days	**204**	266
Over 90 days	**771**	335
	1,520	1,015

33. Borrowings

The amounts due are unsecured, non-interest bearing and repayable on demand.

	The Group 2014 HK$'000	2013 HK$'000
Secured		
Bank loans	–	32,012
Other loans	–	96,200
Unsecured		
Other loans	–	1,601
	–	129,813

At 31 March 2014 and 2013, total current and non-current bank loans and other borrowings were repayable as follows:

	The Group 2014 HK$'000	2013 HK$'000
Bank loans repayable:		
Within 1 year or on demand	–	32,012
Other loans repayable:		
Within 1 year or on demand	–	–
After 1 year but within 2 years	–	97,801
	–	129,813
Less: Amount due within 1 year shown under current liabilities	–	(32,012)
	–	97,801

(i) At 31 March 2013, bank loans bear interest at variable rates by reference to the People's Bank of China's lending rate, ranging from 5.9% to 6.9% per annum (2014: Nil).

(ii) At 31 March 2013, except for the other loan of HK$1,601,000, which is interest-free and unsecured, the remaining other loan of HK$96,200,000 bore interest at 6% per annum and was secured. All other loans were fully settled during the year ended 31 March 2014.

At 31 March 2013, the other loan amounted to HK$96,200,000 were guaranteed by the Company and its subsidiaries, Figures Up Trading Limited ("Figures up"), Nan Hoo Properties Limited ("Nan Hoo") and Zethanel Properties Limited ("Zethanel") as guarantors and secured by way of first fixed charges on the entire equity shares of Figures up, Nan Hoo and Zethanel in favour of an independent third party as the collateral to the loan facility of HK$300,000,000 provided to the Group. The guarantee was released upon settlement of the loan during the year ended 31 March 2014.

(iii) In the opinion of the directors, the carrying amounts of the Group's current and non-current bank loans and other borrowings approximate their fair values.

(iv) Included in bank loans and other borrowings are the following amounts denominated in a currency other than the functional currency of the Group to which they relate.

	The Group 2014 HK$'000	2013 HK$'000
HK$	–	96,200

34. Deferred Tax Liabilities

The following are the major deferred tax liabilities recognised and movements thereon during the current and prior years:

	The Group Fair value adjustment on investment properties	
	2014 **HK$'000**	2013 HK$'000
At 1 April	**1,442**	1,277
Exchange realignment	**33**	(3)
(Credited) charged to the consolidated statement of profit or loss and other comprehensive income	**(977)**	168
At 31 March	**498**	1,442

At 31 March 2014, the Group has unrecognised tax loss of HK$359,097,000 (2013: HK$659,453,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profits streams. The losses will expire within five years.

Under the EIT Law of PRC, withholding tax is imposed on dividends in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards (the "Post-2008 Earnings"). Deferred taxation has not been provided for in the consolidation financial statements in respect of temporary difference attributable to the "Post-2008 Earnings" as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

35. Share Capital

	Notes	**Number of shares**	**Amount** HK$'000
Ordinary share of HK$0.01 each			
Authorised:			
At 1 April 2012 and 31 March 2013 and 2014		500,000,000,000	5,000,000
Issued and fully paid:			
At 1 April 2012 and 31 March 2013		1,304,846,293	13,048
Issue of shares on placement	(i)	260,000,000	2,600
Issue of shares by open offer	(ii)	3,129,692,586	31,297
Exercise of warrants	(iii)	130,672,545	1,307
At 31 March 2014		4,825,211,424	48,252

Notes:

(i) On 8 May 2013, pursuant to the placing and subscription agreement, 260,000,000 new shares were issued at the subscription price of HK$0.15 each. The net proceeds from the placement was approximately HK$38,119,000, net of issue expenses approximately HK$1,000,000 and used as general working capital of the Group. Details of the placing are set out in the announcement of the Company dated 8 May 2013.

(ii) On 4 October 2013, the Company completed the open offer ("Open Offer") on the basis of 1 offer share for every 1 existing share held on the record date with 1 bonus share for every 1 offer share taken up. 1,564,846,293 offer shares were issued at an offer price of HK$ 0.16 with 1,564,846,293 bonus shares being issued. A sum of approximately HK$243,015,000, net of expenses was raised and used as general working capital. Details of the Open Offer are set out in the announcements of the Company dated 12 August 2013 and 3 October 2013.

(iii) During the year ended 31 March 2014, 130,672,545 warrants were exercised at a price of HK$0.20 into 130,672,545 ordinary shares of HK$0.01 each in the Company. The net proceeds from the exercise of warrants was approximately HK$26,135,000, net of issue expenses approximately HK$32,000.

(iv) All shares issued during the year rank pari passu with the existing shares in all respects.

36. Reserves of the Company

	Share premium HK$'000	Share-based payments reserve HK$'000	Distributable reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2012	322,492	41,537	1,291,798	(933,507)	722,320
Total comprehensive income for the year	–	–	–	(5,206)	(5,206)
At 31 March 2013	322,492	41,537	1,291,798	(938,713)	717,114
Total comprehensive expenses for the year	–	–	–	(486,265)	(486,265)
Recognition of equity–settled share based payments	–	43,840	–	–	43,840
Lapsed of share options	–	(1,173)	–	1,173	–
Issue of shares upon:					
– placement of shares	35,519	–	–	–	35,519
– open offer	211,718	–	–	–	211,718
– exercise of warrants	24,796	–	–	–	24,796
At 31 March 2014	594,525	84,204	1,291,798	(1,423,805)	(546,722)

37. Warrant

Upon completion of the Open Offer (Note 35(ii)), for every two offer shares taken up in the Open Offer one bonus warrant would be issued. A total of 782,423,147 units of the warrants ("Warrants") with an aggregate subscription amount of HK$156,484,629 were issued on 4 October 2013. Each of the Warrants confers rights to the registered holder to subscribe for one new share of the Company in cash at an initial subscription price of HK$0.20 per share, subject to anti-dilutive adjustment, at any time from the date of issue up to and including 21 September 2016.

During the year ended 31 March 2014, 130,672,545 new shares of the Company of HK$0.01 each were issued upon the exercise of the Warrants. At 31 March 2014, the Company had 651,750,602 outstanding Warrants. Exercise in full of such outstanding Warrants would result in the issue of additional 651,750,602 shares.

38. Share Options

A share option scheme was adopted by the Company on 22 October 2001 ("2001 Scheme"). The 2001 Scheme was replaced by the shareholder on 22 September 2006 ("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.

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 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.

At 31 March 2014, the number of shares in respect of which options had been granted and remained outstanding under the share option scheme was 552,664,000 (2013: 79,177,000), representing 11.45% (2013: 6.07%) of the ordinary shares in issue at that date.

38. Share Options *(Continued)*

Details of the share option movements during the two years ended 31 March 2014 under 2013 and 2006 Scheme are as follows:

	Number of share options								
	Outstanding at 1 April 2012 and 31 March 2013 '000	Granted during the year '000	Adjusted during the year '000 (Note)	Lapsed during the year '000	Outstanding at 31 March 2014 '000	Exercise price HK$ (Note)	Date of grant	Exercise period	Remaining contractual life
Directors	–	1,600	–	(1,000)	600	0.2190	27 November 2013	27 November 2013 to 21 September 2016	2.48 years
Employees	–	27,420	–	–	27,420	0.2190	27 November 2013	27 November 2013 to 21 September 2016	2.48 years
Others	–	440,320	–	–	440,320	0.2190	27 November 2013	27 November 2013 to 21 September 2016	2.48 years
Employees	1,551	–	144	–	1,695	4.1278	28 January 2008	28 January 2008 to 21 September 2016	2.48 years
Others	4,126	–	382	–	4,508	4.1278	28 January 2008	28 January 2008 to 21 September 2016	2.48 years
Others	73,500	–	6,806	(2,185)	78,121	0.9152	26 May 2009	26 May 2009 to 21 September 2016	2.48 years
	79,177	469,340	7,332	(3,185)	552,664				
Exercisable at the end of the year	79,177				552,664				
Weighted average exercise price (HK$)	1.1455	0.2190	4.1278	0.3681	0.3613				

Note: The weighted average exercise price and number of share options disclosed above have been adjusted for the effect of the Open Offer on 4 October 2013

On 27 November 2013, 469,340,000 share options were granted and the estimated fair values of the options granted was approximately HK$43,840,000.

The fair values of the share options granted on 27 November 2013 calculated using the binomial model. The inputs into the model were as follows:

Weighted average share price	HK$0.215
Weighted average exercise price	HK$0.219
Expected volatility	90.467%
Expected Life	2.819 years
Risk-free rate	0.344%
Expected dividend rate	0%

Expected volatility was determined by using the historical volatility of the Company's share price over one year and reference to the companies in similar industry. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transfer ability, exercise restrictions and behavioral considerations.

The Group recognised the total expenses of HK$43,840,000 for the year ended 31 March 2014 (2013: Nil) in relation to share options granted by the Company.

39. Pledge of Assets

At the end of the reporting period, the details of assets of the Group pledged to secure borrowing facilities were as follows:

	The Group	
	2014	2013
	HK$'000	HK$'000
Leasehold buildings in the PRC	–	20,664
Investment properties	–	9,849
Prepaid lease payments	–	14,217
	–	44,730

40. Disposal of a Subsidiary

On 27 March 2014, the Company entered into an agreement with an independent third party, to dispose of its interest in Dongguan Shi Bo Kang Jian Pharmaceutical Technology Co., Limited, a subsidiary of the Group, at a consideration of RMB1,000,000 (equivalent to approximately HK$1,261,000). This subsidiary was engaged in trading of medical and biological products and a gain on disposal of HK$80,706,000 was recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2014.

	HK$'000
Net assets disposed of	
Plant and equipment	**3**
Trade and other receivables	**47,010**
Trade and other payables	**(33,595)**
	13,418
Release of exchange reserves	**(86,841)**
Release of capital reserves	**267**
Release of statutory reserves	**(6,289)**
Gain on disposal	**80,706**
Total consideration receivable	**1,261**

41. Major Non-cash Transaction

During the year ended 31 March 2014, the consideration of HK$1,261,000 for disposal of a subsidiary as stated in Note 40 was included in other receivables and subsequently received on 27 June 2014.

42. Capital Commitments

	The Group 2014 HK$'000	2013 HK$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of purchase of property, plant and equipment	**8,521**	6,293

43. Operating Lease

The Group as lessor

Property rental income earned during the year ended 31 March 2014 was approximately HK$1,912,000 (2013: HK$1,903,000). The investment properties are expected to generate rental yield of 7.6% (2013: 8%) on an ongoing basis. The investment properties held have committed tenants for the next one to two years (2013: one to two years).

At the end of the reporting period, the Group had contracted with tenants for the following minimum lease payments:

	2014 HK$'000	2013 HK$'000
Within one year	**1,317**	1,522
In the second to fifth years inclusive	**220**	916
	1,537	2,438

The Group as lessee

The Group leases certain of its office premises under operating lease arrangements. Leases are negotiated for a term ranging from one to two years. The Group does not have an option to purchase the leased asset at the expiry of the lease period.

At the end of reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due are as follows:

	2014 HK$'000	2013 HK$'000
Within one year	**683**	671
In the second to fifth years inclusive	**1,274**	1,923
	1,957	2,594

44. Related Party Transactions

(a) The balances with related parties at the end of the reporting period are disclosed elsewhere in the consolidated financial statements.

(b) **Key management compensation**

The key management personnel of the Group comprises all the directors of the Company and the five highest paid individuals. Details of compensation of directors and the five highest paid individuals are included in Note 17.

45. Contingent Liabilities

At 31 March 2014 and 2013, contingent liabilities were as follows:

	2014 **HK$'000**	2013 HK$'000
Guarantee given to an independent third party for the loan facility provided to:		
Subsidiaries	–	300,000
and utilised by:		
Subsidiaries	–	96,200

The Group has not recognised any deferred income for the guarantee given in respect of other borrowings for subsidiaries as their fair value cannot be reliably measured and their transaction price was Nil (2013: Nil).

46. Events after the Reporting Period

Up to 30 June 2014, the Company completed the exercise of 4,906,183 units of warrants into 4,906,183 ordinary shares at an exercise price of HK$0.2 per warrant. The net proceeds from the exercise of approximately HK$981,000 will be used as general working capital of the Group.

Five-Year Financial Summary

A summary of the consolidated results and of the assets and liabilities of the Group for the past five financial periods is set out below:

RESULTS

	For the year ended 31 March				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**102,624**	83,333	57,026	76,764	148,286
Loss before taxation	**(364,197)**	(68,263)	(102,408)	(182,750)	(450,471)
Income tax expense	**(1,933)**	(1,045)	(456)	(2,406)	(4,182)
Loss for the year	**(366,130)**	(69,308)	(102,864)	(185,156)	(454,653)
Attributable to:					
Owners of the Company	**(366,130)**	(69,308)	(102,864)	(185,156)	(454,653)
Loss for the year	**(366,130)**	(69,308)	(102,864)	(185,156)	(454,653)

ASSETS AND LIABILITIES

	At 31 March				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**692,915**	873,939	896,695	921,834	1,110,870
Total liabilities	**(94,693)**	(174,431)	(129,393)	(74,030)	(86,212)
Equity	**598,222**	699,508	767,302	847,804	1,024,658

Particulars of Investment Property

Location	Type	Lease term
5th Floor and a portion of 3rd and 4th floor, no. 7 Keji Central, 1st Road, Nanshan District, Shenzhen, The People's Republic of China	Industrial	Short-term lease
Building 1, a portion of 2nd floor, 7 Xinghuo Street, Changping Sector of Zhongguancun Science Park, Changping District, Beijing, The People's Republic of China	Industrial	Medium-term lease
Building 2, 3rd floor and a portion of 2nd floor, 7 Xinghuo Street, Changping Sector of Zhongguancun Science Park, Changping District, Beijing, The People's Republic of China	Industrial	Medium-term lease

Corporate Information

Board of Directors

Executive Directors

Mr. TONG Kit Shing *(Chairman)*
Mr. Kingsley LEUNG (appointed on 28 February 2014)
Mr. LIU Guoyao (resigned on 28 February 2014)
Mr. LEUNG Ka Chun (resigned on 28 February 2014)

Non-Executive Director

Mr. FUNG Kwok Leung
(appointed on 28 February 2014)

Independent Non-Executive Directors

Mr. TSAO Hoi Ho, Terry
Dr. Carl Aslan Jason Morton FIRTH
(appointed on 1 April 2014)
Mr. ZHAO Zhi Gang (appointed on 1 April 2014)
Mr. LOU Iok Kuong (resigned on 1 April 2014)
Mr. NG Pak Kin (resigned on 1 April 2014)
Mr. LEUNG Wai Chung, Vincent
(resigned on 28 February 2014)

Audit Committee

Mr. TSAO Hoi Ho, Terry
(Chairman of the Audit Committee)
Mr. FUNG Kwok Leung
Dr. Carl Aslan Jason Morton FIRTH
Mr. ZHAO Zhi Gang

Remuneration Committee

Dr. Carl Aslan Jason Morton FIRTH
(Chairman of the Remuneration Committee)
Mr. TONG Kit Shing
Mr. TSAO Hoi Ho, Terry
Mr. FUNG Kwok Leung
Mr. ZHAO Zhi Gang

Nomination Committee

Mr. TONG Kit Shing
(Chairman of the Nomination Committee)
Mr. TSAO Hoi Ho, Terry
Dr. Carl Aslan Jason Morton FIRTH
Mr. ZHAO Zhi Gang

Company Secretary

Mr. SHUM Chi Chung
(appointed on 28 February 2014)

Authorized Representatives

Mr. TONG Kit Shing
Mr. Kingsley LEUNG

Auditors

KTC Partners CPA Limited

Registered office

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

Head Office & Principal Place of Business in Hong Kong

Room 3006, 30/F., The Centrium
60 Wyndham Street
Central, Hong Kong

Principal Share Registrar and Transfer Office

Appleby Trust (Cayman) Ltd.
Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Abacus Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Legal Advisers as to Hong Kong Law

Leung & Lau

Stock Code

0690

Website

www.uni-bioscience.com

Uni-Bio Science Group Ltd.
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* For identification purposes only
僅供識別