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

穩固根基 築夢未來

Annual Report 2014 年報

* For identification purposes only 僅供識別

Our **MISSION**

Uni-Bio Science Group is dedicated to delivering innovative, high-quality healthcare solutions for patients throughout China, operating responsibly and generating increasing value for our shareholders.

Our **VISION**

Uni-Bio Science Group aspires to be a world-leading biopharmaceutical company, focused on addressing the needs of the Chinese healthcare market through innovation and strategic partnerships.

To be recognised as the leading partner for global pharmaceutical companies to bring novel treatments to patients in China.

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 OF 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.

Accelerating FORWARD

CHAIRMAN'S STATEMENT

Achieves **Major Clinical** and **Manufacturing Milestones** and Strengthens **Internal Organizational Structure**

Dear Valued Shareholders,

On behalf of the Board of Directors, it gives me great pleasure to present Uni-Bio Science Group's (the "Group") results of the nine months ended 31 December 2014 (the "Period"). Our topline maintained positive growth momentum during the Period, reflective of the strong performance of our products and sales force. Overall net sales increased 12% to HK$91,793,000, in line with the national growth rate. The net loss was significantly narrowed to HK$42,434,000, which is 56% lower than the last corresponding period. The outstanding results are mainly due to increased sales growth, streamlined structures and processes to reduce G&A cost, and reduced options granted. The Group continues to show short- to mid-term stability, with a strong financial position of HK$138,126,000 in cash to support any near term Capex.

Significant Achievements in 2014

During the Period, the Group continued to build upon its foundations, focusing on strengthening specific functions in preparation of fully capturing the value from the upcoming drug launches. We have completed the consolidation of our sales and marketing teams, benefiting the Group through the realization of synergies, lowering administrative cost and, most importantly, creating a focused senior management function which is well-positioned to realise market opportunities more quickly. Moreover, the Group bolstered its Medical Function, encompassing medical affairs and clinical development and inputting to our Business Development team. We also established a dedicated Government Affairs team. The new and expanded teams will support our ambition to accelerate our growth through strategic business development initiatives.

Importantly, we announced positive results from a Phase III trial of Uni-PTH for the treatment of osteoporosis. Uni-PTH met its primary endpoint, demonstrating significant superiority over current treatments after 12 months of treatment. Additionally, we have recently successfully increased the shelf life of Pinapu®, the Group's *Voriconazole* tablet, from two years to three years. The incremental modification significantly improves the competitive profile of Pinapu®.

As we have previously disclosed, at the start of the Period the Group launched a new partnership model whereby we are focusing on in-licensing high-quality products addressing great unmet therapeutic areas (such as diabetes, ophthalmology and dermatology) into China. We were delighted to announce our first partnership with an established Korean Ophthalmology company, Samil Pharmaceuticals, just 4 months after the launch of the strategy. Under the terms of our agreement with Samil Pharmaceuticals, we have gained exclusive rights to one novel anti-allergy and three novel ophthalmology treatments in China, Hong Kong and Macau, and will be the sole distributor of the products for eight years. The agreement with Samil Pharmaceuticals is representative of our vision to establish a large and growing portfolio of clearly differentiated treatment options for patients in China.

In addition, one of the Group's key subsidiaries was awarded "High-New Technology Enterprise" status in China, thus becoming eligible for a preferential income tax rate. The award provides tax efficiencies for the Group and, more importantly, signifies the recognition of the Group's innovative capabilities by regulators and the public. All of our manufacturing subsidiaries in China are now High-New Technology Enterprises.

Changing Healthcare Landscape

2014 will be remembered as one of the monumental change to the healthcare landscape in China. Regulators have moved alongside broader macroeconomic priorities to attempt to lessen top-down state guidance in favor of market-driven dynamics. This is evident from a number of new policies: easing the one-child family planning policy, beginning the process of freeing up drug pricing, permitting private and foreign investment into hospital and elderly care subsectors, and loosening regulations for online prescription drug sales. Whilst it is true that there is growing complexity in the new policies, the number of opportunities has grown substantially for the biopharmaceutical industry and we believe that the Group is well positioned to capture these opportunities.

For example, regulators have introduced a number of multi-party negotiation mechanisms to replace traditional retail price ceilings or government-set ex-manufacturer prices. The goal of regulators is to impose strong price controls on non-differentiated "commodity" drugs and reward innovation by providing premium pricing for patented drugs. The Group's focus is in R&D and developing high-value, patented drugs. All except one product owned by the Group are considered innovative and therefore greatly benefit from these new mechanisms.

Online retailing of prescription drugs is another example where changing policies positively impact the Group. Historically, prescription drug sales channels were controlled by hospitals, drug sales were skewed towards industry players with strong relationships with hospitals or towards drugs that are most profitable to the hospitals. With the imminent launch of online prescription drug sales, bargaining power is fairly distributed back to the producers, thus allowing more control of future drug sales. The regulators have not yet announced the final list of prescription drugs approved to be sold online, however we are reassured that treatment options for chronic diseases will be included in the list.

Strong Prospects

Looking forward to 2015, the Group remains focused on implementing its new business strategy: to roll-out our new commercialization strategy, focus on market access, launch next generation drugs and establish new partnerships.

To accelerate growth of the Group's topline, we plan to aggressively expand the number of sales representatives in key locations. We are also seeking co-operation opportunities with other sizable pharmaceutical companies in China to proactively expand the market share of our commercialized products. Moreover, the inclusion of Genesoft™ in an increasing number of provincial reimbursement drug lists is also another major project for the Group. With a broader reimbursement coverage, Genesoft™ should enjoy significant volume expansion. 2015 will be a major tendering year, however we are positive that our focus on volume expansion of our marketed products will outpace the negative impact of pricing adjustments. We believe this is an opportunity for us to increase our market share and outperform the industry.

The Group will also continue to closely track the development of Uni-E4 and Uni-PTH. We are going to submit an application of Uni-pTH to the CFDA in the second quarter of 2015 and will complete the investigator meeting for Uni-E4 in the first half of 2015. Both products are expected to be launched as early as mid-2017.

As part as our continued efforts to propel our new partnering model forward, the Group will strengthen its business development function, hiring experienced candidates and reallocating financial resources to bolster our capabilities. Our focus is on in-licensing innovative late-stage and commercialized drugs which complement our portfolio of approved treatments and drug candidates in diabetes, ophthalmology and dermatology, establishing a highly competitive product offering across China.

Finally, the Group continues to invest in its manufacturing capabilities to ensure compliance in all plants to global standards and we are currently upgrading our facilities to meet the newest cGMP standards. As we have previously announced, the upgrade works to our Shenzhen facilities have been successfully completed to meet the new Standards and expect we our Beijing plant will achieve the status within 2H2015. The investments made in the Group's manufacturing facilities will support the Group's commercialization strategy as more products reach late-stage development.

Thank You

In closing, I thank our employees for their contribution to the Group during the Period. I also extend my deepest appreciation to our stakeholders, partners, customers and suppliers for their continued commitment to the Group. With the strong foundation we have built, we are confident that the Group will achieve much more in the years ahead.

TONG Kit Shing
Chairman

27 March 2015

Sturdy
FOUNDATION

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

Sales Development

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

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

In-house biological pharmaceutical products

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

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

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

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

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

In-house chemical pharmaceutical products

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

Development in cost, EBITDA & EBT

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

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

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

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

Net Financials and Tax

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

RESEARCH AND DEVELOPMENT

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

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

Products/ Compound	Indication
IN-HOUSE	
Metabolic	
Uni-E4	Type 2 diabetes
Uni-PTH	Osteoporosis
Uni-E4-Fc	Type 2 diabetes
Ophthalmology	
GeneSoft	Ophthalmic wound healing
Dermatology	
GeneTime	Dermalogical wound healing
Infectious Disease	
Pinapu	Fungal infection
Hematology	
EPO-fc	Anemia
PARTNERING	
Ophthalmology	
Ocucyclo Eyedrop	Mydriasis and cycloplegia
Lantanoprost Eyedrop	Glaucoma and ocular hypertension
Allenol Eyedrop	Allergic conjunctivitis
Respiratory	
Rhinex Nasal Spray	Rhinitis

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

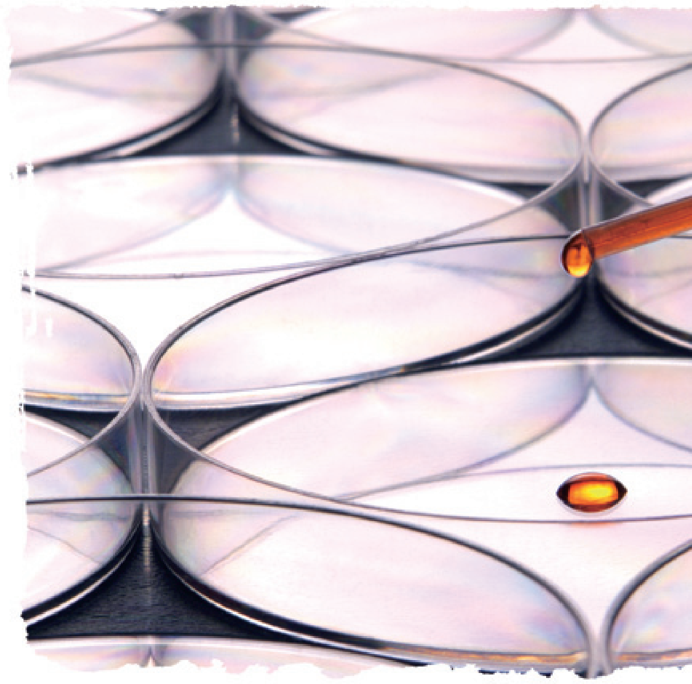
	STATUS	PARTNER
Ocucyclo is an anti-cholinergic agent for mydriasis (dilation of pupil) and cycloplegia (paralysis of ciliary muscle for use in eyesight examination). It blocks sphincter muscle of iris and the accommodative muscle of the ciliary body to cholinergic stimulation. For mydriasis, it has quicker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

Uni-E4

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

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

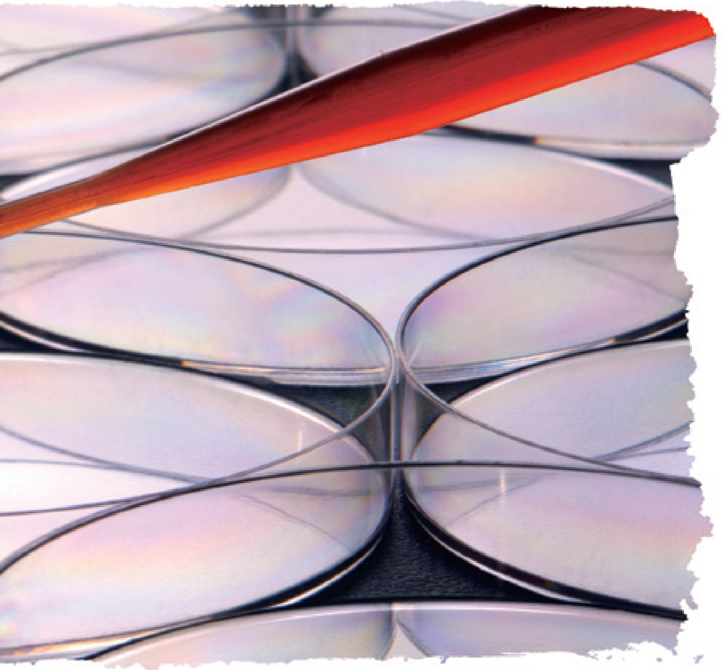
Classified as a Class I prescription new drug by the Chinese Food and Drug Administration ("CFDA"), Uni-E4 is a well-established GLP-1 agonist. Its potential as a new treatment has been recognised, through the selection of Uni-E4 as a 'New Key Drug Formulation"of the State's Major Science and Technology Project under the "Eleventh Five-Year Plan". Uni-E4 was also awarded the "Specialty Contract of the State's Major Science and Technology Project"by the Ministry of Science and Technology of the PRC. The targets required for the grant by the Ministry of Science and Technology have been met successfully and all clinical trials have been completed, including additional trials to supplement phase 3 data in the event that CFDA harmonizes biostatistical analysis standards with international



standards. Following the successful completion of the phase 3 studies in 2014, the Company is in the stage of preparing preliminary statistical analysis report of the research data, conducting trial production and preparing documents for CFDA submission in early 2016. Furthermore, the Group continues to investigate a long acting version of Uni-E4, LExendin-4.

rhEPO-Fc

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



Uni-PTH

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

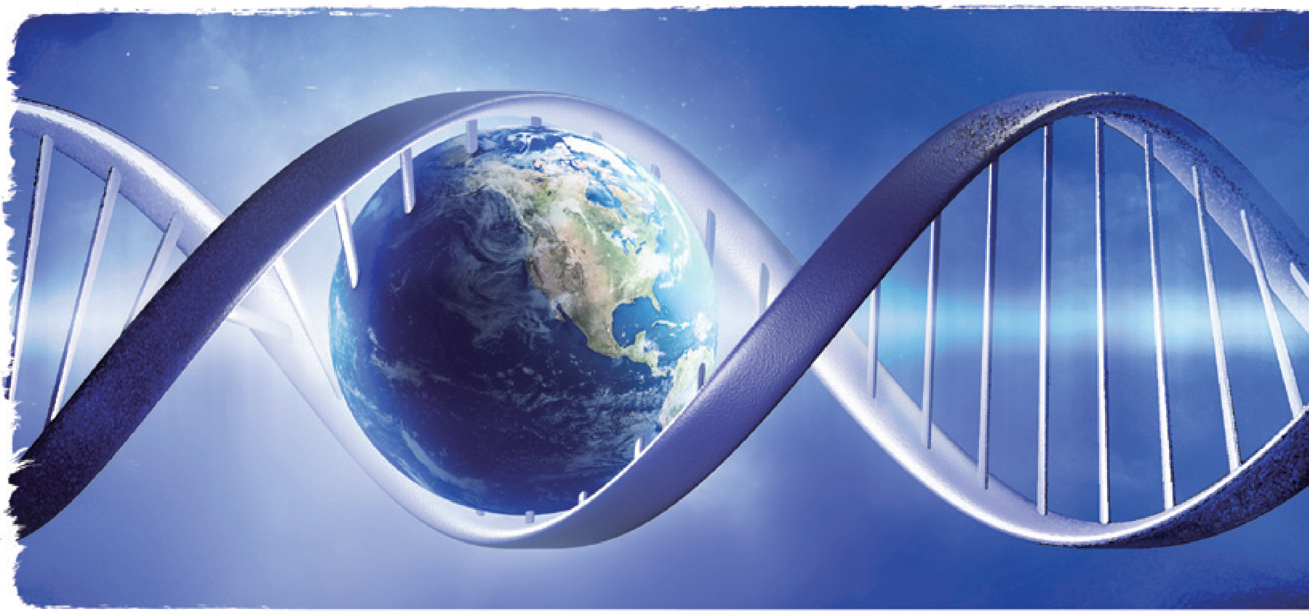
During the Period, the Group announced positive results from a phase 3 trial of Uni-PTH for the treatment of osteoporosis. The phase 3 results show that the Uni– PTH is safe and efficacious in post-menopausal women. Moreover, the biochemical biomarker results clearly indicate calcitonin has a different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

Technical know-how

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

BUSINESS STRATEGY

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



Solidifying foundation

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

   - Sales & Marketing

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

   - Medical

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

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

- Market Access and Business Development

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

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

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

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

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

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

- Improve information sharing yet ensuring security

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

- Improve productivity and reduce cost

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

- Stronger internal controls

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

Maximizing value

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

A. Organic component

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

B. Inorganic component

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

2. *Realizing hidden value of Genesoft™*
According to IMS data, the class of "other" topical ophthalmology products represent 10% of the HK$4.6B total PRC ophthalmology market and is growing at 20% + annually. Currently, wound healing drugs (such as EGF) represent the majority of this class of products. Unlike GeneTime®, Genesoft™ contains a derivative of EGF, which increases the stability of the EGF.

Genesoft™ can be stored in room temperature whilst other wound healing competitors require refrigeration and cold chain delivery. Therefore, Genesoft™ is logistically cheaper and more convenient for patients. For the same reason, Genesoft™ is sold at a premium compared to its competitors. However, since Genesoft™ is not strictly considered as EGF, it is not included in the NRDL. Currently, the product is listed on the reimbursement drug list of only one province, Xinjiang. The Group noticed a strong sensitivity of Genesoft™ sales to reimbursement status. Even though Xinjiang ranks 25th out of 31 provinces in PRC by GDP, more than 40% of Genesoft™ rep sales originate from there. The Group is highly confident that focusing on the inclusion of Genesoft™ on more reimbursement lists will vastly accelerate the sales growth of the product and this is a key ambition of the Group in 2015. The priority is to secure reimbursement for Genesoft™, firstly at the provincial and then later at the national levels.

3. *New partnership model*

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

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

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

- Rhinex Nasal Spray – a second generation synthetic corticosteroid for treatment of seasonal and perennial rhinitis.
- Ocucyclo – an anti-cholinergic agent for mydriasis (dilation of pupil) and cycloplegia (paralysis of ciliary muscle) for use in eyesight examination.
- Lantanoprost – a prostaglandin analogue for the treatment of open-angle glaucoma and ocular hypertension.
- Allenol Eye Drop – possess antihistamine and anticholinergic properties for use in allergic conjunctivitis (eye allergy).

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

2015 OUTLOOK

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

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

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

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

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

LIQUIDITY AND FINANCIAL RESOURCES

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

At 31 December 2014, the Group's bank deposits, bank balances and cash amounted to HK$138,126,000 (31 March 2014: HK$56,227,000). At 31 December 2014, the Group has total assets of approximately HK$596,668,000 (31 March 2014: HK$692,915,000), current assets of the Group at 31 December 2014 amounted to approximately HK$184,351,000 (31 March 2014: HK$254,423,000) while current liabilities were HK$33,023,000 (31

March 2014: HK$94,195,000). The gearing ratio, calculated by dividing the total liabilities over its total assets, was 5.6% (31 March 2014: 13.7%).

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

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

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

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

EMPLOYMENT AND REMUNERATION POLICY

At 31 December 2014, the Group employed 255 staff (as at 31 March 2014: 237 staff), including 36 staff in the PRC R&D centres, 43 staff in total in the PRC sales offices, 160 staff in the PRC production sites, 4 staff in PRC headquarter and 12 staff in Hong Kong. Apart from the full time employees in the PRC sales offices, the Group also has 119 contracted sales agents. The Group adopts a competitive remuneration package for its employees. Promotion and salary increments are assessed based on performance. Share options may also be granted to staff with reference to the individual's performance.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. TONG Kit Shing, aged 54, 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 28, 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 49, 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 50, 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, 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 was 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 and he resigned on 28 February 2015. On 18 December 2014, Mr. Tsao was appointed as the executive director of Applied Development Holdings Limited whose shares are listed on the main board of the Stock Exchange (stock code: 519).

Dr. Carl Aslan Jason Morton FIRTH, aged 42, 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS (Continued)

Mr. ZHAO Zhi Gang, aged 55, 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.

SENIOR MANAGEMENT

Mr. KOH Phee Wah, aged 55, 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 54, 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 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 48, is the General Manager of Sales and Marketing of Uni-Bio Science Healthcare Limited. 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 54, 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 48, 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. Han graduated from Shanghai Medical University.

Ms. LUO Chang Qing, aged 52, 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 Hunan Radio & TV University.

SENIOR MANAGEMENT (Continued)

Ms. LIU Yan, Emily, aged 42, was appointed as the Medical Director of Uni-Bio Science Healthcare Limited in August 2014. Ms. Liu holds a bachelor's degree (with honours) in Clinical Medicine from Hebei University of Medical Science and obtained a master's degree in Neurology from the Capital University of Medical Science in July 1999. Ms. Liu is a medical practitioner and has been working in Beijing Tongren Hospital for 10 years. She also has more than 7 years of medical experiences in multinational pharmaceutical companies like Pfizer and GE Healthcare.

Mr. SHUM Chi Chung, aged 40, 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 17 years of experience in company secretarial practices, auditing, finance and accounting fields.

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 nine months ended 31 December 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 the independent non-executive Directors has the professional and accounting qualifications as required by the Listing Rules. The terms of the 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 2014.
(2) Dr. 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.

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 nine months ended 31 December 2014 is as follows:

	Type of continuous professional development activities
TONG Kit Shing *(Chairman)*	A,B,C
Kingsley LEUNG	A,B,C
FUNG Kwok Leung	A,C
TSAO Hoi Ho, Terry	B,C
Carl Aslan Jason Morton FIRTH	A,B,C
ZHAO Zhi Gang	B,C

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

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 meets regularly throughout the financial period 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.

THE BOARD OF DIRECTORS (Continued)

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 nine months ended 31 December 2014 involved the active participation, either in person or through other electronic means of communication, of a majority of Directors.

Set out below is the summary of the attendance of individual Directors to the board meetings and general meetings during the nine months under review.

	Number of attendance	
	General meetings	**Board meetings**
Executive Directors		
TONG Kit Shing *(Chairman)*	3/3	9/9
Kingsley LEUNG	3/3	9/9
Non-executive Director		
FUNG Kwok Leung	3/3	2/9
Independent Non-executive Directors		
TSAO Hoi Ho, Terry	3/3	2/9
Carl Aslan Jason Morton FIRTH (appointed on 1 April 2014)	3/3	2/9
ZHAO Zhi Gang (appointed on 1 April 2014)	3/3	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 nine-months ended 31 December 2014.

AUDIT COMMITTEE

The audit committee of the Company ("Audit Committee") was established in 2001. During the period under review and as at the date of this report, the members of the Audit Committee are Mr. TSAO Hoi Ho, Terry (Chairman of the Audit Committee), 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.

AUDIT COMMITTEE (Continued)

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 nine months period under review. The attendance record of the Audit Committee meetings 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)	2/2
ZHAO Zhi Gang (appointed on 1 April 2014)	2/2
FUNG Kwok Leung	2/2

Throughout the nine months 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 of the Remuneration Committee), 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 nine months 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)*	3/3
TONG Kit Shing	3/3
TSAO Hoi Ho, Terry	3/3
FUNG Kwok Leung	3/3
ZHAO Zhi Gang	3/3

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 of the Nomination Committee), 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 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 nine months ended 31 December 2014, the Nomination Committee performed the following work without conducting a formal meeting:

(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 Company adopted the board diversity policy in June 2014 and is available on the website of the Company on http://www.uni-bioscience.com. In assessing the Board composition, the Nomination Committee would take into account various aspects set out in the Board diversity policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In selecting candidates for directorship of the Company, the Nomination Committee may make reference to certain criteria such as the Company's needs, the integrity, experience, skills and professional knowledge of the candidate, board diversity aspects and the amount of time and effort that the candidate will devote to discharge his/her duties and responsibilities. External recruitment professionals might be engaged to carry out selection process when necessary.

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;

AUDITORS' REMUNERATION

The Group was charged HK$1,400,000 for auditing services by Messrs. Deloitte Touche Tohmatsu in respect of the nine months ended 31 December 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. In the opinion of the directors, the size of the Group does not warrant setting up an internal audit department. However, during the period under review, the Board with the assistance of an external professional firm, BDO Limited, has conducted a review on the effectiveness of the internal control system of the Group, namely, management supervision, compliance with the CG Code, and major areas of the internal control systems and procedures to assure the Board that the system of internal control is functioning as intended. The results of the internal control review were submitted to the Board for their consideration. The Board has not identified any critical internal control weaknesses.

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 nine months ended 31 December 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 nine months ended 31 December 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 to the advice and services of the company secretary. During the nine months ended 31 December 2014, Mr. SHUM Chi Chung has taken no less than 15 hours of relevant professional trainings respectively to update his skills and knowledge.

COMMUNICATION WITH SHAREHOLDERS OF THE COMPANY ("SHAREHOLDERS")

The Board recognizes the importance of good communications with all Shareholders. The Company's annual general meeting for the year ended 31 March 2014 ("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 the principal place of business of the Company 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 to convene a general meeting as set out above, there are no other provisions allowing shareholders 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 may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.

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 nine months 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.

The Directors present their annual report and the audited consolidated financial statements of the Group (comprising the Company and its subsidiaries) for the nine months ended 31 December 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 23 to the financial statements. Segmental information of the Group was disclosed in note 7 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the nine months ended 31 December 2014 are set out in the consolidated statement of profit or loss and other comprehensive income on page 43.

DIVIDEND

The Directors do not recommend the payment for a dividend for the nine months ended 31 December 2014.

SHARE CAPITAL AND RESERVES

Details of the movements in share capital of the Company during the period under review are set out in note 33 to the consolidated financial statements.

Movements in reserves of the Group during the period under review are set out in the consolidated statement of changes in equity on page 45.

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 December 2014, the aggregate amount of the Company's reserves available for distribution to shareholders was approximately HK$483,087,000 (31 March 2014: HK$462,518,000).

Movements in share capital and reserves for nine months ended 31 December 2014 are set out in Note 33 and Note 34 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 17 to the consolidated financial statements.

DIRECTORS

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

Executive Directors

Mr. TONG Kit Shing *(Chairman)*
Mr. Kingsley LEUNG

Non-Executive Director

Mr. FUNG Kwok Leung

Independent Non-Executive Directors

Mr. TSAO Hoi Ho, Terry
Dr. Carl Aslan Jason Morton FIRTH
Mr. ZHAO Zhi Gang

In accordance with article 87(1) of the Company's articles of association, Mr. TONG Kit Shing and Mr. Kingsley LEUNG will retire by rotation 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 22 to 23 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 December 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 issued ordinary shares	Number of underlying shares	Total	Approximate percentage of shareholding (Note 5)
TONG Kit Shing	Beneficial owner and interest of a controlled corporation (Note 2)	932,256,532 (L)	134,739,422 (L)	1,066,995,954 (L)	21.70%
Kingsley LEUNG	Beneficial owner and interest of a controlled corporation (Note 3)	914,576,010 (L)	144,084,002 (L)	1,058,660,012 (L)	21.53%
FUNG Kwok Leung	Beneficial owner (Note 4)	–	780,000 (L) (Note 4)	780,000 (L)	0.02%
TSAO Hoi Ho	Beneficial owner (Note 4)	–	1,540,000 (L) (Note 4)	1,540,000 (L)	0.03%
Carl Aslan Jason Morton FIRTH	Beneficial owner (Note 4)	–	1,560,000 (L) (Note 4)	1,560,000 (L)	0.03%
ZHAO Zhi Gang	Beneficial owner (Note 4)	–	1,560,000 (L) (Note 4)	1,560,000 (L)	0.03%

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 Mr. TONG Kit Shing or 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 Mr. Kingsley LEUNG or 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 underlying shares are share options granted by the Company on 27 November 2013 and 12 September 2014 under the share option scheme adopted by the Company on 22 September 2006 at the exercise price of HK$0.219 and HK$0.230 per share.

5. The percentage of shareholding is calculated on the basis of 4,918,091,481 Shares in issue as at 31 December 2014.

Save as disclosed above, as at 31 December 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 December 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	932,256,532 (L)	133,959,422 (L)	1,066,215,954 (L)	21.68%
Lord Profit (Note 3)	Beneficial owner	914,576,010 (L)	141,144,002 (L)	1,055,720,012 (L)	21.47%
Overseas Capital Assets Limited (Note 4)	Beneficial owner	657,180,000 (L)	109,530,000 (L)	766,710,000 (L)	15.59%

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 4,918,091,481 Shares in issue as at 31 December 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 December 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 period or at any time during the nine months ended 31 December 2014.

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 period or at any time during the nine months ended 31 December 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 period under review.

DIRECTORS' INTERESTS IN COMPETING INTERESTS

During the period 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.

MAJOR CUSTOMERS AND SUPPLIERS

For the period under review, the top five customers of the Group together accounted for approximately 24% (year ended 31 March 2014: 29%) of the Group's total sales for the period while the single largest customer accounted for approximately 12% (year ended 31 March 2014: 16%) of the Group's total sales during the period under review.

The top five suppliers of the Group for the period under review together accounted for approximately 73% (year ended 31 March 2014: 74%) of the Group's total purchases for the period and the single largest supplier accounted for approximately 28% (year ended 31 March 2014: 29%) 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 December 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 16 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 nine months ended 31 December 2014, 92,880,057 shares of HK$0.01 were issued for cash at an exercise price of HK$0.20 per Warrant Share. As at 31 December 2014, the outstanding aggregate amount of the Bonus Warrants was HK$111,774,108.80 entitling the holders thereof to subscribe for up to 558,870,544 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 December 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 period 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 nine months ended 31 December 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 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 2014	Granted during the period	Cancelled during the period	Lapsed during the period	At 31 December 2014	Date of grant of share options	Validity period of share options	Exercise price of share options HK$ per share
Directors:								
TONG Kit Shing	–	780,000	–	–	780,000	12 September 2014	12 September 2014 to 11 September 2024	0.2300
Kingsley LEUNG	–	2,940,000	–	–	2,940,000	12 September 2014	12 September 2014 to 11 September 2024	0.2300
FUNG Kwok Leung	–	780,000	–	–	780,000	12 September 2014	12 September 2014 to 11 September 2024	0.2300
TSAO Hoi Ho, Terry	600,000	–	–	–	600,000	27 November 2013	27 November 2013 to 21 September 2016	0.2190
	–	940,000	–	–	940,000	12 September 2014	12 September 2014 to 11 September 2024	0.2300
Carl Aslan Jason Morton FIRTH	–	1,560,000	–	–	1,560,000	12 September 2014	12 September 2014 to 11 September 2024	0.2300
ZHAO Zhi Gang	–	1,560,000	–	–	1,560,000	12 September 2014	12 September 2014 to 11 September 2024	0.2300
Employees	27,420,000	–		(440,000)	26,980,000	27 November 2013	27 November 2013 to 21 September 2016	0.2190
	1,694,283	–	(62,025)	(1,632,258)	–	28 January 2008	22 September 2006 to 21 September 2016	4.1278
Other eligible participants	4,508,248	–	(4,508,248)	–	–	28 January 2008	22 September 2006 to 21 September 2016	4.1278
	78,120,900	–	–	(5,135,220)	72,985,680	26 May 2009	13 September 2007 to 21 September 2016	0.9152
	440,320,000	–	–	–	440,320,000	27 November 2013	27 November 2013 to 21 September 2016	0.2190
	–	360,000	–	–	360,000	12 September 2014	12 September 2014 to 11 September 2024	0.2300
	552,663,431	8,920,000	(4,570,273)	(7,207,478)	549,805,680			

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. Further details of share options were set out in note 38 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 25 to 32 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 nine months ended 31 December 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 period under review and up to the date of this report.

SUBSIDIARIES AND ASSOCIATED COMPANIES

Details of the Company's subsidiaries and associates at 31 December 2014 are set out in notes 23 and 24 to the financial statements respectively.

AUDITORS

The financial statements for the nine months ended 31 December 2014 of the Company have been audited by Deloitte Touche Tohmatsu.

On behalf of the Board

TONG Kit Shing
Chairman

Hong Kong, 27 March 2015

Deloitte.
德勤

TO THE SHAREHOLDERS OF UNI-BIO SCIENCE GROUP LIMITED
聯康生物科技集團有限公司
(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 43 to 100, which comprise the consolidated statement of financial position as at 31 December 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 nine months period ended 31 December 2014, 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 ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") 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, in accordance with our agreed terms of engagement, 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 HKICPA. 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 the 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 Group as at 31 December 2014 and of the Group's loss and cash flows for the nine months ended 31 December 2014 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.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
27 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 31 December 2014

	Notes	**1.4.2014 to 31.12.2014 HK$'000**	1.4.2013 to 31.3.2014 HK$'000
Revenue	6	**91,793**	102,624
Cost of sales		**(15,129)**	(20,480)
Gross profit		**76,664**	82,144
Other income	8	**6,351**	5,893
Other gains and losses	9	**431**	(251,084)
Selling and distribution costs		**(49,753)**	(53,764)
General and administrative expenses		**(74,037)**	(98,443)
Equity-settled share based payment expenses		**(277)**	(43,840)
Loss from operation		**(40,621)**	(359,094)
Finance costs	10	**–**	(3,738)
Share of results of an associate		**(422)**	(1,365)
Loss before taxation	11	**(41,043)**	(364,197)
Income tax expense	12	**(1,391)**	(1,933)
Loss for the period/year		**(42,434)**	(366,130)
Other comprehensive (expenses) income			
Items that may be reclassified subsequently to profits or loss:			
Exchange differences arising on translation on foreign operation		**(11,516)**	6,630
Exchange differences reclassified to profit or loss on disposal of a subsidiary		**–**	(86,841)
Total other comprehensive expenses for the period/year		**(11,516)**	(80,211)
Total comprehensive expenses for the period/year		**(53,950)**	(446,341)
Loss per share (HK cents)	13		
Basic		**(0.87)**	(11.83)
Diluted		**(0.87)**	(11.83)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Notes	31.12.2014 HK$'000	31.3.2014 HK$'000
Non-current assets			
Property, plant and equipment	17	**134,715**	141,499
Investment properties	18	**20,880**	20,902
Prepaid lease payments	19	**14,569**	15,696
Goodwill	20	**–**	–
Intangible assets	21	**230,245**	244,435
Interests in an associate	24	**5,121**	5,653
Deposit paid for the acquisition of property, plant and equipment	25	**6,787**	10,307
		412,317	438,492
Current assets			
Inventories	26	**7,899**	5,756
Trade and other receivables	27	**37,236**	33,073
Prepaid lease payments	19	**1,090**	1,112
Held-to-maturity investments	28	**–**	138,504
Amount due from an associate	24	**–**	19,751
Bank balances and cash	30	**138,126**	56,227
		184,351	254,423
Current liabilities			
Trade and other payables	31	**30,215**	73,744
Amount due to a director	29	**–**	17,498
Income tax payable		**2,808**	2,953
		33,023	94,195
Net current assets		**151,328**	160,228
Total assets less current liabilities		**563,645**	598,720
Non-current liability			
Deferred tax liabilities	32	**520**	498
Net assets		**563,125**	598,222
Capital and reserves			
Share capital	33	**49,181**	48,252
Reserves		**513,944**	549,970
Total equity		**563,125**	598,222

The consolidated financial statements on pages 43 to 100 were approved and authorised for issue by the Board of Directors on 27 March 2015 and are signed on its behalf by:

Tong Kit Shing
Director

Kingsley Leung
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2014

	Attributable to owners of the Company								
	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000 (note a)	Statutory reserve HK$'000 (note b)	Share-based payment reserve HK$'000	Distributable reserve HK$'000 (note c)	Exchange reserve HK$'000 (note d)	Accumulated losses HK$'000	Total HK$'000
At 1 April 2013	13,048	250,889	(267)	6,289	41,537	1,291,798	169,648	(1,073,434)	699,508
Other comprehensive expense for the year	–	–	–	–	–	–	(80,211)	–	(80,211)
Loss for the year	–	–	–	–	–	–	–	(366,130)	(366,130)
Total comprehensive expense for the year	–	–	–	–	–	–	(80,211)	(366,130)	(446,341)
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
Release of capital reserves upon disposal of a subsidiary	–	–	267	–	–	–	–	–	267
Release of statutory reserves upon disposal of a subsidiary	–	–	–	(6,289)	–	–	–	–	(6,289)
At 31 March 2014	48,252	522,922	–	–	84,204	1,291,798	89,437	(1,438,391)	598,222
Other comprehensive expense for the period	–	–	–	–	–	–	(11,516)	–	(11,516)
Loss for the period	–	–	–	–	–	–	–	(42,434)	(42,434)
Total comprehensive expense for the period	–	–	–	–	–	–	(11,516)	(42,434)	(53,950)
Recognition of equity-settled share based payments	–	–	–	–	277	–	–	–	277
Lapse of share options	–	–	–	–	(3,741)	–	–	3,741	–
Cancellation of share options	–	–	–	–	(3,862)	–	–	3,862	–
Issue of shares upon:									
– exercise of warrants	929	17,647	–	–	–	–	–	–	18,576
At 31 December 2014	49,181	540,569	–	–	76,878	1,291,798	77,921	(1,473,222)	563,125

Note a: The capital reserve represents the equity component of the convertible bonds which was reversed upon disposal of a subsidiary in the year ended 31 March 2014.

Note b: According to the relevant laws and regulations in the People's Republic of China ("PRC") and the Articles of Association of the Company's subsidiaries in the PRC, those subsidiaries are required to set aside 10% of their profit after taxation to the statutory reserve (except where the reserve has reached 50% of the subsidiaries' registered capital). The profit after taxation is determined in accordance with the relevant accounting principles and financial regulations applicable to companies established in the PRC. This reserve cannot be used for purposes other than those for which it is created and is not distributable as dividends without the prior approval by the owners under certain conditions.

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

Note d: Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currency to the Group's presentation currency (i.e. Hong Kong dollars) are recognised directly in other comprehensive income and accumulated in the exchange reserve. Such exchange differences accumulated in the exchange reserve are reclassified to profit or loss on the disposal of the foreign operations.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended 31 December 2014

	1.4.2014 to 31.12.2014 HK$'000	1.4.2013 to 31.3.2014 HK$'000
OPERATING ACTIVITIES		
Loss before taxation	**(41,043)**	(364,197)
Adjustments for:		
Amortisation of intangible assets	**12,877**	34,167
Amortisation of prepaid lease payments	**821**	1,112
Bad debt directly written off	**–**	89
Change in fair value of investment properties	**(393)**	4,296
Depreciation of property, plant and equipment	**24,349**	29,976
Equity-settled share based payment expenses	**277**	43,840
Gain on disposal of a subsidiary	**–**	(80,706)
Impairment loss on intangible assets	**–**	31,060
Impairment loss on goodwill	**–**	259,416
Interest expenses	**–**	3,738
Interest income	**(4,428)**	(3,661)
Intangible assets written off	**–**	16,424
Impairment loss on property, plant and equipment	**–**	15,405
Loss on disposal of property, plant and equipment	**47**	5,692
Property, plant and equipment written off	**–**	675
Reversal of impairment loss of trade receivables	**(72)**	(1,178)
Share of results of an associate	**422**	1,365
Operating cash flows before movements in working capital	**(7,143)**	(2,487)
Increase in inventories	**(2,143)**	(722)
Increase in trade and other receivables	**(5,457)**	(26,870)
(Decrease) increase in trade payables and other payables	**(43,529)**	82,632
Cash from operations	**(58,272)**	52,553
Income tax paid	**(1,505)**	(2,562)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	**(59,777)**	49,991
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(16,778)**	(36,474)
Proceeds from disposal of property, plant and equipment	**10**	10,561
Purchase of intangible assets	**(3,472)**	(3,687)
Proceeds from redemption of (purchase of) held-to-maturity investment	**138,504**	(138,731)
Receipt from (advance to) an associate	**19,751**	(27,321)
Proceeds from disposal of a subsidiary	**1,261**	–
Interest received	**4,428**	3,661
NET CASH FROM (USED IN) INVESTING ACTIVITIES	**143,704**	(191,991)

	1.4.2014 to 31.12.2014 HK$'000	1.4.2013 to 31.3.2014 HK$'000
FINANCING ACTIVITIES		
(Repayment to) advance from a director	**(17,498)**	8,823
Proceeds from issue of open offer shares	–	243,015
Proceeds from exercise of warrants	**18,576**	26,103
Proceeds from issue of new shares	–	38,119
Repayment of bank and other borrowings	–	(130,431)
Interest paid	–	(3,738)
NET CASH FROM FINANCING ACTIVITIES	**1,078**	181,891
NET INCREASE IN CASH AND CASH EQUIVALENTS	**85,005**	39,891
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD/YEAR	**56,227**	14,134
NET EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(3,106)**	2,202
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR	**138,126**	56,227
Analysis of balances of cash and cash equivalents at the end of the period/year		
Bank balances and cash	**138,126**	56,227

1. GENERAL

The Company is incorporated as an exempted company with limited liability in the Cayman Islands with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address 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 is Hong Kong dollars ("HK$"). The consolidated financial statements are presented in Hong Kong dollars ("HK$") for the convenience of the users of the financial statements as the Company is listed in Hong Kong.

The Company acts as investment holding company and the principal activities of its subsidiaries are set in Note 23.

2. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

In the current reporting period, the Group has applied the following interpretation and amendment to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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

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

The Group has applied the amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current reporting period. The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit ("CGU") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with disclosures required by HKFRS 13 Fair Value Measurements. The application of the amendments has been reflected in note 22 of the consolidated financial statements.

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

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

New and revised HKFRSs issued but not yet effective

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

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

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

HKFRS 9 *Financial Instruments*

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

Key requirements of HKFRS 9 that are relevant to the Group based on the Group's financial assets and financial liabilities as at 31 December 2014 are described below:

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

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

HKFRS 9 *Financial Instruments* (Continued)

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

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

HKFRS 15 *Revenue from Contracts with Customers*

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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 of Hong Kong Limited and by the Hong Kong Companies Ordinance.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of preparation

The consolidated financial have been prepared on the historical cost basis, except for investment properties that are measured at fair values at the end of each reporting period, as explained in the accounting policies 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.

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 where the Company:

- has 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 power to affect its returns.

The Group reassesses whether or not it controls and 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.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the 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 whenever there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, 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 pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates (Continued)

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

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.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for good sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognised when the goods are delivered and title has passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from sales of goods is recognised on the date of delivery, net of estimated customer return, rebates and other similar allowance.

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 policy for recognition of rental income from operating leases in described in the accounting policy for leasing below.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity-settled share-based payment transactions (Continued)

Share options granted to employees/directors (Continued)
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.

Share options granted to parties other than employees
Share options issued in exchange for goods or services are measured at the fair values of the goods or services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of the goods or services received are recognised as expenses, with a corresponding increase in equity (share-based payments reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

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 except for those that are classified and accounted for as investment properties under the fair value model. 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)

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 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 it further excludes 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.

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 difference 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 associate, 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 the 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 is recognised in profit or loss, except when it relates 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss the period.

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.

Retirement benefits costs

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

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. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model. 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 buildings held for use in the supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment 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.

Intangible assets

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).

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets (Continued)

Internally-generated intangible assets – research and development expenditures (Continued)
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.

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, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets
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.

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.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position 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
The Group's financial assets are mainly loans and receivables.

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.

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 financial asset 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 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 asset, 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, amounts due from an associate and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of 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 the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the loans and receivables have been affected.

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.

For trade 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, observable changes in national or local economic conditions that correlate with default on receivables and financial difficulties found in respective debts.

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.

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 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 or loss. When trade receivables are 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 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
Financial liabilities and equity instruments issued by the Company 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 Company are recognised at the proceeds received, net of direct issue costs.

Warrants

Warrants issued by the Company that will be settled by a fixed amount of cash for a fixed number of the Company's own equity interests are equity instrument. The warrants are recognised initially at the net proceeds received.

Other financial liabilities

Financial liabilities including trade and other payables and amounts due to a director 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 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

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.

On derecognition of a financial asset, 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.

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 expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment on tangible and intangible assets other than goodwill

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.

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 reporting periods. A reversal of an impairment loss is recognised immediately in profit or loss.

5. 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.

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

The Group determines whether an item of property, plant and equipment is impaired at least on an annual basis or more frequently where an indication of impairment exists. When there is an indicator of impairment, the Group determines the extent to which property, plant and equipment is impaired, which requires an estimation of the value in use of the cash-generating units ("CGUs") to which they have been allocated or the fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value.

At 31 December 2014, the carrying amount of property, plant and equipment is HK$134,715,000 (31 March 2014: HK$141,499,000), and management of the Group determined that an impairment loss of HK$nil (year ended 31 March 2014: HK$15,405,000) should be recognised for the period ended 31 December 2014. Details of impairment assessment are disclosed in note 22.

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 used 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 December 2014, the carrying amount of investment properties measured at fair value was approximately HK$20,880,000 (31 March 2014: HK$20,902,000).

5. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Amortisation of intangible assets

Intangible assets are amortised over their useful lives. The assessment of estimated useful lives is a matter of judgment based on the experience of the Group's management, 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 changes take place. As of 31 December 2014, the carrying amount of intangible assets is HK$230,245,000 (31 March 2014: HK$244,435,000), and amortisation of the intangible assets of HK$12,877,000 (year ended 31 March 2014: HK$34,167,000) was recognised for the period ended 31 December 2014.

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 costs to sell, or value in use of the CGU to which the intangible asset has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU 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, a further impairment loss may arise. Details of such impairment testing are set out in note 22.

At 31 December 2014, the carrying amount of trademarks and certificates, technical know-how and product development in progress is approximately HK$nil, HK$42,436,000 and HK$187,809,000 respectively (31 March 2014: HK$9,051,000, HK$47,319,000 and HK$188,065,000 respectively). During the nine months ended 31 December 2014, an impairment loss on trademarks and certificates of approximately HK$nil (year ended 31 March 2014: HK$1,829,000), technical know-how of approximately HK$nil (year ended 31 March 2014:HK$28,342,000) and product development in progress of approximately HK$nil (year ended 31 March 2014: HK$889,000) was recognised to profit and loss.

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 December 2014, the carrying amounts of trade receivables was HK$33,742,000 (2014: HK$25,597,000), net of allowance for doubtful debts of HK$2,178,000 (31 March 2014: HK$2,295,000).

6. REVENUE

Revenue represents the gross invoiced value of goods sold, net of value added tax, sales returns and discounts, to outside customers. Sales of pharmaceutical products is the sole revenue of the Group.

7. SEGMENT INFORMATION

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

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

Segment revenues and results

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

For the nine months ended 31 December 2014

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

7. SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

For the year ended 31 March 2014

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

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

Segment assets and liabilities

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

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

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

7. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

As at 31 December 2014

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

As at 31 March 2014

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

7. SEGMENT INFORMATION (Continued)

Other segment information

For the nine months ended 31 December 2014

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

7. SEGMENT INFORMATION (Continued)

Other segment information (Continued)

For the year ended 31 March 2014

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

Note: It represents the depreciation charge for property, plant and equipment relating to third party pharmaceutical products during the year. Since all the property, plant and equipment related to the segment of third party pharmaceutical products were reallocated to other operating segments during the year ended 31 March 2014, no segment assets were shown as at 31 March 2014 for the segment.

7. SEGMENT INFORMATION (Continued)

Geographical segments

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

	Sales to external customers		Non-current assets	
	1.4.2014 to 31.12.2014 HK$'000	1.4.2013 to 31.3.2014 HK$'000	**As at 31.12.2014 HK$'000**	As at 31.3.2014 HK$'000
Hong Kong	**–**	–	**2,319**	839
PRC	**91,793**	102,624	**404,877**	432,000
	91,793	102,624	**407,196**	432,839

Information about major customers

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

	1.4.2014 to 31.12.2014 HK$'000	1.4.2013 to 31.3.2014 HK$'000
Customer A (Note)	**11,228**	16,307

Note: Revenue generated from in-house chemical pharmaceutical products

8. OTHER INCOME

	1.4.2014 to 31.12.2014 HK$'000	1.4.2013 to 31.3.2014 HK$'000
Interest income on:		
Held-to-maturity investment	**4,135**	3,307
Bank deposits	**293**	354
Total interest income	**4,428**	3,661
Rental income	**1,532**	1,912
Sundry income	**391**	320
	6,351	5,893

9. OTHER GAINS AND LOSSES

	1.4.2014 to 31.12.2014 HK$'000	1.4.2013 to 31.3.2014 HK$'000
Change in fair value of investments properties	393	(4,296)
Gain on disposal of a subsidiary	–	80,706
Reversal of impairment loss on trade receivables	72	1,178
Reversal of impairment loss on other receivables	13	–
Impairment loss on property, plant and equipment	–	(15,405)
Impairment loss on goodwill	–	(259,416)
Impairment loss on intangible assets	–	(31,060)
Write off on intangible assets	–	(16,424)
Loss on disposal of property, plant and equipment	(47)	(5,692)
Write off on property, plant and equipment	–	(675)
	431	(251,084)

10. FINANCE COSTS

	1.4.2014 to 31.12.2014 HK$'000	1.4.2013 to 31.3.2014 HK$'000
Interest on bank borrowings wholly repayable within five years	–	785
Interest on other borrowings wholly repayable within five years	–	2,953
	–	3,738

11. LOSS BEFORE TAXATION

	1.4.2014 to 31.12.2014 HK$'000	1.4.2013 to 31.3.2014 HK$'000
Loss before taxation is arrived at after charging:		
Amortisation of intangible assets	12,877	34,167
Amortisation of prepaid lease payments	821	1,112
Auditor's remuneration	1,400	1,427
Bad debts directly written off	–	89
Cost of inventories recognised as an expense	15,129	20,480
Depreciation	24,349	29,976
Less: Depreciation included in research and development costs	(243)	(900)
	24,106	29,076
Operating lease rentals in respect of offices	1,253	1,642
Research and development costs	8,722	5,806
Less: Capitalisation on intangible assets	(3,472)	(3,687)
	5,250	2,119
After crediting:		
Equipment rental income	181	288
Property rental income less outgoings	1,351	1,624

12. INCOME TAX EXPENSE

	1.4.2014 to 31.12.2014 HK$'000	1.4.2013 to 31.3.2014 HK$'000
PRC Enterprise Income Tax ("EIT")		
– Current year	**1,360**	2,865
– Under-provision in previous years	**–**	45
	1,360	2,910
Deferred taxation (Note 32)		
– Current year	**31**	(977)
	1,391	1,933

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

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

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

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:

	1.4.2014 to 31.12.2014 HK$'000	1.4.2013 to 31.3.2014 HK$'000
Loss before taxation	**(41,043)**	(364,197)
Tax at the preferential enterprise income tax rate of 15% (31 March 2014: enterprise income tax rate 25%)	**(6,156)**	(91,049)
Tax effect of non-taxable income	**(113)**	(31,836)
Tax effect of non-deductible expenses	**3,845**	119,929
Under provision in previous years	**–**	45
Tax effect of unused tax losses not recognised	**3,835**	4,844
Income tax expense for the period/year	**1,391**	1,933

13. LOSS PER SHARE

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

	1.4.2014 to 31.12.2014 HK$'000	1.4.2013 to 31.3.2014 HK$'000
Loss		
Loss for the period/year attributable to owners of the Company for the purpose of basic and diluted loss per share	**(42,434)**	(366,130)

	1.4.2014 to 31.12.2014 '000	1.4.2013 to 31.3.2014 '000
Number shares		
Weighted average number of ordinary shares for Basic and diluted loss per share calculation	**4,865,201**	3,094,709

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

14. DIVIDEND

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

15. DIRECTORS', CHIEF EXECUTIVE'S AND SENIOR MANAGEMENT'S EMOLUMENTS

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

For the nine months ended 31 December 2014

	Fees HK$'000	Other emoluments and other benefits HK$'000	Retirement benefit scheme contribution HK$'000	Equity settled share based payment HK$'000	Total HK$'000
Executive Directors					
Tong Kit Shing	90	–	5	81	176
Kingsley Leung	450	–	14	–	464
Non-executive Director					
Fung Kwok Leung	90	–	–	81	171
Independent Non-executive Directors					
Tsao Hoi Ho, Terry	106	–	–	98	204
Dr. Carl Aslan Jason Morton Firth (appointed on 1 April 2014)	180	–	–	–	180
Zhao Zhi Gang (appointed on 1 April 2014)	180	–	–	–	180
Total	1,096	–	19	260	1,375

15. DIRECTORS', CHIEF EXECUTIVE'S AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

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

For the year ended 31 March 2014

	Fees HK$'000	Other emoluments and other benefits HK$'000	Retirement benefit scheme contribution HK$'000	Equity settled share based payment HK$'000	Total 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 (Resigned on 28 February 2014)	330	–	14	–	344
Non-executive Director					
Fung Kwok Leung (appointed on 28 February 2014)	10	–	–	–	10
Independent Non-executive Directors					
Tsao Hoi Ho, Terry	120	–	–	56	176
Lou Lok 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
Total	1,054	–	22	150	1,226

Liu Guoyao was also the Chief Executive Officer of the Company from 1 April 2013 to 28 February 2014 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 and the Company has not yet appointed the new Chief Executive Officer since then.

Upon the resignation of Liu Guoyao, the duties of Chief Executive Officer were temporarily shared by another Executive Director and key executives, except the Chairman of the Board of Director, until a suitable successor is appointed.

15. DIRECTORS', CHIEF EXECUTIVE'S AND SENIOR MANAGEMENTS' EMOLUMENTS (Continued)

(b) Senior management's remuneration

Of the five individuals with highest emoluments in the Group, none (year ended 31 March 2014: none) were directors of the Company. The emoluments of the remaining five (year ended 31 March 2014: five) highest paid individuals were as follows:

	1.4.2014 to 31.12.2014 HK$'000	1.4.2013 to 31.3.2014 HK$'000
Salaries and other benefits	**4,161**	2,739
Retirement benefit scheme contributions	**110**	84
Equity-settled share based payments	**–**	590
	4,271	3,413

Their emoluments were within the following bands:

	1.4.2014 to 31.12.2014 No. of employees	1.4.2013 to 31.3.2014 No. of employees
Nil to HK$1,000,000	**4**	4
HK$1,000,001 to HK$2,000,000	**1**	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 period/year ended 31 December 2014 and 31 March 2014.

16. STAFF COSTS (EXCLUDING DIRECTORS' AND CHIEF EXECUTIVE'S AND SENIOR MANAGEMENT'S REMUNERATION)

	1.4.2014 to 31.12.2014 HK$'000	1.4.2013 to 31.3.2014 HK$'000
Salaries and other benefits	**11,445**	15,166
Retirement benefit scheme contributions	**3,181**	3,761
Equity-settled share based payments	**–**	1,969
	14,626	20,896

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 from 1 April 2014 to 31 May 2014 and increased to HK$30,000 from 1 June 2014 onward (year ended 31 March 2014: 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 nine months ended 31 December 2014, a total contribution of approximately HK$80,000 (year ended 31 March 2014: HK$79,000) 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 nine months ended 31 December 2014, a total contribution of approximately HK$3,101,000 (31.3.2014: HK$3,682,000) 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.

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold buildings HK$'000	Plant and machinery HK$'000	Fixtures and equipment HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Construction in process HK$'000	Total HK$'000
COST							
At 1 April 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	–	(49,944)	(5,467)	(6,500)	–	–	(61,911)
Transfer	–	1,651	457	7,357	–	(9,465)	–
Disposal of a subsidiary (Note 39)	–	–	(9)	–	–	–	(9)
At 31 March 2014	47,759	231,854	32,870	57,182	4,871	18,493	393,029
Exchange realignment	(999)	(5,387)	(216)	(838)	(96)	(366)	(7,902)
Additions	–	5,690	5,012	2,128	310	7,158	20,298
Disposals	–	(135)	(274)	–	(141)	–	(550)
Written off (Note d)	–	–	(238)	–	–	–	(238)
At 31 December 2014	46,760	232,022	37,154	58,472	4,944	25,285	404,637
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 April 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 d)	–	15,405	–	–	–	–	15,405
At 31 March 2014	27,239	162,900	27,308	30,324	3,759	–	251,530
Exchange realignment	(504)	(3,906)	(136)	(606)	(74)	–	(5,226)
Provided for the period	1,771	19,100	1,132	2,220	126	–	24,349
Eliminated on disposals	–	(122)	(244)	–	(127)	–	(493)
Eliminated on written off	–	–	(238)	–	–	–	(238)
At 31 December 2013	28,506	177,972	27,822	31,938	3,684	–	269,922
CARRYING VALUES							
At 31 December 2014	18,254	54,050	9,332	26,534	1,260	25,285	134,715
At 31 March 2014	20,520	68,954	5,562	26,858	1,112	18,493	141,499

17. 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 lease, if shorter
Plant and machinery	6.6% – 20%
Furniture, fixtures and equipment	10%-20%
Leasehold improvements	5% – 18%
Motor vehicles	15% – 20%

(c) Due to wear and tear, the carrying amounts of the Group's property, plant and equipment amounting to approximately HK$675,000 were written off during the year ended 31 March 2014. No write off was noted for the nine months ended 31 December 2014.

(d) During the year ended 31 March 2014, as the Group has terminated the development of some of the drugs, the Group carried out a review of the recoverable amount of the property, plant and equipment related to these drugs. These property, plant and equipment have been allocated to the CGU of "other drugs – early development stage" as disclosed in note 22. Based on the results of the impairment assessment as disclosed in note 22, the property, plant and equipment were fully impaired by an amount of HK$15,405,000. As at 31 December 2014, due to the continued losses incurred by the Group, the management of the Group assessed that the property, plant and equipment related to the remaining CGUs for impairment as disclosed in note 22. Detail of such impairment testing for the period ended 31 December 2014 is set out in note 22.

18. INVESTMENT PROPERTIES

	31.12.2014 HK$'000	31.3.2014 HK$'000
FAIR VALUE		
At the beginning of the year	**20,902**	24,632
Exchange realignment	**(415)**	566
Gain (loss) on change in fair value recognised in profit and loss	**393**	(4,296)
At the end of the year	**20,880**	20,902

(a) The investment properties shown above are situated in the PRC and held under short and 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.

18. INVESTMENT PROPERTIES (Continued)

(c) Fair value measurement of the Group's investment properties

The fair value of the Group's investment properties as at 31 December 2014 and 31 March 2014 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 neighbourhood. 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.

The fair value measurements for all of the Group's investment property is categorised as level 3 (see note 4).

As at 31 December 2014, the key inputs used in valuing the investment properties include the term yield of 6% (31 March 2014: 6%) and reversionary yield of 6.5% (31 March 2014: 6.5%). A slight increase in the term yield and reversion yield used would result in a significant decrease in fair value measurement of the investment properties, and vice versa.

19. PREPAID LEASE PAYMENTS

	31.12.2014 HK$'000	31.3.2014 HK$'000
The Group's prepaid lease payments are held under in the PRC as follows:		
Medium-term lease	**10,462**	10,913
Short-term lease	**5,197**	5,895
	15,659	16,808

	31.12.2014 HK$'000	31.3.2014 HK$'000
Analysed for reporting purposes as:		
Current assets	**1,090**	1,112
Non-current assets	**14,569**	15,696
	15,659	16,808

20. GOODWILL

	HK$'000
COST	
At 1 April 2013, 31 March 2014 and 31 December 2014	573,552
ACCUMULATED IMPAIRMENT	
At 1 April 2013	314,136
Impairment loss recognised in the year	259,416
At 31 March 2014, 1 April 2014 and 31 December 2014	573,552
CARRYING VALUES	
At 31 December 2014	–
At 31 March 2014	–

At 31 March 2014, the CGU containing goodwill was subject to annual impairment testing. The goodwill as at 31 March 2014 was solely attributed to the CGU of other drugs in early development stage as disclosed in note 22. As the Group has decided to terminate the development of these drugs as at 31 March 2014, the goodwill allocated to this CGU was fully impaired by HK$259,416,000 for the year ended 31 March 2014.

21. INTANGIBLE ASSETS

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

All intangible assets are amortised on a straight-line basis over the following periods:

Trademarks and certificates	10 to 15 years
Technology know-how	10 years

Notes:

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

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

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

(d) Except for the product development in progress, the respective intangible assets have finite lives and are subsequently amortised over the useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Product development in progress is assessed for impairment annually, being that not yet available for use.

21. INTANGIBLE ASSETS (Continued)

Notes: (Continued)

(e) The directors of the Company conducted an impairment review of the Group's intangible assets during the period/year ended 31 December 2014 and 31 March 2014 in view of the continued losses incurred by the Group. During the nine months ended 31 December 2014, the Group recognised an impairment loss on trademark and certificate of HK$nil (year ended 31 March 2014: HK$1,829,000), technical know-how of HK$nil (year ended 31 March 2014: HK$28,342,000) and product development in progress of HK$nil (31 March 2014:HK$889,000). Details of such impairment testing are set out in note 22.

(f) Due to the termination of development of rhIL-11, the Company has fully written-off the production development in progress of HK$16,424,000 relating to this drug which was charged to profit or loss during the year ended 31 March 2014. There were no further intangible assets related to the development of rhIL-11 as at 31 March 2014 or 31 December 2014.

22. IMPAIRMENT TESTING ON INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

For the purpose of impairment testing, intangible assets and property, plant and equipment set out in notes 21 and 17(d) have been allocated to individual cash generating units, comprising of 2 drugs under final development stage, 1 drug under early development stage and the existing drugs. The carrying amounts of intangible assets (net of accumulated amortization and impairment losses) and property, plant and equipment (net of accumulated depreciation and impairment losses) as at 31 December 2014 allocated to these units are as follows:

	Intangible Assets	
CGUs	**31.12.2014 HK$'000**	31.3.2014 HK$'000
Drug 1 – final development stage	**140,652**	146,063
Drug 2 – final development stage	**54,205**	53,221
Drug 3 – early development stage	**35,388**	36,100
Other drugs – early development stage	–	–
Existing drugs	–	9,051
	230,245	244,435

22. IMPAIRMENT TESTING ON INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT (Continued)

	Property, Plant and Equipment	
	31.12.2014 HK$'000	31.03.2014 HK$'000
Drug 1 – final development stage	**66,102**	66,943
Drug 2 – final development stage	**14,672**	15,727
Drug 3 – early development stage	**3,645**	4,915
Other drugs – early development stage	**–**	–
Existing drugs	**50,296**	53,914
	134,715	141,499

During the period ended 31 December 2014, management of the Group determines that there are no impairments of any of the above CGUs containing intangible assets and property, plant and equipment. However, during the year ended 31 March 2014, the Group recognised an impairment loss of HK$259,416,000 in relation to goodwill (see note 20), HK$31,060,000 for intangible assets and HK$15,405,000 for property, plant and equipment (see note 17). The impairment loss was made because of the recoverable amount of the CGUs, being the "other drugs-early development stage" CGU, to which these intangible assets were belong to was lower than the carrying value.

The basis of the recoverable amounts of the above CGUs and their major underlying assumption are summarised below:

Drug 1 and drug 2 – final development stage

The recoverable amounts of these two units have been determined based on a value in use calculation. There is no impairment loss on intangible assets or property, plant and equipment for the period/year ended 31 December 2014 and 31 March 2014 for these 2 CGUs.

Drug 3 – early development stage

There is no impairment loss on intangible assets or property, plant and equipment and goodwill for the period/year ended 31 December 2014 and 31 March 2014 for this CGU.

Other drugs – early development stage

Intangible assets allocated to the CGU of other drugs, represent the technical know-how of various drugs. As at 31 March 2014, the Group decided to terminate the development of these drugs, and so there was an impairment indicator for these drugs. The recoverable amount of this CGU has been determined based on the fair value less costs of disposal. The valuation was carried out by an independent professional firm of valuers, Roma Appraisals Limited. As a result of the valuation, the assets allocated to this CGU were fully impaired and the impairment loss on intangible assets, property, plant and equipment and goodwill for this CGU was HK$31,060,000, HK$15,405,000 and HK$259,416,000 respectively for the year ended 31 March 2014.

22. IMPAIRMENT TESTING ON INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT (Continued)

Existing drugs

The recoverable amount of this unit has been determined based on a value in use calculation. There is no impairment loss on intangible assets or property, plant and equipment and goodwill for the period/year ended 31 December 2014 and 31 March 2014 for this CGU.

23. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

(a) Details of subsidiaries at 31 December 2014 and 31 March 2014 are as disclosed follows:

Name	Place of incorporation/ establishment and operation	Principal activities	Percentage of equity attributable to the Company		Particulars of issued and paid up share capital
			31 December 2014	31 March 2014	
Directly held					
Lelion Holding Limited	British Virgin Islands/ Hong Kong	Investment holding	**100%**	100%	2 Ordinary shares of US$1 each
Indirectly held					
Lord Success Limited	British Virgin Islands/ Hong Kong	Investment holding	**100%**	100%	1 Ordinary share of US$1
Uni-Bio Science Healthcare Limited	British Virgin Islands/ Hong Kong	Investment holding	**100%**	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

23. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) Details of subsidiaries at 31 December 2014 and 31 March 2014 are as disclosed follows: (Continued)

Name	Place of incorporation/ establishment and operation	Principal activities	Percentage of equity attributable to the Company		Particulars of issued and paid up share capital
			31 December 2014	31 March 2014	
Indirectly held (Continued)					
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%**	100%	1 Ordinary share of US$1
Uni-Bioscience Pharm Co. Limited	Hong Kong	Distribution of pharmaceutical products	**100%**	100%	1 Ordinary share of HK$1
World Alliance Finance Limited (note)	Hong Kong	Money lending	**100%**	100%	1 Ordinary share of HK$1
Dongguan Taili Biotech Co., Limited 東莞大力生物工程有限公司	The PRC	Research and development	**100%**	100%	Contributed capital of HK$120,000,000
Beijing Genetech Pharmaceutical Co., Limited 北京博康健基因科技有限公司	The PRC	Manufacture and sales of chemical 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

Note: World Alliance Finance Limited was disposed of on 13 February 2015, please refer to Note 44 for details.

24. INTERESTS IN AN ASSOCIATE/AMOUNT DUE FROM AN ASSOCIATE

	31.12.2014 HK$'000	31.3.2014 HK$'000
Unlisted shares, at cost	11,108	11,332
Share of post-acquisition results	(5,987)	(5,679)
	5,121	5,653
Amount due from an associate (note b)	–	19,751

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

Name of associate	Places of incorporation/ registration/ operation	Proportion of ownership interests and voting rights held by the Group 31 December 2014	31 March 2014	Principal activity
Guangdong Lian Kang Biological and Pharmaceutical Limited ("Guangdong Lian Kang")	The PRC	45%	45%	Research and development of pharmaceutical products

(b) As at 31 March 2014, there was an amount due from an associate which was unsecured, non-interest bearing and repayable on demand. The amount was fully repaid during the period ended 31 December 2014.

(c) Summarised financial information in respect of the only associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

	31.12.2014 HK$'000	31.3.2014 HK$'000
Current assets	8,034	11,369
Non-current assets	3,813	4,424
Current liabilities	(461)	(485)
Non-current liabilities	(5)	(2,745)

	31.12.2014 HK$'000	31.3.2014 HK$'000
Revenue	2,702	1,669
Loss and total comprehensive expense for the year	(937)	(3,034)

24. INTERESTS IN AN ASSOCIATE/AMOUNT DUE FROM AN ASSOCIATE (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	31.12.2014 HK$'000
Net assets of Guangdong Lian Kang	11,381
Proportion of the Group's ownership interest in Guangdong Lian Kang	45%
Carrying amount of the Group's ownership interest in Guangdong Lian Kang	5,121

25. DEPOSIT PAID FOR THE ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

At 31 December 2014, the carrying amount 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 was approximately HK$6,787,000 (31 March 2014: HK$10,307,000).

26. INVENTORIES

	31.12.2014 HK$'000	31.3.2014 HK$'000
Raw materials	1,590	1,334
Work in progress	4,011	2,617
Finished goods	2,298	1,805
	7,899	5,756

27. TRADE AND OTHER RECEIVABLES

	31.12.2014 HK$'000	31.3.2014 HK$'000
Trade receivables	35,920	27,892
Less: Allowance for doubtful debts	(2,178)	(2,295)
	33,742	25,597
Other receivables and prepayment		
Rental deposit	372	449
Rental receivables	765	478
Advance to staff	536	1,615
Other receivables from disposal of a subsidiary	–	1,261
Prepayments	1,074	947
Other	1,523	3,519
Less: Impairment loss recognised	(776)	(793)
	37,236	33,073

27. TRADE AND OTHER RECEIVABLES (Continued)

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

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

	31.12.2014 HK$'000	31.3.2014 HK$'000
0 – 60 days	**15,758**	10,406
61 – 120 days	**11,023**	10,401
121 – 180 days	**4,129**	1,437
Over 180 days	**2,832**	3,353
	33,742	25,597

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits for the customer. Limits attributed to customers are reviewed once a year. As at 31 December 2014, approximately 81% (31 March 2014: 84%) of the trade receivables that are neither past due nor impaired.

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.

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

Aging analysis of trade receivables which are past due but not impaired:

	31.12.2014 HK$'000	31.3.2014 HK$'000
120 to 180 days	**3,825**	1,242
Over 180 days	**2,513**	2,918
Total	**6,338**	4,160

27. TRADE AND OTHER RECEIVABLES (Continued)

iii. Movements in the impairment losses recognised in respect of trade receivables are as follows:

	31.12.2014 HK$'000	31.3.2014 HK$'000
At the beginning of the year	**2,295**	3,394
Exchange realignment	**(45)**	79
Reversed during the year	**(72)**	(1,178)
At the end of the period/year	**2,178**	2,295

Included in the allowance for doubtful debts made for the year are individually impaired trade receivables with a balance of approximately HK$2,178,000 (2013: HK$2,295,000) which might be in financial difficulties. The Group does not hold any collateral over these balances.

28. HELD-TO-MATURITY INVESTMENTS

	31.12.2014 HK$'000	31.3.2014 HK$'000
Unlisted investments	**–**	138,504

As of 31 March 2014, the unlisted investments were the unlisted debts securities issued by a financial institution in the PRC with a maturity date ranging from 21 October 2014 to 25 October 2014, and were presented under current assets. These investments carry interest at 8.2% and 8.6% per annum. The principal and interests for the investments in unlisted debts securities are guarantee by the issuing financial institution which is a subsidiary of a major bank in the PRC with high credit ratings. Since all the held-to-maturity investments were matured during the nine month ended 31 December 2014 and no further investment were made, nil amount is noted as at 31 December 2014.

29. AMOUNT DUE TO A DIRECTOR

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

30. BANK BALANCES AND CASH

For the period ended 31 December 2014, bank balances represented short-term deposits with a maturity of three months or less. The interest rates ranged from 0.01% to 1% per annum (31 March 2014: 0.01% to 0.45% per annum).

31. TRADE AND OTHER PAYABLES

	31.12.2014 HK$'000	31.3.2014 HK$'000
Trade payables	**3,448**	1,520
Accrued expenses and other payables		
Advance and deposits from customers	**12,101**	60,900
Payables for acquisition of equipment	**4,706**	2,873
Payables for research and development expense	**1,033**	2,429
Other tax payables	**461**	380
Accrued audit fee	**980**	710
Accrued payroll	**1,041**	1,106
Other accrual expense	**1,845**	1,128
Others	**4,600**	2,698
	30,215	73,744

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

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

	31.12.2014 HK$'000	31.3.2014 HK$'000
0 – 30 days	**2,945**	444
31 – 60 days	**166**	101
61 – 90 days	**103**	204
Over 90 days	**234**	771
	3,448	1,520

32. DEFERRED TAX LIABILITIES

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

	The Group	
	31.12.2014 HK$'000	31.3.2014 HK$'000
At beginning of the year	**498**	1,442
Exchange realignment	**(9)**	33
Credit to profit or loss	**31**	(977)
At the end of the period/year	**520**	498

32. DEFERRED TAX LIABILITIES (Continued)

At 31 December 2014, the Group has unrecognised tax loss of HK$384,664,000 (31 March 2014: HK$359,097,000) 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 from the year in which they arose.

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 consolidated 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.

33. SHARE CAPITAL

	Notes	**Number of shares**	**Amount** HK$'000
Ordinary share of HK$0.01 each			
Authorised:			
At 1 April 2013, 1 April 2014 and 31 December 2014		500,000,000,000	5,000,000
Issued and fully paid:			
At 1 April 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
Exercise of warrants	(iii)	92,880,057	929
At 31 December 2014		4,918,091,481	49,181

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 nine months ended 31 December 2014, 92,880,057 (year ended 31 March 2014: 130,672,545) warrants were exercised at a price of HK$0.20 into 92,880,057 (year ended 31 March 2014: 130,672,545) ordinary shares of HK$0.01 each in the Company. The proceeds from the exercise of warrants was approximately HK$18,621,000 (year ended 31 March 2014: HK$26,135,000), net of issue expenses approximately HK$45,000 (year ended 31 March 2014: HK$32,000).

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

34. FINANCIAL INFORMATION OF THE COMPANY

	31.12.2014 HK$'000	31.03.2014 HK$'000
ASSETS AND LIABILITIES		
NON-CURRENT ASSETS		
Investment in a subsidiary	–	–
Amounts due from subsidiaries	604,152	578,526
	604,152	578,526
CURRENT ASSETS		
Deposits and prepayments	451	131
Bank balances and cash	6,726	25,155
	7,177	25,286
CURRENT LIABILITY		
Amounts due to subsidiaries	1,100	1,224
Other payables and accruals	1,083	1,850
Amount due to a director	–	5,764
	2,183	8,838
NET CURRENT ASSETS	4,994	16,448
NET ASSETS	609,146	594,974
CAPITAL AND RESERVES		
Share capital	49,181	48,252
Reserves	559,965	546,722
TOTAL EQUITY	609,146	594,974

34. FINANCIAL INFORMATION OF THE COMPANY (Continued)

Movement in reserves

	Share premium HK$'000	Share-based payment reserves HK$'000	Distributable reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2013	250,889	41,537	1,291,798	(867,110)	717,114
Total comprehensive expense for the year	–	–	–	(486,265)	(486,265)
Equity-settled share based payment	–	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	522,922	84,204	1,291,798	(1,352,202)	546,722
Total comprehensive income for the period	–	–	–	(4,681)	(4,681)
Equity-settled share based payment	–	277	–	–	277
Lapsed of share options	–	(3,741)	–	3,741	–
Cancellation of share options	–	(3,862)	–	3,862	–
Issue of shares upon:					
– exercise of warrants	17,647	–	–	–	17,647
At 31 December 2014	540,569	76,878	1,291,798	(1,349,280)	559,965

35. WARRANT

Upon completion of the Open Offer (Note 33(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 nine months ended 31 December 2014, 92,880,057 (year ended 31 March 2014: 130,672,545) new shares of the Company of HK$0.01 (31 March 2014: HK$0.01) each were issued upon the exercise of the Warrants. At 31 December 2014, the Company had 558,870,545 (31 March 2014: 651,750,602) outstanding Warrants. Exercise in full of such outstanding Warrants would result in the issue of additional 558,870,545 (31 March 2014: 651,750,602) shares.

36. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes equity attributable to owners of the Company, comprising share capital and reserves.

The directors review the capital structure on an annual basis. As part of this review, the directors consider the cost of capital and the risks associate with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through new share issues.

37. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	31.12.2014 HK$'000	31.03.2014 HK$'000
Financial assets		
Held-to-maturity investments	**–**	138,504
Loans and receivables at amortised cost (including cash and cash equivalents)	**173,678**	107,591
	175,678	246,095
Financial liabilities		
Liabilities at amortised cost	**27,391**	87,581

b. 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 and amount due to a director. Details of these 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. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

None of the Group entities had any significant sales or purchases denominated in currencies other than the functional currency of the relevant group entities. Thus, the Group does not have any currency risk exposure.

(ii) Interest rate risk

The Group's fair value interest rate risk relates primarily to bank deposits. The Group currently does not have interest rate hedging policy. However, the Group monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Management of the Group are of the opinion that the Group's exposure to interest rate risk is minimal. Accordingly, no interest rate risk sensitivity analysis is presented.

37. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk

As at 31 December 2014 and 31 March 2013, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge obligations by the counterparties or debtors is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that the 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 consider that Group's credit risk is significantly reduced.

The credit risk on liquid funds and concentration of credit risk are limited because the counterparties are banks with high credit ratings.

As at 31 December 2014, the Group has concentration of credit risk of approximately 17%(31 March 2014: 18%) and 36% (31 March 2014:33%) of the total trade receivables due from the Group's largest customer and the five largest customers respectively. As at 31 December 2014 and 31 March 2014, all trade receivables were from customers located in the PRC.

Liquidity risk

The Group has net current assets amounting to approximately HK$151,328,000 at 31 December 2014 (31 March 2014: HK$160,228,000).

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The contractual maturity dates for all non-derivative financial liabilities as at 31 December 2014 and 31 March 2014 are less than 1 year or on demand. The carrying amount of non-derivative financial liabilities is approximately to their total undiscounted cash flows.

c. Fair value

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

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 21 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 ("10% General Limit") and thereafter, if refreshed, shall not exceed 10% of the shares in issue as at the date of approval of the proposed refreshment of the 10% General Limit by the shareholders.

The limit on the number of the Company's shares which may be issued upon exercise of all outstanding option granted and 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.

At 31 December 2014, the number of shares in respect of which options had been granted and remained outstanding under the share option scheme was 554,941,000 (31 March 2014: 552,664,000), representing 11.28% (31 March 2014: 11.45%) of the ordinary shares in issue at that date.

38. SHARE OPTIONS (Continued)

Details of the share option movements during the period/year ended 31 December 2014 and 31 March 2014 under the 2006 Scheme are as follows:

Share options grant date		Outstanding at 1.4.2014 '000	Granted during the period '000	Exercised during the period '000	Lapsed during the period '000 (Note 2)	Cancelled during the period '000 (Note 3)	Outstanding at 31.12.2014 '000
28 January 2008	Directors	–	–	–	–	–	–
28 January 2008	Employees	1,695	–	–	(1,633)	(62)	–
28 January 2008	Others	4,508	–	–	–	(4,508)	–
26 May 2009	Directors	–	–	–	–	–	–
26 May 2009	Employees	–	–	–	–	–	–
26 May 2009	Others	78,121	–	–	–	–	78,121
27 November 2013	Directors	600	–	–	–	–	600
27 November 2013	Employees	27,420	–	–	(440)	–	26,980
27 November 2013	Others	440,320	–	–	–	–	440,320
12 September 2014	Directors	–	8,560	–	–	–	8,560
12 September 2014	Employees	–	–	–	–	–	–
12 September 2014	Others	–	360	–	–	–	360
Exercisable at the end of the year		552,664	8,920	–	(2,073)	(4,570)	554,941
Weighted average exercise price		HK$ 0.36					HK$0.32

Share options grant date		Outstanding at 1.4.2013 '000	Adjusted during the period '000 (Note 1)	Granted during the period '000	Exercised during the period '000	Lapsed during the period '000 (Note 2)	Cancelled during the period '000 (Note 3)	Outstanding at 31.03.2014 '000
28 January 2008	Directors	–	–	–	–	–	–	–
28 January 2008	Employees	1,551	144	–	–	–	–	1,695
28 January 2008	Others	4,126	382	–	–	–	–	4,508
26 May 2009	Directors	–	–	–	–	–	–	–
26 May 2009	Employees	–	–	–	–	–	–	–
26 May 2009	Others	73,500	6,806	–	–	(2,185)	–	78,121
27 November 2013	Directors	–	–	1,600	–	(1,000)	–	600
27 November 2013	Employees	–	–	27,420	–	–	–	27,420
27 November 2013	Others	–	–	440,320	–	–	–	440,320
Exercisable at the end of the year		79,177	7,332	469,340	–	(3,185)	–	552,664
Weighted average exercise price		HK$ 1.14						HK$0.36

Note 1: 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.

Note 2: The number of vested share options and lapsed due to resignation of the grantee.

Note 3: The number of share option vested in prior years and cancelled during the period ended 31 December 2014 as agreed between the Group and the grantee.

38. SHARE OPTIONS (Continued)

During the nine months ended 31 December 2014, 8,920,000 share options were granted on 12 September 2014 ("the Grant Date") and the estimated fair value of the options granted was approximately HK$1,188,000. Among the aggregate of 8,920,000 shares options granted, 8,560,000 shares options are granted to the Directors of the Company and 360,000 share options are granted to others who provides business alliance and development advice to the Group. The share option will be exercisable until 11 September 2024.

For the 8,560,000 share options granted to directors, 2,500,000 shares were vested during the nine months ended 31 December 2014. The remaining shares options will be vested in 2 tranches with each tranche consisting of 3,030,000 share options to be vested on 12 September 2015 and 12 September 2016 respectively. The share options will vest provided that the directors still remain in office on the vesting date. The Group revises its estimate of the number of options that are expected to be ultimately vested. The impact of the revision of the estimates, if any, is recognised in profit or loss, with a corresponding adjustment to the share option reserves.

For the 360,000 share options granted to the other participant, 120,000 shares options were vested during the nine months ended 31 December 2014. The remaining 240,000 shares options will be fully vested by 12 June 2015, provided the directors determine that this consultant continue to make contribution to the Group's business development on the vesting date. The vesting date for the share options granted to this consultant was determined by the directors with the aim to provide incentive and rewards for the consultant's contribution to the Group and to allow the directors to review the consultant's contribution to the business from time to time.

The fair values of the share options granted on 12 September 2014 were calculated using the Binomial model. The inputs into the model were as follows:

Spot price (closing price of grant date)	HK$0.221 per share
Exercise price	HK$0.230 per share
Expected volatility	115.443%
Expected Life	9.998 years
Risk-free rate	2.018%
Expected dividend rate	0%

On 27 November 2013, 469,340,000 share options were granted and the estimated fair values of the options granted were approximately HK$43,840,000. Among the aggregate of 469,340,000 shares options granted, a total of 29,020,000 share options were granted to Directors and Eligible Employee. 440,320,000 share options were vested to certain selected external participants who have contributed to the business development and growth of the Group. The share options were vested immediately upon the date of grant. The share options will be exercisable until 21 September 2016.

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

Spot average (closing price of grant date)	HK$0.215 per share
Exercise price	HK$0.219 per share
Expected volatility	90.47%
Expected Life	2.819 years
Risk-free rate	0.344%
Expected dividend rate	0%

38. SHARE OPTIONS (Continued)

Expected volatility was determined by using the historical volatility of the Company's share price over the expected life of the options and by 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 behavioural considerations.

The Share options granted in 2008 and 2009 vest immediately on grant date.

The Group recognised with expenses of HK$277,000 for the nine months ended 31 December 2014 (year ended 31 March 2014: HK$43,840,000) in relation to share options granted by the Company.

39. DISPOSAL OF A SUBSIDIARY

On 27 March 2014, the Company disposed to an independent third party, its entire 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 many years ago, but was inactive and has no operation in the past few years. No disposal of subsidiary was noted for the nine months ended 31 December 2014.

Analysis of assets and liabilities over which control was loss:

	27.3.2014 HK$'000
Other receivables	31,765
Other payables	(1,705)
Bank borrowings	(22,664)
Net assets disposed of	7,396

Gain on disposal of a subsidiary:

	27.7.2014 HK$'000
Cash consideration received	1,261
Net assets disposed of	(7,396)
Cumulative exchange differences in respect of the net assets of subsidiary reclassified from equity to profit or loss on loss of control of subsidiary	86,841
Gain on disposal	80,706

Net Cash inflow on disposal of a subsidiary:

	27.7.2014 HK$'000
Cash consideration	1,261
Less: bank balances and cash disposed of	–
	1,261

40. 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 39 was included in other receivables and subsequently received on 27 June 2014. No major non-cash transaction is noted for the period ended 31 December 2014.

41. CAPITAL COMMITMENT

	The Group	
	31.12.2014	31.3.2014
	HK$'000	HK$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of purchase of property, plant and equipment	**3,669**	8,521

42. OPERATING LEASE

The Group as lessor

Property rental income earned during the nine months ended 31 December 2014 was approximately HK$1,351,000 (31 March 2014: HK$1,624,000). The investment properties held have committed tenants for the next one year (31 March 2014: one to two years).

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

	The Group	
	31.12.2014	31.3.2014
	HK$'000	HK$'000
Within one year	**1,904**	1,317
In the second to fifth years inclusive	**–**	220
	1,904	1,537

42. OPERATING LEASE (Continued)

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:

	The Group	
	31.12.2014	31.3.2014
	HK$'000	HK$'000
Within one year	**1,226**	683
In the second to fifth years inclusive	**1,928**	1,274
	3,154	1,957

43. 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 15.

44. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting period and up to 27 March 2015, the warrant holders exercised their rights to convert 761,200 units of warrants into 761,200 ordinary shares at an exercise prices of HK$0.2 per warrant. The net proceeds from the exercise of approximately HK$152,000 will be used as general working capital of the Group.

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

45. RECLASSIFICATION

Certain comparative figures have been reclassified to conform with the current year's presentation.

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:

	For the nine months period ended 31 December 2014 HK$'000	For the year ended 31 March 2014 HK$'000	2013 HK$'000	2012 HK$'000	2011 HK$'000
TURNOVER	**91,793**	102,624	83,333	57,026	76,764
(LOSS) BEFORE TAXATION	**(41,043)**	(364,197)	(68,263)	(102,408)	(182,750)
INCOME TAX EXPENSE	**(1,391)**	(1,933)	(1,045)	(456)	(2,406)
(LOSS) FOR THE PERIOD/ YEAR	**(42,434)**	(366,130)	(69,308)	(102,864)	(185,156)
ATTRIBUTABLE TO:					
OWNERS OF THE COMPANY	**(42,434)**	(366,130)	(69,308)	(102,864)	(185,156)
LOSS FOR THE PERIOD/YEAR	**(42,434)**	(366,130)	(69,308)	(102,864)	(185,156)

ASSETS AND LIABILITIES

	As at 31 December 2014 HK$'000	As at 31 March 2014 HK$'000	2013 HK$'000	2012 HK$'000	2011 HK$'000
Total assets	**596,668**	692,915	873,939	896,695	921,834
Total liabilities	**(33,543)**	(94,693)	(174,431)	(129,393)	(74,030)
EQUITY	**563,125**	598,222	699,508	767,302	847,804

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. TONG Kit Shing *(Chairman)*
Mr. Kingsley LEUNG

Non-Executive Director

Mr. FUNG Kwok Leung

Independent Non-Executive Directors

Mr. TSAO Hoi Ho, Terry
Dr. Carl Aslan Jason Morton FIRTH
Mr. ZHAO Zhi Gang

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

AUTHORIZED REPRESENTATIVES

Mr. TONG Kit Shing
Mr. Kingsley LEUNG

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants

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Clifton House
75 Fort Street
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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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LEGAL ADVISERS AS TO HONG KONG LAW

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