Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. TONG Kit Shing *(Chairman)*

Mr. LIU Guoyao *(Chief Executive Officer)*

Mr. CHENG Wai Man

Independent Non-Executive Directors

Mr. SO Yin Wai

Mr. ZHOU Yaoming

Mr. LIN Jian

AUDIT COMMITTEE

Mr. SO Yin Wai

Mr. ZHOU Yaoming

Mr. LIN Jian

QUALIFIED ACCOUNTANT

Mr. HONG Kin Choy *FCCA, CPA (practising)*

COMPANY SECRETARY

Mr. HONG Kin Choy *FCCA, CPA (practising)*

HEAD OFFICE & PRINCIPAL PLACE OF BUSINESS

Room 2302, 23/F
Lippo Centre Tower II
89 Queensway, Admiralty
Hong Kong

Website: http://www.uni-bioscience.com

REGISTERED OFFICE

P.O. Box 2681 GT
Century Yard
Cricket Square
Hutchins Drive
George Town
Grand Cayman
British West Indies

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Bank of Bermuda (Cayman) Limited
3/F, 36C Bermuda House
P.O. Box 513 G.T.
Dr. Roy's Drive, George Town
Grand Cayman, Cayman Islands
British West Indies

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Abacus Share Registrars Limited
26/F, Tesbury Centre
28 Queen's Road East
Wan Chai, Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
DBS Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Fubon Bank (Hong Kong) Limited
Bank of Communications Co., Ltd, Hong Kong Branch

AUDITORS

CCIF CPA Limited
Certified Public Accountants

STOCK CODE

0690

FINAL RESULTS

For the year ended 31 March 2006, the Group recorded a consolidated turnover of approximately HK$94.9 million (2005: approximately HK$134.3 million), representing a decrease of approximately 29% as compared to prior financial year. Net loss attributable to equity shareholders of the Company was approximately HK$42.4 million (2005: net loss of approximately HK$0.9 million as restated) with loss per share of HK23.58 cents (2005: loss per share of HK0.49 cents as restated).

BUSINESS REVIEW

Packaging products

Being the largest division of the Group, the packaging and printing division contributed a total of approximately 46% of the Group's total revenue. The turnover of the division decreased from approximately HK$67.4 million for 2004/2005 to approximately HK$43.8 million for 2005/2006, representing a decrease of approximately 35%.

The decrease was mainly attributed to increasing competition from competitors and because of the difficulties in recovering receivables encountered in the PRC. The Group has been prudent and selective in accepting new orders in the PRC, resulting in a substantial decrease in turnover.

In this regards, the Group will explore and develop new markets overseas. The Group has accepted new orders from a few multi-nationals. It is expected that such strategic restructuring will bring in new source of revenue to the Group in future.

Paper gifts items

The paper gifts division managed to achieve a substantial growth throughout the year under review and the divisional turnover has increased from approximately HK$9.7 million to approximately HK$15.7 million, representing an increase of approximately 62%. However, because of increasing market competition and rising fuel and other direct material costs, the divisional gross profit has dropped from approximately HK$3.2 million to approximately HK$2.9 million.

Because of the increasing demand for paper gifts items in the industry, the Group will continue to develop further business in this sector.

Promotional products

Because of the difficulty in recovering receivables in the PRC, the Group has been prudent and selective in accepting new orders in the PRC and, as a result, there was a substantial decrease in the divisional turnover from approximately HK$57.2 million to approximately HK$35.5 million, or a decrease of approximately 38%. The Group continues to explore and develop new markets overseas and has secured new orders with a few multi-nationals.

Chairman's Statement

PROSPECTS

Given the unfavorable results of the printing business, the Company will review the operations of the Group with a view to developing a corporate strategy for the Group to enhance its existing businesses and asset base, and broaden its income stream by various measures. These may include further investing in and expansion of existing businesses and/or downsizing or divesting of loss-making operations of the Group should appropriate opportunities arise.

In June 2006, the Group succeeded in diversifying its business into bioscience related business by acquiring Figures Up Trading Limited ("FUTL"). FUTL and its subsidiaries are principally engaged in the sale and distribution of pharmaceutical and healthcare products in the PRC. By acquiring the FUTL group, the earnings and assets base of the Group have been enhanced.

A subsidiary of FUTL, Dongguan Shi Bo Kang Jian Pharmaceutical Technology Co., Ltd. (東莞市博康健醫藥科技有限公司) ("Dongguan Pharm") is jointly researching two drugs using recombinant DNA technology for possible treatment of diabetes and for the enhancement of immune system respectively. These drugs, if successful, could form the basis of application to the State Food and Drug Administration (國家食品藥品監督管理局) ("SFDA") of the PRC, each for registration as a Class I prescription new drug. On 27 June 2006, the Group announced that it has reached a milestone for the development of its drug for treatment of diabetes in that SFDA has granted its approval to conduct clinical trials of recombinant Exendin-4 for injection (注射用重組促胰島素分泌素). The patient dosing begins in July 2006. Preliminary data is expected to be available by the end of 2006. The clinical trials is designed to generate the type of safety and efficacy data critical to the treatment of Type 2 diabetes.

While the Company considers research and product invention an essential component of its business strategy for the development of its new bio-science related business, the success of its new business also hinges on whether it is able to establish its own manufacturing capability to control production of its invented products. The Company believes that an integrated production process from research, manufacturing to distribution will enable the Company to consolidate further its market position, enhance the Group's market share and overall competitiveness in the bio-science related industry. Accordingly, the Company will continue to pursue further acquisition opportunities in a prudent and selective manner with a view to establishing its manufacturing capability through investing in or acquiring manufacturing plants and/or facilities suitable for the production of bio-science related (including pharmaceutical) products.

The Company, through Dongguan Pharm, its sales and distribution arm with GSP certification will also be proactively establishing the geographical coverage of distribution network for its products in China and the South East Asian Region, which may include the entering into of distributorship agreements as and when suitable opportunities arise.

APPRECIATIONS

Finally, I give my sincerest thanks to my fellow directors and our colleagues for their unwavering dedications and significant contributions rendered. I am confident that their endeavors will continue to strive for the satisfactory results of the Group in the year ahead. On behalf of the Board, I would also like to take this opportunity to extend our heartfelt gratitude to our shareholders, customers, bankers and business associates for their continuous support to the Group.

TONG Kit Shing
Chairman

28 July 2006

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flow and loan facilities from banks. At 31 March 2006, the Group's bank deposits, bank balances and cash amounted to HK$14.9 million and bank and other borrowings amounted to HK$62.4 million of which about HK$24.6 million were repayable in one year and the balance of about HK$37.8 million repayable in two to five years.

At 31 March 2006, the Group has assets of approximately HK$138.8 million. Current assets of the Group on the date amounted to approximately HK$74.8 million while current liabilities were HK$61.4 million. The gearing ratio, calculated by dividing the total debts over its total assets, was 76%.

FOREIGN EXCHANGE RISK MANAGEMENT

The exposure to foreign currency of the Group mainly arose from the net cash flow and the net working capital translation of its PRC operations. The Group will actively hedge the foreign currency exposures through natural hedges, forward contracts and options, if considered necessary. As at 31 March 2006, there was no outstanding forward contract in place to hedge against possible exchange losses from future net cash flows. Speculative currency transactions are prohibited. The management of currency risk is centralized in the Hong Kong office of the Group.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 March 2006, the Group employed a total of approximately 300 staff for its operations in Hong Kong and the PRC. An additional work force of approximately 1,100 were provided by a sub-contractor for the production facilities situated in the PRC.

The Group adopts a competitive remuneration package for its employees. Promotion and salary adjustments are assessed based on a performance related basis. Share options may also be granted to staff with reference to the individual's performance.

EXECUTIVE DIRECTORS *(appointed on 22 September 2005)*

Mr. TONG Kit Shing, aged 45, is the Chairman of the Company. He was engaged in metal trading business in the PRC since 1997. Mr. TONG has also been investing in a company, namely 江都沿江匯同水處理發展有限公司, in the PRC which is principally engaged in the development of water treatment system. Mr Tong is the sole and beneficial owner of Automatic Result Limited, the substantial shareholder of the Company.

Mr. LIU Guoyao, aged 42, is the Chief Executive Officer of the Company. He is experienced in the management and business administration in the PRC. Mr. LIU owns a hotel in Dongguan, the PRC and has participated in the day-to-day operation and management thereof as a general manager since 1999. Mr LIU is also the sole director of Automatic Result Limited.

Mr. CHENG Wai Man, aged 46, has four years of experience in corporate and marketing management in printing industry. Mr. CHENG currently is engaged in trading of bio-chemical products.

INDEPENDENT NON-EXECUTIVE DIRECTORS *(appointed on 22 September 2005)*

Mr. LIN Jian, aged 70, working at Jinan University in Guangzhou, the PRC as a professor in Biological Engineering. He had also held various local social offices including Committee Member of the Scientific Technology Consultancy Committee of the Government of the Guangdong Province and the Managing Director of the Biological Engineering Society of the Guangdong Province.

Mr. LIN is also an independent non-executive director of Global Green Tech Group Limited, a company listed on the Stock Exchange.

Mr. SO Yin Wai, aged 44, graduated from Hong Kong Polytechnic University in 1986 and has been in the accounting profession for nearly 20 years. He is a member of the Association of Chartered Certified Accountants of United Kingdom and the Hong Kong Institute of Certified Public Accountants. He had previously worked for Peat, Marwick, Mitchell & Co. and Messrs. Kwan Wong Tan & Fong and been involved in the audit of a number of international and local engagements and listed companies. He is currently the sole practitioner of his own firm known as Alex So & Co (Certified Public Accountants). Apart from his auditing experiences, Mr. SO also specializes in company secretarial work, tax planning and management consultancy matters. Mr. SO is currently the Vice-Chairman of China Business Association. He is the Honorary Auditor of a number of voluntary organizations, including Hong Kong Parkinson's Disease Foundation, Life Currents and Caring Centre Foundation Limited. Mr. SO is also one of the independent non-executive directors of Green Energy Group Limited (formerly known as China Nan Feng Group Limited), a company listed on the Stock Exchange.

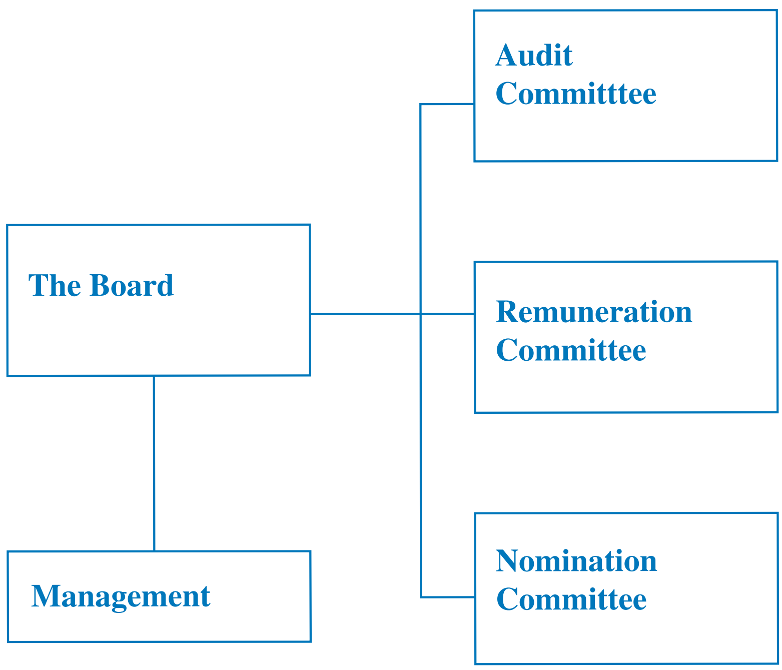
Mr. ZHOU Yaoming, aged 70, has over 40 years of experience in academic training and education in the People's Republic of China and has been the Principal of Jinan University since 1999. Mr. ZHOU graduated from Zhongshan University with a Bachelor Degree in History. Mr. ZHOU is one of the independent directors and a member of the Audit, Nominating and Remuneration Committees of Bio-Treat Technology Limited, a company listed on the main board of Singapore Exchange Securities Trading Limited. He was (retired on 5 June 2006) also an independent non-executive director of Green Energy Group Limited (formerly known as China Nan Feng Group Limited).

Corporate Governance Report

The Company 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 board ("Board") of directors ("Directors") of the Company believes that good corporate governance practices are increasingly important for maintaining and promoting investor confidence and for stable growth of the Group.

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") for the financial year 2005/2006, except for certain deviation that is discussed later in this report. To ensure stricter compliance with the CG Code to the extent that it is reasonable, practicable and in the interests of the Company to do so, relevant amendments to the Company's Articles of Association ("Articles"), such as the provision for rotation of all directors, were proposed and approved by shareholders at the extraordinary general meeting held on 12 December 2005.

Below are the corporate governance practices adopted by the Company with specific reference to the CG Code:



THE BOARD OF DIRECTORS

The Board currently consists of six members, including the Chairman, the Chief Executive Officer, an additional executive Director and three independent non-executive Directors. One of our independent non-executive Directors has the professional and accounting qualifications required by the Listing Rules.

All the current Directors were appointed on 22 September 2005. Mr. TONG Hing Chi, a non-executive Director, retired on 30 August 2005. On 13 October 2005, Mr. NG Man Chan and Ms. LI Mi Lai resigned as executive Directors and Mr. LEE Man Kwong, Mr. LEUNG Siu Cheung and Mr. LAM Kin Kan, Mark resigned as independent non-executive Directors. According to code provision A.4.1 of the CG Code, the non-executive directors should be appointed for a specific term, subject to re-election. Currently, none of the three independent non-executive Directors is appointed for a specific term. However, all independent non-executive Directors are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Articles, and the terms of their appointment will be reviewed when they are due for re-election. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those set out in the CG code.

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 to develop business objectives and budgets and to implement the Group's strategies. Such division of responsibilities helps to reinforce their accountability and independence. There is no 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 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 the report in accordance with the Listing Rules. 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 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.

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

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

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

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

Composition of the Board prior to 22 September 2005	Meeting Attended/Held
Executive Directors:	
NG Man Chan *(Chairman)*	2/2
LI Mi Lai	2/2
Non-executive Director:	
TONG Hing Chi	2/2
Independent Non-executive Directors:	
LEE Man Kwong	2/2
LEUNG Siu Cheung	2/2
LAM Kin Kan, Mark	2/2

Composition of the Board from 22 September 2005 onwards	Meeting Attended/Held
Executive Directors	
TONG Kit Shing *(Chairman)*	2/2
LIU Guoyao *(Chief Executive Officer)*	2/2
CHENG Wai Man	2/2
Independent Non-executive Directors	
ZHOU Yaoming	2/2
LIN Jian	2/2
SO Yin Wai	2/2

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 of the Listing Rules as the code of conduct regarding securities transactions by all Directors of the Company. A copy of the Model Code is sent to each Director of the Company first on his appointment and a reminder is sent to each Director one month before the date of the board meetings to approve the Company's half-year results and annual results that the Director cannot deal in the securities of the Company until after such results have been published.

Having made specific enquiry of all Directors of the Company, all Directors confirmed they had complied with the required standard set out in the Model Code throughout the year ended 31 March 2006.

AUDIT COMMITTEE

The audit committee of the Company ("Audit Committee") was established in 2001. The current members of the Audit Committee are Mr. SO Yin Wai (Chairman), Mr. ZHOU Yaoming and Mr. LIN Jian, all being independent non-executive Directors and are appointed to the Audit Committee on 13 October 2005 following the resignation of all the previous members of the Audit Committee namely, Mr. LEE Man Kwong, Mr. LEUNG Siu Cheung and Mr. LAM Kin Kan, Mark on 13 October 2005. Mr. SO Yin Wai 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 written terms of reference which describe the authority and duties of the Audit Committee were adopted in 2001 and subsequently amended in 2005 to confirm to the provisions of the CG Code.

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

The main duties of the Audit Committee are as follows:

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

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

Members of the Audit Committee	Meeting Attended
SO Yin Wai	1/2
ZHOU Yaoming	1/2
LIN Jian	1/2
LEE Man Kwong	1/2
LEUNG Siu Cheung	1/2
LAM Kin Kan, Mark	1/2

Throughout the year under review, the Audit Committee discharged its responsibilities by reviewing and discussing the 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. Members of the Remuneration Committee as at 31 March 2006 comprised Mr. TONG Kit Shing, Mr. CHENG Wai Man, Mr. SO Yin Wai, Mr. ZHOU Yaoming (Chairman) and Mr. LIN jian. A majority of the votes in the Remuneration Committee are exercisable by independent non-executive Directors. No Directors will be involved in any discussion in connection with his own remuneration.

The main duties of the Remuneration Committee are as follows:

- To determine the remuneration policy of the Group
- To determine the remuneration of executive Directors upon consultation with the Chairman regarding their proposals for such remuneration
- 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.

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

Name of director	Meetings attended
TONG Kit Shing	2/2
CHENG Wai Man	2/2
SO Yin Wai	2/2
ZHOU Yaoming	2/2
LIN Jian	2/2

NOMINATION COMMITTEE

The Company established a nomination committee ("Nomination Committee") on 4 November 2005. Members of the nomination committee as at 31 March 2006 comprised Mr. TONG Kit Shing, Mr. CHENG Wai Man, Mr. SO Yin Wai, Mr. ZHOU Yaoming, and Mr. LIN Jian (Chairman).

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 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

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

Name of director	Meetings attended
TONG Kit Shing	2/2
CHENG Wai Man	2/2
SO Yin Wai	2/2
ZHOU Yaoming	2/2
LIN Jian	2/2

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

The Group will consider the background, experience and qualification of any proposed candidates to ensure that the proposed candidates possess the requisite experience, characters and integrity to act as a Director of the Company.

AUDITORS' REMUNERATION

The Group was charged HK$(780,000) for auditing services and HK$(475,680) for non-auditing services by the auditors of the Group in respect of the year ended 31 March 2006.

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 implementing an effective and sound internal control system to safeguard the interest of shareholders and the Group's assets. The Board has delegated to executive management the implementation of the system of internal controls and reviewing of all relevant financial, operational, compliance controls and risk management function within an established framework.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation of accounts for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. In preparing the accounts for the year ended 31 March 2006, 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.

INVESTOR RELATIONSHIP AND COMMUNICATION

The Company endeavours to maintain a high level of transparency in communicating with shareholders and the investment community at large. The Company is committed to continue to maintain an open and effective investor communication policy and to update investors on relevant information on its business in a timely manner, subject to relevant regulatory requirements. In order to ensure effective, clear and accurate communications with the investors and analysts, all corporate communications are arranged and handled by the executive Directors and designated management executives according to established practices and procedures of the Company.

The Company has announced its annual results and interim results in a timely manner during the year under review, which is well before the time limits set out the Listing Rules. Separate resolutions are proposed at the general meetings on each substantially separate issue, including the election of individual directors. All substantive resolutions at the general meeting are decided on a poll.

The Company has also maintained a website at http://www.uni-bioscience.com which enables shareholders, investors and the general public to have access to the information of the Company on a timely basis. Financial information and all shareholder corporate communications of the Company are made available on the Company's website and updated regularly.

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 policy forbids my employee or agent of the Group 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 our 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 fundraising activities for the needs of the society.

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

CHANGE IN CONTROL

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

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

CHANGE OF COMPANY NAME

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

PRINCIPAL ACTIVITIES AND SEGMENTAL INFORMATION

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

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

RESULTS AND APPROPRIATIONS

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

DIVIDEND

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

FIVE-YEAR FINANCIAL SUMMARY

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

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

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

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

SHARE CAPITAL AND RESERVES

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

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

PROPERTY, PLANT AND EQUIPMENT

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

DIRECTORS

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

Executive Directors:

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

Non-executive Director:

Mr. TONG Hing Chi	(retired on 30 August 2005)

Independent non-executive Directors:

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

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

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

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

DIRECTORS' SERVICE CONTRACTS

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

TAX RELIEF AND EXEMPTION

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

DIRECTORS' INTERESTS IN SHARES

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

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

Notes:

1. The letter "L" denotes the person's long position in the shares and underlying shares in the Company or its associated corporation(s).

2. These shares are registered in the name of and beneficially owned by Automatic Result, which is solely and beneficially owned by Mr TONG Kit Shing whereas Mr LIU Guoyao is the sole director of Automatic Result. Both Mr TONG and Mr LIU are deemed to be interested in all the interest in shares and underlying shares in the Company held by Automatic Result by virtue of the SFO.

3. As at 31 March 2006, in addition to the 95,000,000 shares of HK$0.10 each in the capital of the Company held by Automatic Result. Automatic Result was also deemed to be interested in an aggregate of 360,000,000 shares ("**Offer Shares**") of HK$0.10 each in the capital of the Company representing:

   (i) the pro-rata entitlement of 190,000,000 Offer Shares for which Automatic Result undertook to subscribe under the underwriting agreement dated 14 February 2006 made between the Company and Automatic Result as underwriter (as varied, modified and supplemented by a supplemental agreement dated 28 February 2006 entered into between the same parties) (collectively, the "**Underwriting Agreement**") in relation to the issue by the Company of 360,000,000 Offer Shares by way of an open offer (the "**Open Offer**") on the basis of two Offer Shares for every existing share held in the Company as disclosed in the announcement of the Company dated 15 February 2006; and

   (ii) 170,000,000 Offer Shares pursuant to the underwriting commitment under the Underwriting Agreement.

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS

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

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

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

MANAGEMENT CONTRACTS

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

COMPETING INTERESTS

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

MAJOR CUSTOMERS AND SUPPLIERS

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

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

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

SUBSTANTIAL SHAREHOLDERS

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

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

Notes:

1. The letter "L" denotes the person's long position in the shares and underlying shares in the Company.

2. Automatic Result is solely and beneficially owned by Mr TONG Kit Shing whereas Mr LIU Guoyao is the sole director of Automatic Result. Accordingly, each of Mr TONG and Mr LIU is, by virtue of the SFO, deemed to be interested in all the shares and underlying shares in the Company in which Automatic Result is interested.

3. As at 31 March 2006, in addition to the 95,000,000 shares of HK$0.10 each in the capital of the Company held by Automatic Result, Automatic Result was also deemed to be interested in an aggregate of 360,000,000 Offer Shares representing:

   (i) the pro-rata entitlement of 190,000,000 Offer Shares for which Automatic Result undertook to subscribe under the Underwriting Agreement in relation to the issue by the Company of 360,000,000 Offer Shares by way of the Open Offer as disclosed in the announcement of the Company dated 15 February 2006; and

   (ii) 170,000,000 Offer Shares pursuant to the underwriting commitment under the Underwriting Agreement.

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

CONTINGENT LIABILITIES

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

RETIREMENT BENEFITS SCHEMES

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

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

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

PRE-EMPTIVE RIGHTS

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

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

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

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

SHARE OPTIONS

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

(a) **Participants of the Existing Share Option Scheme**

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

(b) **Maximum number of Shares**

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

SHARE OPTIONS *(continued)*

(c) **Maximum entitlement of each participant**

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

(d) **Time of exercise of option**

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

(e) **Payment on acceptance of option**

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

(f) **Subscription price for shares**

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

(i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;

(ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and

(iii) the nominal value of a share, provided that for the purpose of determining the subscription price of the shares where the shares have been listed on the Stock Exchange for less than 5 business days preceding the date of grant, the issue price of the shares in connection with such listing shall be deemed to be the closing price of the shares for each business day falling within the period before the listing of the shares on the Stock Exchange.

(g) **Period of the Existing Share Option Scheme**

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

SHARE OPTIONS *(continued)*

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

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

CORPORATE GOVERNANCE

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

AUDIT COMMITTEE

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

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

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

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITORS

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

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

POST BALANCE SHEET EVENTS

1. On 15 February 2006, the Company announced its proposal to raise, HK$180 million (before expenses) by way of an open offer on the basis of an assured allotment of two new Shares (each an "**Offer Share**") for every then existing Share held by shareholders other than overseas shareholders at the subscription price of HK$0.50 per Offer Share (the "**Open Offer**"). Automatic Result was the underwriter to the Open Offer. The Open Offer was approved at the extraordinary general meeting of the Company held on 17 March 2006. Upon Completion of the Open Offer on 6 April 2006, Automatic Result held 292,058,248 Shares or approximately 54.08% of the then entire issued share capital of the Company of 540,000,000 Shares.

2. On 26 April 2006, the Company announced that Lelion Holdings Limited ("**Lelion**"), a wholly-owned subsidiary of the Company entered into a conditional agreement to acquire the entire issued share capital of Figures Up Trading Limited ("**FUTL**") at the consideration of HK$472 million (subject to adjustments) ("**Acquisition**"). FUTL and its subsidiaries are principally engaged in the sale and distribution of pharmaceutical and healthcare products in the PRC.

   The aggregate consideration for the Acquisition was satisfied as to (i) HK274 million in cash and (ii) HK$198 million by the allotment and issue of an aggregate of 220 million Shares at an issue price of HK$0.90 each by the Company to the vendors of shares in FUTL.

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

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

On behalf of the Board

TONG Kit Shing
Chairman

Hong Kong, 28 July 2006

CCIF
CCIF CPA LIMITED
37/F Hennessy Centre
500 Hennessy Road
Causeway Bay Hong Kong

AUDITORS' REPORT TO THE SHAREHOLDERS OF
UNI-BIO SCIENCE GROUP LIMITED
(FORMERLY KNOWN AS NEW SPRING HOLDINGS LIMITED)
(INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)

We have audited the financial statements on pages 28 to 84 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

BASIS OF OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis of our opinion.

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2006 and of the Group's loss and cash flows for the year then ended and have been properly prepared in accordance with the disclosures requirements of the Hong Kong Companies Ordinance.

CCIF CPA Limited
Certified Public Accountants
Hong Kong, 28 July 2006

Chan Wai Dune, Charles
Practising Certificate Number P00712

Consolidated Income Statement

For the year ended 31 March 2006

	Note	2006 HK$'000	2005 HK$'000 Restated
Turnover	5	94,949	134,270
Cost of sales		(78,513)	(102,610)
Gross profit		16,436	31,660
Other revenue and net income	6	3,075	2,345
Selling and distribution expenses		(1,627)	(5,592)
General and administrative expenses		(24,273)	(18,917)
Impairment losses of obsolete inventories		(8,526)	(1,197)
Impairment loss of goodwill		(6,538)	–
Amortisation of goodwill		–	(2,616)
Impairment losses for bad and doubtful debts		(21,490)	(1,337)
(Loss)/Profit from operations		(42,943)	4,346
Finance costs	7(a)	(4,130)	(4,483)
Profit on disposal of investment in a subsidiary		1,359	–
(Loss) before taxation	7	(45,714)	(137)
Income tax	8(a)	3,554	(87)
(Loss) for the year		(42,160)	(224)
Attributable to:			
Equity shareholders of the Company	11	(42,446)	(887)
Minority interests		286	663
		(42,160)	(224)
(Loss) per share	12		
Basic		(23.58)cents	(0.49)cents
Diluted		N/A	N/A

The notes on pages 35 to 84 form part of these financial statements.

Consolidated Balance Sheet

At 31 March 2006

	Note	2006 HK$'000	2005 HK$'000 Restated
Non-current assets			
Property, plant and equipment	15	63,882	80,839
Intangible assets	16	–	6,538
Deferred tax assets	25	139	139
		64,021	87,516
Current assets			
Inventories	18	17,732	19,824
Trade receivables	19	16,633	31,996
Other receivables, deposits and prepayments		24,394	35,594
Dividend receivable		1,100	–
Tax recoverable		1	103
Pledged bank deposits		13,040	6,170
Cash and cash equivalents		1,888	1,911
		74,788	95,598
Current liabilities			
Trade payables	20	17,604	33,357
Amount due to ultimate holding company		1,547	–
Amounts due to directors		1,903	–
Current portion of long-term loans	21(a)	13,700	22,613
Obligations under finance leases	21(b)	100	10,504
Current taxation		77	539
Accrued charges and other payables		15,704	8,626
Trust receipts		2,438	1,960
Bank overdrafts, secured		8,360	12,748
		61,433	90,347
Net current assets		13,355	5,251
Total assets less current liabilities		77,376	92,767
Non-current liabilities			
Deferred tax liabilities	25	5,926	9,961
Long-term loans	21(a)	37,637	4,099
Obligations under finance leases	21(b)	209	2,977
NET ASSETS		33,604	75,730

Consolidated Balance Sheet

At 31 March 2006

	Note	2006 HK$'000	2005 HK$'000 Restated
CAPITAL AND RESERVES			
Share capital	22	18,000	18,000
Reserves	24	14,504	56,755
Total equity attributable to equity shareholders of the Company		32,504	74,755
Minority interests		1,100	975
TOTAL EQUITY		33,604	75,730

Approved and authorized for issue by the board of directors on 28 July 2006.

TONG Kit Shing
Director

LIU Guoyao
Director

The notes on pages 35 to 84 form part of these financial statements.

	Note	2006 HK$'000	2005 HK$'000 Restated
Non-current assets			
Investments in subsidiaries	17	71,870	71,870
Current assets			
Amounts due from subsidiaries	17	27,225	35,607
Prepayments, deposits and other receivables		104	181
Cash and cash equivalents		313	1,052
		27,642	36,840
Current liabilities			
Other payables		903	1,491
Other loan, secured		–	6,000
Amount due to ultimate holding company		1,546	–
Amount due to a subsidiary	17	–	850
Amount due to a director		1,500	–
		3,949	8,341
Net current assets		23,693	28,499
NET ASSETS		95,563	100,369
CAPITAL AND RESERVES			
Share capital	22	18,000	18,000
Reserves	24	77,563	82,369
TOTAL EQUITY		95,563	100,369

Approved and authorized for issue by the board of directors on 28 July 2006

TONG Kit Shing
Director

LIU Guoyao
Director

The notes on pages 35 to 84 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2006

	Attributable to equity shareholders of the Company									
	Share capital	Share premium	Capital reserve	Statutory reserve	Revaluation reserve	Exchange reserve	Retained profits	Total	Minority interests	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2004										
As previously reported	18,000	12,667	(243)	534	2,203	20	43,334	76,515	–	76,515
Effect on adoption of new accounting policy – HKAS 1	–	–	–	–	–	–	–	–	612	612
As restated	18,000	12,667	(243)	534	2,203	20	43,334	76,515	612	77,127
Valuation released upon disposal of leasehold land and buildings and plant and machinery	–	–	–	–	(873)	–	–	(873)	(300)	(1,173)
Loss attributable to shareholders	–	–	–	–	–	–	(87)	(87)	663	576
Prior year adjustment – audit fee undercharging *(Note 4)*	–	–	–	–	–	–	(800)	(800)	–	(800)
At 31 March 2005 (restated)	18,000	12,667	(243)	534	1,330	20	42,447	74,755	975	75,730
At 1 April 2005										
As previously reported	18,000	12,667	(243)	534	1,330	20	43,247	75,555	975	76,530
Prior year adjustment – audit fee undercharging *(Note 4)*	–	–	–	–	–	–	(800)	(800)	–	(800)
As restated	18,000	12,667	(243)	534	1,330	20	42,447	74,755	975	75,730
Recognition of profit from minority interests	–	–	–	–	–	–	1,081	1,081	(795)	286
Disposal of subsidiary	–	–	–	–	–	–	(886)	(886)	634	(252)
Loss attributable to shareholders	–	–	–	–	–	–	(42,446)	(42,446)	286	(42,160)
At 31 March 2006	18,000	12,667	(243)	534	1,330	20	196	32,504	1,100	33,604

The notes on pages 35 to 84 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 March 2006

	2006 HK$'000	2005 HK$'000 Restated
Operating activities		
(Loss) before taxation	(45,714)	(137)
Adjustments for:		
Depreciation	9,864	10,795
Interest element of finance lease	542	1,095
Amortisation of goodwill	–	2,616
Impairment loss of goodwill	6,538	–
Interest expenses	3,588	3,388
Interest income	(234)	(72)
Loss on sale of property, plant and equipment	3,188	2,005
Gain on sale of subsidiary	(1,359)	–
Minority interests	1,393	–
Operating (loss)/profit before changes in working capital	(22,194)	19,690
Decrease in inventories	2,092	4,323
Decrease in trade and other receivable, deposits and prepayments	25,463	6,330
(Decrease) in trade creditors, other payable and accrued charges	(8,675)	(9,409)
(Decrease) in amount due to a related company	–	(999)
Increase in amount due to ultimate holding company	1,547	–
Increase in amount due to director	1,903	–
Cash generated from operations	136	19,935
Tax paid		
Hong Kong profits tax paid	(841)	(482)
Hong Kong profits tax refunded	–	574
Net cash (used in)/generated from operating activities	(705)	20,027

Consolidated Cash Flow Statement

For the year ended 31 March 2006

	2006 HK$'000	2005 HK$'000 Restated
Investing activities		
Payments for the purchase of property, plant and equipment	(1,398)	(5,780)
Proceeds from sale of property, plant and equipment	5,303	12,573
Interest received	234	72
Net cash generated from investing activities	4,139	6,865
Financing activities		
Capital element of finance lease rentals paid	(13,172)	(11,253)
Bank deposits pledged	(6,870)	(2,570)
Repayment of bank and other loans	(27,319)	(23,309)
New bank and other loans	51,944	21,509
Interest element of finance lease rentals paid	(542)	(1,095)
Interest paid	(3,588)	(3,388)
Dividend paid to minority shareholders by a subsidiary	–	(300)
Net cash generated from / (used in) financing activities	453	(20,406)
Net increase in cash and cash equivalents	3,887	6,486
Cash and cash equivalents at beginning of year	(12,797)	(19,283)
Cash and cash equivalents at end of year	(8,910)	(12,797)
Analysis of balances of cash and cash equivalents		
Bank balances and cash	1,888	1,911
Bank overdrafts	(8,360)	(12,748)
Trust receipt loans	(2,438)	(1,960)
	(8,910)	(12,797)

The notes on pages 35 to 84 form part of these financial statements.

1. GENERAL INFORMATION

Corporation Information

The Company is a public limited company incorporated in the Cayman Islands with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its ultimate holding company is Automatic Result Limited ("Automatic Result") which is incorporated in the British Virgin Islands with limited liability. The address of its registered office is P.O. Box 2681 GT, Century Yard, Cricket Square, Hutchins Drive, George Town, Grand Cayman, British West Indies and its principal place of business address is Room 2302, 23/F., Lippo Centre Tower II, 89 Queensway, Admiralty, Hong Kong.

The principal activity of the Company is investment holding. There were no significant changes in the nature of the Company's principal activities during the year. Particulars of the principal activities of its subsidiaries are set out in note 17 to the financial statements.

By a special resolution passed on 12 December 2005, the name of the Company was changed from "New Spring Holdings Limited" to "Uni-Bio Science Group Limited" and the Company adopted the Chinese name "聯康生物科技集團有限公司" as part of its trade name.

The financial statements are presented in Hong Kong Dollars, which is the same as the functional currency of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"). A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued a number of new and revised HKFRSs that are effective or available for early adoption for accounting periods beginning on or after 1 January 2005. Information on the changes in accounting policies resulting from initial application of these new and revised HKFRSs for the current and prior accounting periods reflected in these financial statements is provided in note 3.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2006 comprise the Company and its subsidiaries (together referred to as the "Group").

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing 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.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 33.

(c) Subsidiaries and controlled entities

A subsidiary, in accordance with the Hong Kong Companies Ordinance, is a company in which the Group, directly or indirectly, holds more than half of the issued share capital or controls more than half the voting power or controls the composition of the board of directors. Subsidiaries are considered to be controlled if the Company has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities.

An investment in a controlled subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Subsidiaries and controlled entities *(continued)*

Minority interests at the balance sheet date, being the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 2(g)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(d) Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses.

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination is recognised immediately in profit or loss.

(e) Property, plant and equipment

The following items of property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see note 2(g)):

– other items of plant and equipment.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal. Any related revaluation surplus is transferred from the revaluation reserve to retained profits.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Property, plant and equipment *(continued)*

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Plant and machinery	6.6 – 20%
Furniture, fixtures and equipment	10 – 20%
Leasehold improvements	15 – 18%
Motor vehicles	15 – 20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(f) Leased assets

(i) Classification of assets leased to the Group

Assets that are held by Group under leases which transfer to the group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the Company or Group will obtain ownership of the asset, the life of the asset, as set out in note 2(g). Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(g). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Leased assets *(continued)*

(iii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made.

(g) Impairment of assets

Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment;
– investments in subsidiaries
– goodwill

If any such indication exists, the asset's recoverable amount is estimated. In additions, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price 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 time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Impairment of assets *(continued)*

– Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(h) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost, calculated on the first-in, first-out basis, comprises materials, direct labour and an appropriate absorption of all production overhead expenditure. Net realizable value is determined on the basis of anticipated sale proceeds less estimated selling expenses.

(i) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less impairment losses for bad and doubtful debts (see note 2(g)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts (see note 2(g)).

(j) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Trade and other payables

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(m) Employee benefits

(i) Retirement benefit obligations the Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution scheme, the assets of which are held in separate trustee-administered funds.

Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, with the employees' contributions subject to a cap of monthly relevant income of HK$20,000. The Group's contributions to the scheme are expensed as incurred and vested in accordance with the scheme's vesting scales. Where employees leave the scheme prior to the full vesting of the employer's contributions, the amount of forfeited contributions is used to reduce the contributions payable by the Group.

(ii) *Pensions obligations*

The Group contributes to a defined contribution retirement scheme which is available to all employees. Contributions to the scheme by the Group and employees are calculated as a percentage of employee's basic salaries. The retirement benefit scheme cost charges to the profit and loss account represents contributions payable by the Group to the funds.

The Group's contributions to the defined contribution retirement scheme are expensed as incurred. The assets of the scheme are held separately from those of the Group in independently administered funds.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Employee benefits

(iii) Share based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the Binomial option pricing model or Black Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for the recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

(iv) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(n) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Income tax *(continued)*

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Income tax *(continued)*

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

– the same taxable entity; or

– different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(o) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(p) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sales of goods

Revenue is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(iii) Operating lease rental income

Operating lease rental income is recognised on a straight-line basis.

(q) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items, including goodwill arising on consolidation of foreign operations acquired on or after 1 April 2005, are translated into Hong Kong dollars at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised directly in a separate component of equity. Goodwill arising on consolidation of a foreign operation acquired before 1 April 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On disposal of a foreign operation, the cumulative amount of the exchange differences recognised in equity which relate to that foreign operation is included in the calculation of the profit or loss on disposal.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(r) Borrowing costs

Borrowing costs are expensed in profit or loss in the period which are incurred, except to the extent that they are capitalized as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalization of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(s) Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals of the Group or of any entity that is a related party of the Group.

(t) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purposes of these financial statements.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and property, plant and equipment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment. Inter-segment pricing is based on similar as those available to other external parties.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(t) Segment reporting *(continued)*

Segment capital expenditure is the total cost incurred during the period to acquired segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, tax balances, corporate and financing expenses.

(u) Dividends

Dividends proposed or declared after the balance sheet date are not recognized as a liability at the balance sheet date.

3. CHANGE IN ACCOUNTING POLICIES

The HKICPA has issued a number of new and revised HKFRSs that are effective for accounting periods beginning on or after 1 January 2005.

The accounting policies of the Group and/or Company after the adoption of these new and revised HKFRSs have been summarized in note 2. The following sets out information on the significant changes in accounting policies for the current and prior accounting periods reflected in these financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting year.

3. CHANGE IN ACCOUNTING POLICIES *(continued)*

(a) The cumulative effects of the application of the new HKFRSs as at 31 March 2005 and 1 April 2005 are summarised below:

	Year ended 31 March 2005 HK$'000 (as previously reported)	Effect on new policy (increase/ (decrease)) in the income statement for the year HKAS 1 HK$'000	Year ended 31 March 2005 HK$'000 (as adjusted by changes in accounting policies)
Consolidated income statement			
Turnover	134,270	–	134,270
Cost of sales	(102,610)	–	(102,610)
Gross profit	31,660	–	31,660
Other income	2,345	–	2,345
Other operating expenses	(28,859)	–	(28,859)
Profit from operations	5,146	–	5,146
Finance costs	(4,483)	–	(4,483)
Profit/(loss) before taxation	663	–	663
Income tax	(87)	–	(87)
	576	–	576
Minority interests	(663)	663	–
(Loss)/Profit for the year	(87)	663	576
Attributable to:			
Equity shareholders of the Company	(87)	–	(87)
Minority interests	–	663	663
	(87)	663	576

3. CHANGE IN ACCOUNTING POLICIES *(continued)*

(a) Consolidated balance sheet items *(continued)*

	As at 31 March 2005 HK$'000 (as previously reported)	Effect on new policy increase/ (decrease) HKAS 1 HK$'000	As at 31 March 2005 HK$'000 (as adjusted by changes in accounting policies)
Consolidated balance sheet items			
Non current assets			
Property, plant and equipment	80,839	–	80,839
Intangible assets	6,538	–	6,538
Deferred tax assets	139	–	139
	87,516	–	87,516
Current assets			
Inventories	19,824	–	19,824
Other current assets	75,774	–	75,774
	95,598	–	95,598
Current Liabilities	(89,547)	–	(89,547)
Net current assets	6,051	–	6,051
Non current liabilities			
– Minority interests	975	(975)	–
– Other non current liabilities	17,037	–	17,037
	18,012	(975)	17,037
	75,555	–	76,530
Capital and Reserves			
Share capital	18,000	–	18,000
Retained profits	43,247	–	43,247
Other reserves	14,308	–	14,308
	75,555	–	75,555
Minority interests	–	975	975
	75,555	975	76,530

3. CHANGE IN ACCOUNTING POLICIES *(continued)*

(b) Estimated effect of changes in accounting policies on the current period

The following tables provide estimates of the extent to which each of the line items in the consolidated income statement and balance sheet and other significant related disclosure items for the year ended 31 March 2006 is higher or lower than it would have been had the previous policies still been applied in the year, where it is practicable to make such estimates.

	Effect on new policy (increase/(decrease)) HKFRS3 HK$'000
Consolidated income statements	
Turnover	–
Cost of sales	–
Gross profit	–
Other income	–
Other operating expenses	3,922
Profit from operations	3,922
Finance costs	–
Profit before taxation	3,922
Income tax	–
Profit for the year	3,922
Attributable to:	
Equity shareholders of the Company	3,922
Minority interests	–
	3,922
(Loss) per share	
Basic	(2.18) cents

3. CHANGE IN ACCOUNTING POLICIES *(continued)*

(b) Estimated effect of changes in accounting policies on the current period *(continued)*

	Effect on new policy (increase/(decrease)) HKFRS3 HK$'000
Other significant disclosure items:	
Amortisation of goodwill	2,616
Consolidated Balance sheet items	
Non current assets	
Property, plant and equipment	–
Intangible assets	3,922
Deferred tax assets	–
	3,922
Current assets	
Inventories	–
Other current assets	–
	–
Current Liabilities	–
Net Current Assets	–
Total assets less current liabilities	3,922
Capital and Reserves	
Share capital	–
Retained profits	3,922
Other reserves	–
	3,922
Minority interests	–
Non current liabilities	–
	3,922
Minority interests	–
	3,922

3. CHANGE IN ACCOUNTING POLICIES *(continued)*

(c) Employee share option scheme (HKFRS 2, Share-based payment)

In prior years, no amounts were recognised when employees (which term includes directors) were granted share options over shares in the Company. If the employees chose to exercise the options, the nominal amount of share capital and share premium were credited only to the extent of the option's exercise price receivable.

With effect from 1 January 2005, in order to comply with HKFRS 2, the Group has adopted a new policy for employee share options. Under the new policy, the Group recognises the fair value of such share options as an expense with a corresponding increase recognised in a capital reserve within equity. Further details of the new policy are set out in note 2m.

The Group has taken advantage of the transitional provisions set out in HKFRS 2, under which the new recognition and measurement policies have not been applied to the following grants of options:

(a) all options granted to employees on or before 7 November 2002; and

(b) all options granted to employees after 7 November 2002 but which had vested before 1 January 2005.

As the Group has not granted options for the year and in prior years, the adoption of HKFRS 2 has no impact on the Group's net assets and results.

(d) Changes in presentation of minority interests (HKAS 1, Presentation of financial statements and HKAS 27, Consolidated and separate financial statements)

In prior years, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and as deduction from net assets. Minority interests in the results of the Group for the year were also separately presented in the income statement as a deduction before arriving at the profit attributable to shareholders (the equity shareholders of the Company).

With effect from 1 January 2005, in order to comply with HKAS 1 and HKAS 27, the Group has changed its accounting policy relating to presentation of minority interests. Under the new policy, minority interests are presented as part of equity, separately from interests attributable to the equity shareholders of the Company. Further details of the new policy are set out in note 2(c). These change in presentation retrospectively with comparatives restated as shown in note 2(a).

3. CHANGE IN ACCOUNTING POLICIES *(continued)*

(e) Definition of related parties (HKAS 24, related party disclosures)

As a result of the adoption of HKAS 24, Related party disclosures, the definition of related parties has been expanded to clarify that related parties include entities that are under the significant influence of a related party that is an individual (i.e. key management personnel, significant shareholders and/or their close family members) and post-employment benefit plans which are for the benefit of employees of the Group or of any entity that is a related party of the Group. The clarification of the definition of related parties has not resulted in any material changes to the previously reported disclosures of related party transactions nor has it had any material effect on the disclosures made in the current period, as compared to those that would have been reported had Statement of Standard Accounting Practice 20, related party disclosures, still been in effect.

(f) Amortisation of positive and negative goodwill (HKFRS 3, Business combinations and HKAS 36, Impairment of assets)

(i) Amortisation of goodwill

In prior periods:

– positive or negative goodwill which arose prior to 1 January 2001 was taken directly to reserves at the time it arose, and was not recognsied in the income statement until disposal or impairment of the acquired business;

– positive goodwill which arose on or after 1 January 2001 was amortised on a straight line basis over its useful life and was subject to impairment testing when there were indications of impairment; and

– negative goodwill which arose on or after 1 January 2001 was amortised over the weighted average useful life of the depreciable/amortisable non-monetary assets acquired, except to the extent it related to identified expected future losses as at the date of acquisition. In such cases it was recognised in the income statement as those expected losses were incurred.

With effect from 1 April 2005, in order to comply with HKFRS 3 and HKAS 36, the Group has changed its accounting policies relating to goodwill. Under the new policy, the Group no longer amortises positive goodwill but tests it at least annually for impairment. Also with effect from 1 April 2005 and in accordance with HKFRS 3, if the fair value of the net assets acquired in a business combination exceeds the consideration paid (i.e. an amount arises which would have been known as negative goodwill under the previous accounting policy), the excess is recognised immediately in profit or loss at it arises.

The new policy in respect of the amortisation of positive goodwill has been applied prospectively in accordance with the transitional arrangements under HKFRS 3. As a result, comparative amounts have not been restated, the cumulative amount of impairment loss as at 1 April 2005 has been offset against the cost of the goodwill and no amortisation charge for goodwill has been recognised in the income statement for the year ended 31 March 2006.

3. CHANGE IN ACCOUNTING POLICIES *(continued)*

(f) Amortisation of positive and negative goodwill (HKFRS 3, Business combinations and HKAS 36, Impairment of assets) *(continued)*

(i) Amortisation of goodwill (continued)

Also in accordance with the transitional arrangement under HKFRS 3, goodwill which had prevelsously been taken directly or reserves (i.e. goodwill which arose before 1 January 2001) will not be recognised in profit or loss on disposal or impairment of the acquired business, or under other circumstances.

The change in policy relating to negative goodwill had no effect on the financial statements as there was no negative goodwill deferred as at 31 March 2006.

(g) Possible impact of amendments, new standards and interpretations issued but not yet effective for the annual accounting period ended 31 March 2006

Up to the date of issue of these financial statements, the HKICPA has issued the following amendments, new standards and interpretations which are not yet effective for the accounting period ended 31 March 2006 and which have not been adopted in these financial statements:

Amendments, as a consequence of the Hong Kong Companies (Amendment) ordinance 2005, to :

		Effective for the accounting period beginning on or after
– HKAS 1	Presentation of financial statements,	1 January 2006
– HKFRS 3	Business combinations	1 January 2006
– HKSA 27	Consolidated and separate financial statements	1 January 2006
– HKFRS 7	Financial instruments; disclosures	1 January 2007
Amendment to HKAS 1	Presentation of financial statements: capital disclosures	1 January 2007

In addition, the Hong Kong Companies (Amendment) Ordinance 2005 came into effect on 1 December 2005 and would only be first applicable to the Group's financial statements for the period beginning on 1 April 2006.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of HKFRS 6 and HK(IFRIC)5 and the amendments to HKAS 1, HKAS 27 and HKFRS 3 made as a result of the Hong Kong Companies (Amendment) Ordinance 2005 are not applicable to any of the Group's operations and that adoption of the rest of them is unlikely to have a significant impact on the Group's results of operation and financial position.

4. PRIOR YEAR ADJUSTMENT

The cumulative effects of the prior year adjustment as a result of undercharging of prior year's audit fee for the year ended 31 March 2005 and as at 31 March 2005 are summarised below:

	Year ended 31 March 2005 HK$'000 (as adjusted by changes in accounting policies)	Prior year adjustment HK$'000	Year ended 31 March 2005 HK$'000 (as restated)
Consolidated income statement			
Turnover	134,270	–	134,270
Cost of sales	(102,610)	–	(102,610)
Gross profit	31,660	–	31,660
Other income	2,345	–	2,345
Other operating expenses	(28,859)	(800)	(29,659)
Profit from operations	5,146	(800)	4,346
Finance costs	(4,483)	–	(4,483)
Profit/(loss) before taxation	663	(800)	(137)
Income tax	(87)	–	(87)
	576	(800)	(224)
Minority interests	–	–	–
Profit/(Loss) for the year	576	(800)	(224)
Attributable to:			
Equity shareholders of the Company	(87)	(800)	(887)
Minority interests	663	–	663
	576	(800)	(224)

4. PRIOR YEAR ADJUSTMENT *(continued)*

	As at 31 March 2005 HK$'000 (as adjusted by changes in accounting policies)	Prior year adjustment HK$'000	As at 31 March 2005 HK$'000 (as restated)
Consolidated balance sheet items			
Non current assets			
Property, plant and equipment	80,839	–	80,839
Intangible assets	6,538	–	6,538
Deferred tax assets	139	–	139
	87,516	–	87,516
Current assets			
Inventories	19,824	–	19,824
Other current assets	75,774	–	75,774
	95,598	–	95,598
Current Liabilities	(89,547)	(800)	(90,347)
Net current assets	6,051	(800)	5,251
Non current liabilities			
– Minority interests	–	–	–
– Other non current liabilities	17,037	–	17,037
	17,037	–	17,037
	76,530	(800)	75,730
Capital and Reserves			
Share capital	18,000	–	18,000
Retained profits	43,247	(800)	42,447
Other reserves	14,308	–	14,308
	75,555	(800)	74,755
Minority interests	975	–	975
	76,530	(800)	75,730

5. TURNOVER

The principal activities of the Group are manufacturing and trading of packaging products, paper gifts items and promotional products.

6. OTHER REVENUE AND NET INCOME

	2006 HK$'000	2005 HK$'000
Machine rental income and service income	1,177	–
Interest income	234	72
Sundry income	1,664	2,273
	3,075	2,345

7. (LOSS) BEFORE TAXATION

(Loss) before taxation is arrived at after charging/(crediting):

		2006 HK$'000	2005 HK$'000
(a)	**Finance costs**		
	Interest on bank advances and other borrowings wholly repayable within five years	2,230	2,377
	Finance charges on obligations under finance leases	542	1,095
	Other borrowing costs	1,358	1,011
	Total borrowing costs	4,130	4,483
(b)	**Staff costs (including directors' emoluments)**		
	Contributions to defined contribution retirement plans	219	291
	Redundancy costs	–	200
	Salaries, wages and other benefits	10,151	12,188
		10,370	12,679
(c)	**Other items**		
	Impairment losses for bad and doubtful debts	21,490	1,337
	Impairment losses of obsolete inventories	8,526	1,197
	Impairment loss of goodwill	6,538	–
	Amortisation of goodwill	–	2,616
	Loss on disposal of property, plant and equipment	3,188	2,005
	Depreciation		
	– assets held under finance leases	86	3,523
	– other assets	9,778	7,272
	Auditors' remuneration	780	1,198
	Operating lease charges: minimum lease payments		
	– property rentals	2,087	1,371
	Cost of inventories	78,513	102,610

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2005:17.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

Subsidiaries of the Company established in the People's Republic of China (the "PRC") is subject to the PRC Enterprise Income Tax ("EIT") on the taxable income as reported in its PRC statutory financial statements adjusted in accordance with relevant income tax laws. The applicable EIT rate is 33%. However, the subsidiaries have tax privileges granted by PRC Government that they are entitled to full exemption from EIT for the first two years and 50% reduction in EIT for the next three years, commencing from the first profitable year after offsetting all tax losses carried forward from the previous years.

(a) Taxation:

	2006 HK$'000	2005 HK$'000
Current tax – Hong Kong		
Provision for the year	81	83
(Over)/Under provision in respect of prior years	(1)	16
Current tax – Overseas		
Provision for the year	–	–
Over provision in respect of prior year	–	–
Deferred tax		
Origination and reversal of temporary differences	(3,634)	(12)
	(3,554)	87

8. INCOME TAX *(continued)*

(b) Reconciliation between tax expenses and accounting loss at applicable tax rates:

	2006 HK$'000	2005 HK$'000
Loss before taxation	(45,714)	(137)
Notional tax on loss before taxation, calculated at the rates applicable in the countries concerned	(8,000)	(24)
Tax effect of non-deductible expenses and non-taxable income	2,267	(279)
Tax effect of unused tax losses not recognised	3,124	234
Under provision in prior years	–	16
Others	(945)	140
Actual tax expenses	(3,554)	87

9. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

	Directors' fees HK$'000	Salaries allowances and benefits in kind HK$'000	Share-based payment HK$'000	Retirement scheme contributions HK$'000	2006 Total HK$'000
Executive Directors					
TONG Kit Shing	120	–	–	6	126
LIU Guo Yao	–	–	–	–	–
CHENG Wai Man	63	–	–	3	66
Independent non-executive Directors					
ZHOU Yaoming	26	–	–	–	26
LIN Jian	26	–	–	–	26
SO Yin Wai	26	–	–	–	26
	261	–	–	9	270

10. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2005: two) are Directors whose emoluments are disclosed in note 7. The aggregate of the emoluments in respect of the other three (2005: three) individual are as follows:

	2006 HK$'000	2005 HK$'000
Salaries and other emoluments	1,016	1,606
Share-based payments	–	–
Retirement scheme contributions	36	26
	1,052	1,632

The emoluments of the three (2005: three) individuals with the highest emoluments are within the following bands:

	2006 Number of individuals	2005 Number of individuals
HK$Nil – HK$1,000,000	3	3
HK$1,501,001 – HK$2,000,000	–	–

11. LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated loss attributable to equity shareholders of the Company includes a loss of HK$4,804,000 (2005: HK$2,182,000) which has been dealt with in the financial statements of the Company.

Reconciliation of the above amount to the Company's loss for the year:

	2006 HK$'000	2005 HK$'000
Amount of consolidated loss attributable to equity shareholders dealt with in the Company's financial statements	4,804	2,182
Final dividends from subsidiaries and associates attributable to the loss of the previous financial year, approved and paid during the year	–	–
Company's loss for the year	4,804	2,182

12. (LOSS) PER SHARE

The calculation of basic loss per share is based on the following data:

	2006 HK$'000	2005 HK$'000
Loss for the year attributable to equity shareholders of the Company	42,446	887
No. of shares for the purposes of calculating basic loss per share	180,000,000	180,000,000

Diluted loss per share was not presented for both years as there were no dilutive potential ordinary shares at year end date.

13. SEGMENT REPORTING

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

Business segments

The Group comprises the following main business segments.

There are no sale or other transactions between the business segments.

Primary reporting format – business segments

	Packaging products		Paper gifts items		Promotional products		Consolidated	
	2006 HK$'000	2005 HK$'000	2006 HK$'000	2005 HK$'000	2006 HK$'000	2005 HK$'000	2006 HK$'000	2005 HK$'000
Revenue from external customers	43,808	67,360	15,677	9,710	35,464	57,200	94,949	134,270
Segment results	7,951	13,593	2,852	3,163	5,633	14,904	16,436	31,660
Unallocated operating income and expenses							(59,379)	(27,314)
(Loss)/Profit from operations							(42,943)	4,346
Finance costs							(4,130)	(4,483)
Profit on disposal of investment in subsidiary							1,359	–
(Loss) before taxation							(45,714)	(137)
Income tax							3,554	(87)
(Loss) after taxation							(42,160)	(224)
Segment assets							128,813	176,362
Other unallocated assets							9,996	6,752
Total assets							138,809	183,114
Segment liabilities							52,243	52,565
Unallocated liabilities							52,962	54,819
Total liabilities							105,205	107,384
Capital expenditure							1,398	5,780
Depreciation							9,864	10,795

13. SEGMENT REPORTING *(continued)*

Geographical segments

For the year ended 31 March 2006

	Turnover HK$'000	Segment results HK$'000	Total assets HK$'000	Capital expenditure HK$'000
Hong Kong	87,984	15,386	43,845	132
PRC	6,516	982	94,964	1,266
Other countries	449	68	–	–
	94,949	16,436	138,809	1,398
Unallocated income		3,075		
Unallocated costs		(62,454)		
(Loss) from operation		(42,943)		

For the year ended 31 March 2005

	Turnover HK$'000	Segment results HK$'000	Total assets HK$'000	Capital expenditure HK$'000
Hong Kong	93,662	22,085	46,512	757
PRC	38,620	9,106	136,602	5,023
Other countries	1,988	469	–	–
	134,270	31,660	183,114	5,780
Unallocated income		2,345		
Unallocated costs		(29,659)		
Profit from operation		4,346		

14. DIVIDEND

The Directors of the Company do not recommend the payment of a dividend for the year ended 31 March 2006 (2005: nil).

15. PROPERTY, PLANT AND EQUIPMENT

The Group

	Leasehold land and buildings HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost or valuation						
At 1 April 2004	3,956	110,795	8,332	18,885	2,220	144,188
Additions	–	5,023	10	–	747	5,780
Disposals	(3,956)	(21,154)	–	–	(1,280)	(26,390)
At 31 March 2005 and 1 April 2005	–	94,664	8,342	18,885	1,687	123,578
Additions	–	885	513	–	–	1,398
Disposals	–	(11,780)	–	–	–	(11,780)
Disposals of subsidiary	–	(3,462)	(161)	(142)	(192)	(3,957)
At 31 March 2006	–	80,307	8,694	18,743	1,495	109,239
Accumulated depreciation						
At 1 April 2004	897	30,232	4,726	6,364	1,537	43,756
Charge for the year	69	6,853	818	2,776	279	10,795
Disposals	(966)	(9,848)	–	–	(998)	(11,812)
At 31 March 2005 and 1 April 2005	–	27,237	5,544	9,140	818	42,739
Additions	–	6,071	826	2,762	205	9,864
Disposals	–	(6,701)	–	–	–	(6,701)
Eliminated on disposal of subsidiary	–	(439)	(25)	(59)	(22)	(545)
At 31 March 2006	–	26,168	6,345	11,843	1,001	45,357
Net book value						
At 31 March 2006	–	54,139	2,349	6,900	494	63,882
At 31 March 2005	–	67,427	2,798	9,745	869	80,839

15. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The analysis of the cost or valuation of the above assets at 31 March 2006 and 31 March 2005 is as follows:

	Leasehold land and buildings HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Total HK$'000
At 31 March 2006						
At Cost	–	38,962	8,694	18,743	1,495	67,894
At valuation *(note(a))*	–	41,345	–	–	–	41,345
	–	80,307	8,694	18,743	1,495	109,239
At 31 March 2005						
At Cost	–	50,569	8,342	18,885	1,687	79,483
At valuation *(note(a))*	–	44,095	–	–	–	44,095
	–	94,664	8,342	18,885	1,687	123,578

Note:

(a) In previous years, revaluation of plant and machinery was performed by independent valuer for every three years. This is a change in the accounting policy that, in the opinion of the Directors, the amount of plant and machinery at 1 April 2004 is not restated on the balance sheet as the valuation is not materially different from the carrying amount in previous years.

The Directors of the Company have undertaken a review on the carrying value of plant and machinery at 31 March 2006 and are of the opinion that the valuation is not materially different from the above carrying amount.

The revaluations of the Group's plant and machinery do not constitute temporary difference (2005: timing difference) for tax purpose.

(b) The carrying amount of revalued plant and machinery held by the Group would have been HK$18,181,000 (2005: HK$27,084,000) had they been stated at cost less accumulated depreciation and impairment losses.

(c) At 31 March 2006, the net book value of plant and machinery pledged for the Group's facilities was approximately HK$34,115,000 (2005: HK$547,000).

16. INTANGIBLE ASSETS

Goodwill

	The Group HK$'000
Cost	
Arising from acquisition of a subsidiary and at 31 March 2005	13,250
At 1 April 2005	13,250
Opening balance adjustment to eliminate accumulated impairment loss	(6,617)
At 31 March 2006	6,633
Accumulated amortisation and impairment losses	
At 1 April 2004	
Accumulated amortisation	4,001
Accumulated impairment loss	95
	4,096
Amortisation for the year	2,616
Impairment loss for the year	–
At 31 March 2005 and 1 April 2005	6,712
Eliminated against cost at 1 January 2005	(6,617)
Impairment loss for the year	6,538
At 31 March 2006	6,633
Carrying amount	
At 31 March 2006	–
At 31 March 2005	6,538

In 2005, positive goodwill not already recognised directly in reserves was amortised on a straight-line basis over estimated useful life but not exceeding 20 years. The amortisation of positive goodwill for the year ended 31 March 2005 was included in "other operating expenses" in the consolidated income statement.

16. INTANGIBLE ASSETS *(continued)*

As explained further in note 2(d), with effect from 1 April 2005 the Group no longer amortises goodwill. In accordance with the transactional provisions set out in HKFRS 3, the accumulated amortisation of goodwill as at 1 April 2005 has been eliminated against the cost of goodwill as at that date.

Impairment loss on the cost of goodwill has been provided to the Group. The impairment loss for the year is included in the consolidated income statement.

17. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2006	2005
	HK$'000	HK$'000
Unlisted shares, at cost	71,870	71,870
Amounts due from subsidiaries	27,225	35,607
Amount due to a subsidiary	–	(850)

a) The amounts due from subsidiaries are unsecured and interest-free and have no fixed terms of repayment.

17. INVESTMENTS IN SUBSIDIARIES *(continued)*

b) The following is a list of the significant subsidiaries at 31 March 2006:

Name	Place of incorporation/ establishment	Principal activities and place of operation	Particulars of issued share capital	Interest held
Lelion Holdings Limited	British Virgin Islands	Investment holding	2 Ordinary shares of US$1 each	100% (1)
Joint Peace Limited	British Virgin Islands	Trading of paper products in Hong Kong and PRC	2 Ordinary shares of US$1 each	100%
Uni-Bio Management Limited	Hong Kong	Dormant	1 Ordinary share of HK$1 each	100%
New Master Group Limited	British Virgin Islands	Investment holding/ Hong Kong	200 Ordinary shares of US$1 each	100% (1)
Sun Hip Fung (JF) Printing Products Company Limited	Hong Kong	Trading of paper products/ Hong Kong	2 Ordinary shares of HK$1 each and 20,000 Non-voting deferred shares of HK$1 each	100%
New Shing Group Company Limited	Hong Kong	Manufacturing and trading of gift and toy boxes and other paper products in Hong Kong and PRC	2 Ordinary shares of HK$1 each and 10,000 Non-voting deferred shares of HK$1 each	100%

17. INVESTMENTS IN SUBSIDIARIES *(continued)*

Name	Place of incorporation/ establishment	Principal activities and place of operation	Particulars of issued share capital	Interest held
Today Graphic Company Limited	Hong Kong	Dormant	2 Ordinary shares of HK$1 each and 20,000 Non-voting deferred shares of HK$1 each	100%
Today Advertising Products Company Limited	Hong Kong	Investment holding/ Hong Kong	2 Ordinary shares of HK$1 each and 200,000 Non-voting deferred shares of HK$1 each	100%
New Richest Holdings Limited	Hong Kong	Investment holding/ Hong Kong	10,000 Ordinary shares of HK$1each	63%
Pronto Print Limited	Hong Kong	Provision of printing and color separation services and trading of lenticular plastic products/ Hong Kong	50,000 Ordinary shares of HK$10 each	99.2%
Anson Printing Group Limited	Hong Kong	Provision of printing and color separation services/ Hong Kong	10,000 Ordinary shares of HK$1 each	51%

17. INVESTMENTS IN SUBSIDIARIES *(continued)*

Name	Place of incorporation/ establishment	Principal activities and place of operation	Particulars of issued share capital	Interest held
Visual Products Limited	Hong Kong	Dormant	10,000 Ordinary shares of HK$1 each	100%
Great Tech Trading Limited	Hong Kong	Dormant	10,000 Ordinary shares of HK$1 each	100%
New Pearl Hot Stamping & Packaging Limited	Hong Kong	Provision of hot stamping and packaging services/ Hong Kong	10,000 Ordinary shares of HK$1 each	100%
力新時紙製品（深圳）有限公司	PRC wholly foreign owned enterprise	Manufacturing and sale of paper products in PRC	Registered capital of HK$3,000,000	100%

(1) Shares held directly by the company

18. INVENTORIES

	The Group	
	2006	2005
	HK$'000	HK$'000
Raw materials	**7,687**	6,665
Work in progress	**7,604**	2,285
Finished goods	**2,441**	10,874
	17,732	19,824

19. TRADE RECEIVABLES

	The Group	
	2006	2005
	HK$'000	HK$'000
Trade receivables	16,633	31,996

Customers are generally granted with credit terms of 30 to 90 days. Longer payment terms are granted to those customers which have good payment history and long-term business relationship with the Group. (2005: 30 to 90 days). All of the trade receivables are expected to be recovered within one year. At 31 March 2006, the aging analysis of the trade receivables (net of impairment loss for bad and doubtful debts) were analysed as follows:

	The Group	
	2006	2005
	HK$'000	HK$'000
Within 30 days	11,961	11,731
31 – 60 days	2,894	2,567
61 – 90 days	949	3,335
Over 90 days	829	14,363
	16,633	31,996

20. TRADE PAYABLES

	The Group	
	2006	2005
	HK$'000	HK$'000
Trade payables	17,604	33,357

20. TRADE PAYABLES *(continued)*

At 31 March 2006, all the trade payables are expected to be settled within one year and the aging analysis of the trade payables was analysed as follows:

	The Group	
	2006	2005
	HK$'000	HK$'000
Within 30 days	4,030	4,669
31 – 60 days	3,292	2,023
61 – 90 days	1,219	2,206
Over 90 days	9,063	24,459
	17,604	33,357

21. LONG-TERM LOANS

(a) Bank and other loans

	The Group	
	2006	2005
	HK$'000	HK$'000
Bank loans repayable:		
Within one year	4,700	13,613
In the second year	37,637	2,238
In the third to fifth year	–	1,861
	42,337	17,712
Other loans, unsecured		
Within one year	9,000	9,000
	51,337	26,712
Current portion of non-current liabilities	(13,700)	(22,613)
	37,637	4,099

21. LONG-TERM LOANS *(continued)*

(b) Obligations under finance leases

At 31 March 2006, the Group had obligations under finance leases repayable as follows:

	The Group					
	2006			2005		
	Present value of the minimum lease payments HK$'000	Interest expenses relating to future periods HK$'000	Total minimum lease payments HK$'000	Present value of the minimum lease payments HK$'000	Interest expenses relating to future periods HK$'000	Total minimum lease payments HK$'000
Within 1 year	100	11	111	10,504	344	10,848
After 1 year but within 2 years	209	24	233	2,774	44	2,818
After 2 years but within 5 years	–	–	–	203	25	228
After 5 years	–	–	–	–	–	–
	209	24	233	2,977	69	3,046
	309	35	344	13,481	413	13,894

22. SHARE CAPITAL

	2006 HK$'000	2005 HK$'000
Authorized:		
2,000,000,000 ordinary shares of HK$0.10 each	200,000	200,000
Issued and fully paid:		
180,000,000 ordinary shares of HK$0.10 each	18,000	18,000

23. EQUITY SETTLED SHARE-BASED TRANSACTIONS

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

The subscription price for the shares in relation to option to be granted under the Scheme shall be determined by the Board and shall be at least the highest of (i) the nominal value of the shares of the Company; (ii) the closing price of the 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.

No options have been granted since the establishment of the Scheme to 31 March 2006.

24. RESERVES

The Group

	Share premium HK$	Capital reserve HK$	Statutory reserve HK$	Group Revaluation reserve HK$	Exchange reserve HK$	Retained profits HK$	Total HK$
At 1 April 2004	12,667	(243)	534	2,203	20	43,334	58,515
Valuation released upon of leasehold land and buildings and plant and machinery	–	–	–	(873)	–	–	(873)
Loss attributable to shareholders – Previously stated	–	–	–	–	–	(87)	(87)
Prior year adjustment – audit fee undercharging	–	–	–	–	–	(800)	(800)
At 31 March 2005	12,667	(243)	534	1,330	20	42,447	56,755
Representing:							
Reserves							56,755
At 1 April 2005	12,667	(243)	534	1,330	20	42,447	56,755
Recognition of profit from minority interests	–	–	–	–	–	1,081	1,081
Disposals of subsidiary	–	–	–	–	–	(886)	(886)
Loss attributable to shareholders	–	–	–	–	–	(42,446)	(42,446)
At 31 March 2006	12,667	(243)	534	1,330	20	196	14,504
Representing:							
Reserves							14,504

24. RESERVES *(continued)*

The Company

	Share premium HK$	Retained profits HK$	Total HK$
At 1 April 2004	84,270	281	84,551
Loss attributable to shareholders			
– Previously stated	–	(1,382)	(1,382)
Prior year adjustment			
– audit fee undercharging	–	(800)	(800)
At 31 March 2005	84,270	(1,901)	82,369
Representing:			
Reserves			82,369
At 1 April 2005	84,270	(1,901)	82,369
Loss attributable to shareholders	–	(4,806)	(4,806)
At 31 March 2006	84,270	(6,707)	77,563
Representing:			
Reserves			77,563

25. DEFERRED TAXATION

The major components of the deferred tax liabilities/(assets) provided for at the balance sheet date and for the year then ended are as follows:

Deferred tax liabilities

	The Group					
	Accelerated tax depreciation		Tax losses		Total	
	2006 HK$'000	2005 HK$'000	2006 HK$'000	2005 HK$'000	2006 HK$'000	2005 HK$'000
1 April 2005	11,263	11,949	(1,302)	(1,800)	9,961	10,149
Charged/(credited) to consolidated income statement	(2,213)	(686)	(1,822)	498	(4,035)	(188)
31 March 2006	9,050	11,263	(3,124)	(1,302)	5,926	9,961

Deferred tax assets

	The Group					
	Accelerated tax depreciation		Tax losses		Total	
	2006 HK$'000	2005 HK$'000	2006 HK$'000	2005 HK$'000	2006 HK$'000	2005 HK$'000
1 April 2005	–	(8)	(139)	(307)	(139)	(315)
Charged to consolidated income statement	–	8	–	168	–	176
31 March 2006	–	–	(139)	(139)	(139)	(139)

26. BANKING FACILITIES

As at 31 March 2006, the Group's banking facilities were secured by the followings:

1) Bank deposits of HK$13,040,000;
2) Personal guarantees by a former Director;
3) Certain interest in leasehold land and buildings of related party and related companies;
4) Part of the Group's machinery; and
5) Part of trade receivables

As at 31 March 2005, the Group's banking facilities were secured by the followings:

1) Corporate guarantees given by the Company and its subsidiaries;
2) Bank deposits of HK$6,170,000;
3) Personal guarantees of the Company's directors ; and
4) Certain interest in leasehold land and buildings of related party and related companies

27. CONTINGENT LIABILITIES

	The Group	
	2006	2005
	HK$'000	HK$'000
Guarantees for bank loans and overdrafts of subsidiaries	23,135	30,461
Guarantees for finance lease assets of subsidiaries	308	5,528
	23,443	35,989

28. COMMITMENTS

1) At 31 March 2006, the Group had capital commitments contracts but not provided for in respect of machineries of approximately HK$Nil (2005: HK$2,050,000).

2) **Commitments under operating leases**

At 31 March 2006, the Group had future aggregarate minimum lease payments under non-cancellable operating leases in respect of interest in land and buildings which expire as follows:

	The Group	
	2006	2005
	HK$'000	HK$'000
Not later than one year	935	1,205
Later than one year and not later than five years	189	532
	1,124	1,737

29. RELATED PARTY TRANSACTIONS

Save as disclosed in other notes to the financial statements, other significant related party transactions, which were carried out in the normal course of the Group's business and were charged at prices mutually agreed, are as follows:

	The Group	
	2006	2005
	HK$'000	HK$'000
Interest income		
– Beautiking Investments Limited	–	62
Rental paid		
– Beaumax Company Limited	228	228
– Beautiking Investments Limited	384	504
– Glory Motion Company Limited	276	276

30. DISPOSAL OF A SUBSIDIARY

During the year, the Group disposed of its subsidiary, New Spring Label & Packaging Limited. The net assets of New Spring Label & Packaging Limited at the date of disposal was as follows:

	HK$'000
Net Assets disposed of:	
Property, plant & equipment	3,412
Inventories	4,796
Trade and other receivable	619
Deposit and prepayments	876
Bank and cash balances	320
Trade payables	(1,000)
Other payables and accruals	(7,407)
Bank loan	(142)
Hire purchase creditor	(1,110)
	364
Minority interests	634
	998
Gain on disposal	1,359
Total consideration	2,357
Satisfied by:	
Other receivables	2,357

31. ULTIMATE HOLDING COMPANY

The Directors regard Automatic Result Limited, a company incorporated in the British Virgin Islands, as the ultimate holding company.

32. TAX DISPUTE

During the year, there was a tax dispute between New Spring Group Company Limited ("NSGC"), a wholly owned subsidiary of the Company, and the Inland Revenue Department (the "IRD"). A demand for additional profits tax for the year of assessment 1999/2000 amounting to HK$2,240,000 was issued by the IRD.

NSGC has appointed a tax representative who acts on their behalf to negotiate with the IRD for a proposed settlement arrangement on the tax dispute. As at 28 July 2006, the proposed settlement was not finalized between the parties.

In respect of the tax dispute, a director of NSGC ("NSGC Director") has undertaken to indemnify NSGC and the Group against any claim by the IRD on all additional tax liabilities and penalties charged to the Company in respect of the years prior to the current financial year.

To support the NSGC Director's commitment to NSGC and the Group with respect to the above proposed indemnity on all demands for tax liabilities payments in connection with the tax dispute, after the balance sheet date on 25 July 2006, the NSGC Director had provided a sum of bank deposits of no less than the HK$2,240,000 as an estimated additional assessment on profits tax demanded by the IRD as security pledge for the settlement of the tax dispute. Based on the currently available information, the Group expected the tax dispute to be finalized shortly. This deposit is interest free and the surplus of which (i.e. after net of the amount of final settlement of the dispute agree to be agreed and finalized by the IRD) will be repayable by the Company or any company within the Group to the NSGC Director upon full and final settlement of the tax dispute in relation to the NSGC.

33. ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimated impairment of intangible assets and goodwill

The Group performs annual tests on whether there has been impairment loss of intangible assets in accordance with the accounting policy stated in note 2(f). The recoverable amounts of cash generating units are determined based on value-in-use calculations. These calculations require the use of estimates and assumptions made by management on the future operation of the business, pre-tax discount rates, and other assumptions underlying the value-in-use calculations.

33. ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

(b) Trade debtors

The aged debt profile of trade debtors is reviewed on a regular basis to ensure that the trade debtor balances are collectible and follow up actions are promptly carried out if the agreed credit periods have been exceeded. However, from time to time, the Group may experience delays in collection. Where recoverability of trade debtor balances are called into doubts, specific provisions for bad and doubtful debts are made based on credit status of the customers, the aged analysis of the trade receivable balances and write-off history. Certain receivables may be initially identified as collectible, yet subsequently become uncollectible and result in a subsequent write-off of the related receivable to the income statement. Changes in the collectibility of trade receivables for which provisions are not made could affect our results of operations.

(c) Useful lives of property, plant and equipment

In accordance with HKAS 16, the Group estimates the useful lives of property, plant and equipment in order to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage, wear and tear of the assets, as well as technical obsolescence arising from changes in the market demands or service output of the assets. The Group also performs annual reviews on whether the assumptions made on useful lives continue to be valid.

34. FINANCIAL RISK MANAGMENT

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and price risk), credit risk, liquidity risk and cash flow and fair value interest-rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group's treasury function operates as a centralised service for managing financial risks and for providing cost efficient funding to Group.

(i) Foreign exchange risk

The Group operates mainly in both the People's Republic of China ("the PRC") and Hong Kong and majority of transactions are dominated in United States dollars, Hong Kong dollars and Renminbi. Therefore, the Group is exposed to foreign exchange risk arising from these currency exposures.

Hong Kong dollars and Renminbi are pegged to United States dollars and the foreign exchange exposure between them are considered limited.

34. FINANCIAL RISK MANAGMENT *(continued)*

ii) Price risk

The Group is exposed to equity securities price risk because investments held by the Group are classified on the consolidated balance sheet as financial assets at fair value through profit or loss which are measured at fair value at each balance sheet date. The Group manages the price risk exposure by maintaining a portfolio of investments with different risk profiles.

iii) Credit risk

The Group's credit risk is primarily attributable to trade or other receivables. The Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action in taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Group considers that the credit risk is significantly reduced.

iv) Liquidity risk

The Group manages its liquidity risk by regularly monitoring current and expected liquidity requirements and ensuring sufficient liquid cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet the Group's liquidity requirements in the short and long term.

35. POST BALANCE SHEET EVENTS

1. On 15 February 2006, the Company announced its proposal to raise, HK$180 million (before expenses) by way of an open offer on the basis of an assured allotment of two new Shares (each an "**Offer Share**") for every then existing Share held by shareholders other than overseas shareholders at the subscription price of HK$0.50 per Offer Share (the "**Open Offer**"). Automatic Result was the underwriter to the Open Offer. The Open Offer was approved at the extraordinary general meeting of the Company held on 17 March 2006. Upon Completion of the Open Offer on 6 April 2006, Automatic Result held 292,058,248 Shares or approximately 54.08% of the then entire issued share capital of the Company of 540,000,000 Shares.

2. On 26 April 2006, the Company announced that Lelion Holdings Limited ("**Lelion**"), a wholly-owned subsidiary of the Company entered into a conditional agreement to acquire the entire issued share capital of Figures Up Trading Limited ("**FUTL**") at the consideration of HK$472 million (subject to adjustments) ("**Acquisition**"). FUTL and its subsidiaries are principally engaged in the sale and distribution of pharmaceutical and healthcare products in the PRC.

35. POST BALANCE SHEET EVENTS *(continued)*

The aggregate consideration for the Acquisition was satisfied as to (i) HK274 million in cash and (ii) HK$198 million by the allotment and issue of an aggregate of 220 million Shares at an issue price of HK$0.90 each by the Company to the vendors of shares in FUTL.

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

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

36. COMPARATIVE FIGURES

With a review of financial statements presentation, certain items in the financial statements were reclassified which would result in a more appropriate presentation of events or transactions. Accordingly, comparative figures have been reclassified to conform with the current year's presentation.

37. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board on 28 July 2006.