



15 December 2017



(Stock code: 0690)

**Cedrus Reiterated Overweight Rating on Uni-Bio Science Group Limited
With a December 2018 Price Target of HKD0.23**

[15 December 2017 – Hong Kong] Cedrus issued a research report on Uni-Bio Science Group Limited (“Uni-Bio Science” or “the Group”; stock code: 0690) in recent days. In view of Uni-Bio Science’s newly launched biotechnical products accompanied by the continued partnerships forged with quality market players, Cedrus believes Uni-Bio Science currently represents an opportunistic investment likely with sizable upside for long-term investors. Cedrus reiterated its overweight rating on Uni-Bio Science with a December 2018 price target of HKD0.23, representing an upside potential of about 61% versus closing price of HKD0.143 on 11 December 2017.

In 2017, Uni-Bio Science has achieved important milestones on the research and development (“R&D”) as well as marketing and sales, involving new research initiative to diversify revenue streams and R&D priority adjustment to adapt to new market dynamics. The two core products of Uni-Bio Science, namely GeneTime® and Mitiglinide, have become prospective positive revenue and valuation drivers after the oral anti-diabetic (OAD) drug Mitiglinide for first and/or second-line of treatment, now branded as “博康泰®”(Bokangtai®), was launched and included into China’s 2017 National Reimbursement Drug List (NRDL), as well as the removal of restriction in the same list on the use of GeneTime® to only occupational injuries. Moreover, the Group currently has three products (Uni-PTH, Acarbose and Uni-E4), treating osteoporosis, pre-diabetes and type-2 diabetes as a second-line treatment option, planned to be rolled out in the next three years, which will further diversify and optimize its product portfolio.

While ensuring endogenous growth, Uni-Bio Science has also maintained a solid cash flow and expanded distribution and sales channels through external financing and strategic cooperation, further boosting revenue growth and profitability. Uni-Bio Science has successfully completed two



fundraisings for a total of HKD144 million recently from China- and Singapore-based investors, bolstering its cash reserves to support the value-added research and investment in its pipeline products and also for working capital. In 18 July 2017, the Group formed a crucial strategic alliance with the HeungKong Group, a China-based conglomerate and among the top-50 private enterprises in the country. This partnership enables Uni-Bio Science to expand its distribution channels via HeungKong's chain of family health centers in China, in-license and acquire complementary products and technologies, as well as collaborate on healthcare services and chronic disease management aided with advanced technology like big data.

Cedrus believes Uni-Bio Science has multiple near-term catalysts in place to help expedite its growth in the near future and expects the Group to sustain its strong performance witnessed in the past and meet or even surpass the expectations set by the market, ultimately boosting its valuation and share price. Uni-Bio Science's valuation is appealing given the fact that its market capitalization of HKD881.6 million as of 11 December 2017 represented about 61% of Cedrus' estimated intrinsic value of HKD1,440 million for the Group. In view of the stages of Uni-Bio Science's development regarding its product pipeline and the business and cost synergies derived from the formed partnerships, Cedrus believes long-term investors should take advantages of the Group's current share price and valuation gap to build up their positions on Uni-Bio Science's shares given the anticipated positive catalysts mentioned above to grasp the investment window. Hence, Cedrus maintained its Overweight rating on Uni-Bio Science.

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Photo caption :

1: Cover page of Cedrus research report



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Overweight

Uni-Bio Science: New Drugs Marketed; Strongly Competitive in a Dynamic Market through Products and Partnerships

Company Research Update

Uni-Bio Science maintains its strong position in diabetes treatment after the introduction of new products to the Chinese pharmaceutical market. Continued partnerships forged with quality market players in possession of unique advantages in China facilitate the company's further and sustainable growth.

Key Points

- We reiterate our **Overweight** rating on Uni-Bio Science Group Limited ("Uni-Bio Science" ticker symbol: 690 HK) with a **December 2018 price target of HK\$0.23**, representing an upside potential of about 61% versus closing price of HK\$0.143 on 11 December, 2017.
- The two core products of Uni-Bio Science, namely **GeneTime®** (in spray formation for a wide variety of wounds) and **Mitiglinide** (for type-2 diabetes), have become prospective positive revenue and valuation drivers for the company after the **inclusion** of Mitiglinide into **China's 2017 National Reimbursement Drug List (NRDL)** and the **removal of restrictions** on the same list on the use of GeneTime® to only occupational injuries.
- Launch of the oral anti-diabetic (OAD) drug Mitiglinide for first and/or second-line of treatment, now branded as "博康泰" (Bokangtai®) in China, enables Uni-Bio Science to gain access to **110 million diabetes patients in China¹**, where the diabetes drug market amounted to **RMB22 billion in 2016** with double-digit annual growth², potentially making the country a significant revenue and profit contributor for Uni-Bio Science. More importantly, the **number of diabetes patients in China is expected to swell** in coming years due to unhealthy diets, inactive lifestyles, aging population and population growth.
- Uni-Bio Science has **successfully completed two fundraisings for a total of HK\$144 million** recently from **China- and Singapore-based investors**, bolstering its cash reserves to support the value-added research and development investment in its pipeline products and for working capital. The company has **three products** (Uni-PTH, Acarbose and Uni-E4), treating osteoporosis, pre-diabetes and type-2 diabetes as a second-line treatment option, **planned to be rolled out in the next three years**, further diversifying and upgrading its product offerings.
- The company formed a crucial **strategic alliance with the HeungKong Group**, a China-based conglomerate and among the **top-50 private enterprises** in the country. This partnership enables Uni-Bio Science to expand its distribution channels via HeungKong's chain of family health centers in China, in-license and acquire complementary products and technologies, as well as collaborating on healthcare service delivery and chronic disease management with the use of advanced technology like big data.



聯康集團
Uni-Bio Science

Price (11 Dec'17): HK\$0.143
Target Price (Dec'18): HK\$0.23

Market Data (11 Dec'17):
52-Wk High: HK\$0.216 (4 Aug'17)
52-Wk Low: HK\$0.125 (27 Apr'17)
52-Wk Range: HK\$0.091
Market Cap: HK\$881.6M
Shares Outstanding: 6,165.0M
Shares Floating: 3,661.0M
Dividend and Yield: N/A

Financial Data
(1H 2017 Ended 30 June 2017):
Revenue: HK\$62.95M
Revenue Growth (yoy): -5.4%*
Operating Margin: -72.5%
EPS: HK\$-0.01
Trailing P/E: N/A
Forward P/E: N/A
Current P/B: 1.92x
Return on Assets: -9.96%
Return on Equity: -10.57%
*Excluding foreign exchange fluctuations

¹ World Health Organization (WHO) statistics as of April 2016
² IMS 2016

This report has been prepared by Cedrus Investments Ltd.
PLEASE SEE IMPORTANT DISCLOSURES BEGINNING ON PAGE 30



About Uni-Bio Science Group Limited

Uni-Bio Science Group Limited is principally engaged in the research and development, manufacture and distribution of pharmaceutical products. The research and development center located in Dongguan, PRC is fully equipped with a complete system for the development of genetically-engineered products with a pilot plant test base which is in line with CFDA requirements. The Group also has two GMP manufacturing bases in Beijing and Shenzhen. The Group is focused on the development of novel treatments addressing the therapeutic areas of diabetes, ophthalmology and dermatology.

Uni-Bio Science Group Limited was listed on the Main Board of the Hong Kong Stock Exchange on November 12, 2001. Stock code: 0690.

This press release is issued by DLK Advisory Limited for and on behalf of **Uni-Bio Science Group Limited**.

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