

Exclusive: UNI-BIO UNI-fied On Proprietary Palliatives

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INNOVATIVE DRUGMAKER Uni-Bio Science Group Ltd (HK: 690) is confident that its long-term outlook on R&D for developing its own cutting edge pharmaceuticals will bring healthier returns down the road, for both patients and investors, executives told Asia Fund Space.

The Hong Kong listco was well aware that simply serving as a glorified licensed distributor of industry peers' pharmaceuticals was not a healthy prescription for financial success in a hypercompetitive market.

Uni-Bio Science focuses on the R&D and commercialization of biopharmaceuticals, making and selling in-house biological and chemical pharmaceutical products and plans to distribute third party medicinal goods.

"We've accomplished a lot over the past few months on the product development front.

"We believe this is the major difference between our PRC-based peers in that we work to develop proprietary pharmaceuticals targeting diverse maladies and we don't focus on mass-produced generic drugs like most of our rivals," Uni-Bio Science Executive Director Mr. Kingsley Leung told *Asia Fund Space*.



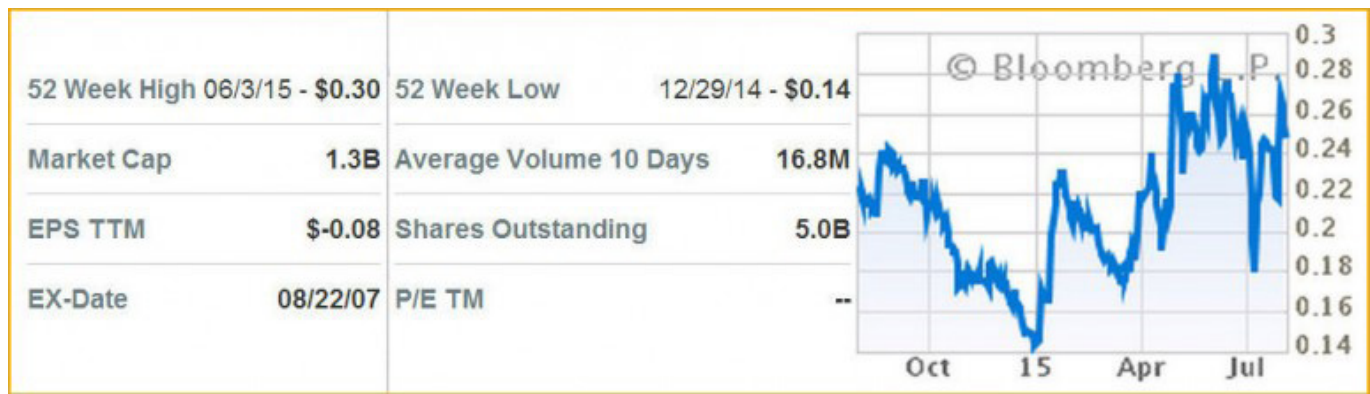
*Healthy Outlook: From left: Uni-Bio Science Business Strategy Analyst Mr. Norman Tse, Financial Controller Mr. Frankie Shum and Executive Director Mr. Kingsley Leung.
Photo: Asia Fund Space*

The Hong Kong listco is focused on addressing large-scale unmet medical needs related to diseases such in the areas of diabetes, ophthalmology and dermatology via the development and commercialization of novel therapies.

And this means that at least two of the three target ailments – diabetes and ophthalmology – are within the wheelhouse of an ongoing Chinese demographic transformation which has seen the five millennia culture revert to a majority city-dwelling population for the first time some four years ago.

"Our UNI-PTH product is looking especially encouraging on the approval front and we see it as a Chinese blockbuster of sorts as it appeals to a growing urban population that is at the same time steadily aging.

"It's an anabolic agent that actively increases bone mass, and this helps reverse osteoporosis, and alongside this development we increasingly need to educate elderly that it's not inevitable that you get osteoporosis and in fact prevention is cheaper than the cure," Mr. Leung added.



As people age, bone density heads in the wrong direction, and strengthening the integrity of hips, shoulders and femurs, tibias & fibulas was key to slowing the brittle factor of weight-bearing bones and preventing dangerous fractures later in life.

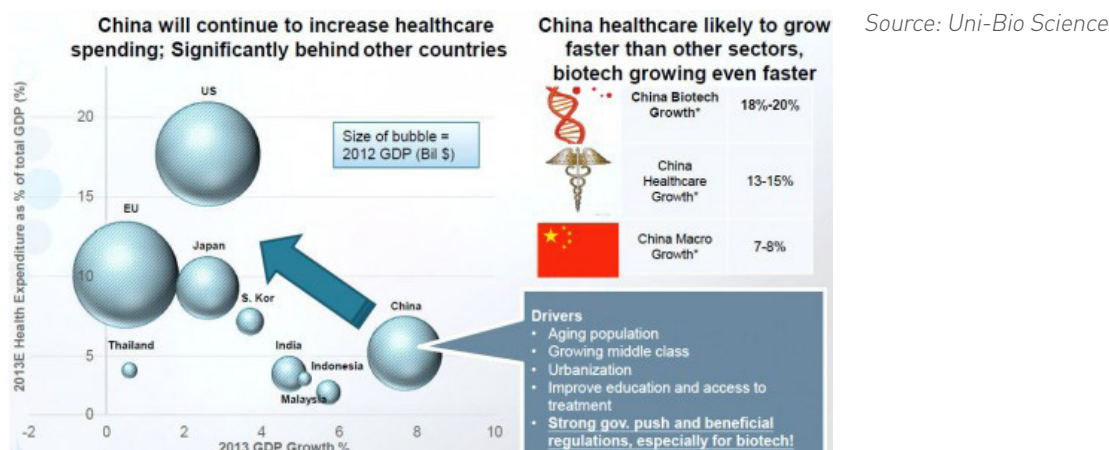
"We plan to be one of the first or second pTH analogue drug providers in the PRC.

"And on the blood sugar ailment front, this week our results met primary endpoint phase III trials of our new product approval and are heading toward commercialization," Mr. Leung told Asia Fund Space.

Another health issue near and dear to the hearts of seniors was the heart itself, and Uni-Bio was staying on top of things.

"Our GLP-1 advantages are potential long term use compared to most anti-diabetic drugs which may cause wide fluctuations in blood sugar levels (as well as other side effects), which will lead to follow-on cardiac related complications.

"GLP-1 action on the body is 'blood sugar dependent', i.e. when high blood sugar leads to high action, low blood sugar results in low action, and therefore the drug does not cause the unnecessary wide fluctuations and in turn results in limited cardiac related complications," he added.



And the UK-educated executive said the firm's attention to in-house R&D translated to success down the path.

"As far as innovation is concerned, we are one of the only purely in-house R&D Hong Kong-listed pharmaceutical firms on the market and we believe that our self-developed formulas will have widespread positive implications, especially for the graying population of China in terms of providing healthier bone mass quotients and faster rehabilitation timeframes for bone fractures," he added.

Despite its recent net loss performance, the Hong Kong listco is currently trading at around 0.26 hkd, a lot closer to its 52-week peak than its nadir (0.14-0.30 hkd), and management believed investors would wait for

the drugmaker's big breakthrough down the road.

"Our PRC investors in particular are very understanding of our long-term growth potential.

"We have garnered plenty of investor and analyst interest in our company thanks in large part to our focus on proprietary product development and sales, which of course provides much higher margins," Mr. Leung told *Asia Fund Space*.



Uni-Bio Science focuses on the R&D and commercialization of biopharmaceuticals, making and selling in-house biological and chemical pharmaceutical products and plans to distribute third party medicinal goods. Photo: Uni-Bio

That confidence in Uni-Bio also meant the health care sector enterprise was not shy about aggressively expanding its presence across a larger geographic sphere.

"We currently are marketing to some 1,000 hospitals across the region, and our goal is to raise this to 3,000 within two to three years.

"In addition to our 30 sales representatives now, we also rely on word of mouth, especially after convincing doctors to conduct clinical trials and then migrate up to professional referrals within the industry to promote our brand and products," he said.

On the eyecare front, Uni-Bio believed it was neither myopic or hyperopic in its market growth assessment, but practiced "20-20" clarity in terms of strategy, which translated to its acquisition campaign as well.

"We have a unique profile and place huge emphasis on our R&D strategy.

"For example, prior to our licensing products from South Korea, we initially undertake extensive and comprehensive due diligence," Mr. Leung added.



Source: Uni-Bio

Looking ahead, management of the Hong Kong listco was giving a clean bill of health for its financial standing down the road.

"For our PTH products in particular, we are initially selling in the PRC but we're looking to expand sales to other markets, especially mega-regions like Latin America.

"From an operational standpoint, Uni-Bio is basically a break even firm, but depreciation costs related to R&D are coming into play, so we need to invest in the machines/infrastructure now to develop our products, and these machines we start depreciating but the revenue stream from the products don't come in after the approval from regulators, so there is a mismatch in terms of cost and sales," Mr. Leung told Asia Fund Space.

However, it might be a while before the firm took off in the right direction, P&L-wise.

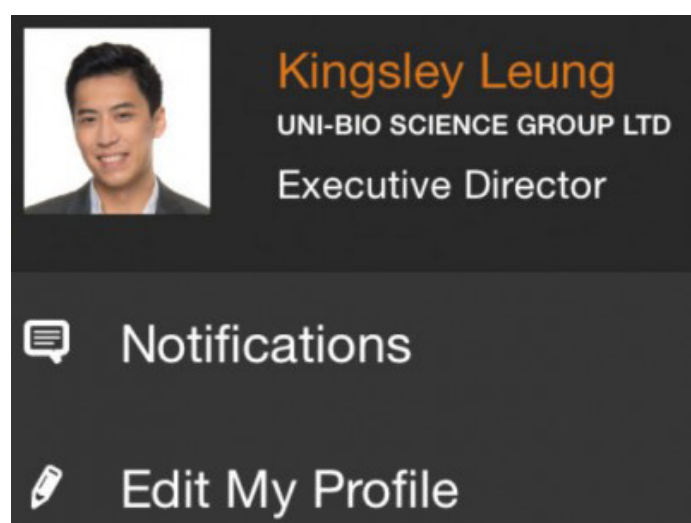
"New machine costs for new pipeline products are the main reason we are still in the red," he said.



*"On the blood sugar ailment front, this week our results met primary endpoint Phase III trials of our new product approval and are heading toward commercialization," Uni-Bio Executive Director Mr. Kingsley Leung (right) told Asia Fund Space.
Photo: Asia Fund Space*

On 16 July, Uni-Bio Science was given the "Pharmaceuticals Award" for Best Innovation with its Uni-E4 project at the inaugural Hong Kong Business Listed Companies Awards, which management called: "a strong testimony for the innovation of Uni-Bio's Uni-E4 –a proprietary recombinant GLP-1 receptor fighting Type-2 diabetes."

And in May of this year, the Hong Kong listco garnered the "Best IR Company – Small Cap" Award after passing a stringent polling process by Hong Kong Investor Relations Association's (HKIRA) first Investor Relations Awards, which Uni-Bio executives called "an accolade which is testimony to the company's dedicated efforts for excellence in corporate governance, effective policies and best practices in investor relations."



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