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UNITED GENE HIGH-TECH GROUP LIMITED

聯合基因科技集團有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 399)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2013

The board (the “**Board**”) of directors (the “**Directors**”) of United Gene High-Tech Group Limited (the “**Company**”) hereby announces the audited consolidated annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 30 June 2013 (the “**Financial Year**”) together with the comparative figures for the previous corresponding year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2013

	<i>Notes</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Revenue	3	10,050	25,475
Interest income from available-for-sale financial assets	4	4,645	3,867
Total		14,695	29,342
Revenue	3	10,050	25,475
Cost of sales and services		(18,059)	(18,429)
Gross (loss)/profit		(8,009)	7,046
Other income, gains and losses, net	4	5,292	6,275
Selling expenses		(1,516)	(2,436)
Administrative expenses		(49,676)	(44,301)
Impairment loss on goodwill	10	–	(1,954)
Impairment loss on intangible assets	10	(6,808)	(94,397)
Impairment loss on property, plant and equipment	10	(16,457)	–
Other expenses		(11,605)	(1,840)
Finance costs	5	(938)	(150)
Loss before tax		(89,717)	(131,757)
Income tax credit	6	60	2,060
Loss for the year	7	(89,657)	(129,697)

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Other comprehensive (expense)/income:		
Items that may be reclassified subsequently to profit or loss:		
Fair value changes of available-for-sale financial assets	(214)	872
Reclassification adjustments upon disposal of available-for-sale financial assets	55	(756)
Exchange differences on translation of foreign operation	<u>911</u>	<u>1,839</u>
	<u>752</u>	<u>1,955</u>
Items that will not be reclassified subsequently to profit or loss:		
Gain on revaluation on buildings	1,992	1,860
Deferred taxation arising on revaluation of buildings	<u>(492)</u>	<u>(465)</u>
	<u>1,500</u>	<u>1,395</u>
Other comprehensive income for the year	<u>2,252</u>	<u>3,350</u>
Total comprehensive expense for the year	<u>(87,405)</u>	<u>(126,347)</u>

	<i>Note</i>	2013 HK\$'000	2012 <i>HK\$'000</i>
Loss for the year attributable to:			
Owners of the Company		(72,839)	(123,882)
Non-controlling interests		(16,818)	(5,815)
		<u>(89,657)</u>	<u>(129,697)</u>
 Total comprehensive expense for the year attributable to:			
Owners of the Company		(70,724)	(120,883)
Non-controlling interests		(16,681)	(5,464)
		<u>(87,405)</u>	<u>(126,347)</u>
 Loss per share	 9	 HK cents	 <i>HK cents</i> (restated)
Basic		<u>(9.38)</u>	<u>(19.02)</u>
Diluted		<u>(9.38)</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	<i>Notes</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		41,856	52,540
Intangible assets		–	8,091
Available-for-sale financial assets		101,182	–
Deposits paid for acquisition of property, plant and equipment		–	9,248
		<u>143,038</u>	<u>69,879</u>
Current assets			
Inventories		74	155
Trade receivables	<i>11</i>	3,204	20
Prepayments, deposits and other receivables	<i>12</i>	5,211	17,440
Available-for-sale financial assets		1,258	98,467
Restricted bank balances		–	222
Bank balances and cash			
– cash and cash equivalents		235,253	169,815
– other bank balances		120,000	–
		<u>365,000</u>	<u>286,119</u>
Current liabilities			
Trade payables	<i>13</i>	3,155	499
Accruals and other payables		15,772	12,008
Receipt in advance from customer		6,212	764
Amount due to a shareholder		15,079	–
Other borrowing due within one year		–	4,907
Loan from a non-controlling shareholder of a subsidiary		6,910	–
		<u>47,128</u>	<u>18,178</u>
Net current assets		<u>317,872</u>	<u>267,941</u>
Total assets less current liabilities		<u>460,910</u>	<u>337,820</u>

	<i>Notes</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Non-current liabilities			
Convertible bonds	<i>14</i>	11,825	–
Deferred tax liabilities		1,585	1,120
Loan from a non-controlling shareholder of a subsidiary		3,138	6,133
		<u>16,548</u>	<u>7,253</u>
NET ASSETS		<u>444,362</u>	<u>330,567</u>
Capital and reserves			
Share capital	<i>15</i>	8,407	121,645
Reserves		444,930	197,603
		<u>453,337</u>	<u>319,248</u>
Equity attributable to owners of the Company		(8,975)	11,319
Non-controlling interests		<u>(8,975)</u>	<u>11,319</u>
TOTAL EQUITY		<u>444,362</u>	<u>330,567</u>

NOTES TO THE FINANCIAL INFORMATION

For the year ended 30 June 2013

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. On 1 March 2013, the Company has been deregistered in the Cayman Islands and continued in Bermuda as an exempted company with limited liability under the laws of Bermuda. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business in Hong Kong is situated at Rooms No. 1405 – 1406, Harbour Centre, No. 25 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company. During the Financial Year, its subsidiaries were principally engaged in the provision of genetic testing services, distribution of bio-industrial products, provision of health care management services, trading of beauty products and securities investment.

The functional currency of the Company is Hong Kong dollar ("HK\$"), which is the same as the presentation currency of the consolidation financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants.

Amendments to HKAS 1	Presentation of items of other comprehensive income
Amendments to HKAS 12	Deferred tax: Recovery of underlying assets

Amendments to HKAS 1 Presentation of items of other comprehensive income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income. In addition, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

The application of the other amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

Amendments to HKFRSs	Annual improvements to HKFRSs 2009-2011 cycle ¹
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities ¹
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures ²
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance ¹
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities ³
HKFRS 9	Financial instruments ²
HKFRS 10	Consolidated financial statements ¹
HKFRS 11	Joint arrangements ¹
HKFRS 12	Disclosure of interests in other entities ¹
HKFRS 13	Fair value measurement ¹
HKAS 19 (Revised 2011)	Employee benefits ¹
HKAS 27 (Revised 2011)	Separate financial statements ¹
HKAS 28 (Revised 2011)	Investments in associates and joint ventures ¹
Amendments to HKAS 32	Offsetting financial assets and financial liabilities ³
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets ³
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting ³
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine ¹
HK(IFRIC) – INT 21	Levies ³

¹ Effective for annual periods beginning on or after 1 January 2013

² Effective for annual periods beginning on or after 1 January 2015

³ Effective for annual periods beginning on or after 1 January 2014

HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2011 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 “Financial instruments: Recognition and measurement” to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities’ credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The Directors anticipate that the adoption of HKFRS 9 in the future may not have a significant impact on amounts reported in respect of the Group’s financial assets.

HKFRS 13 Fair value measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 “Financial instruments: Disclosures” will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. HKFRS 13 will be adopted in the Group’s consolidated financial statements for the annual period beginning 1 July 2013 and the application of this new standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

The Directors anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable for goods sold or services rendered by the Group to outside customers, less discounts and related taxes for the year, and is analysed as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Provision of genetic testing services	4,563	22,607
Distribution of bio-industrial products	–	1,025
Provision of health care management services	2,303	1,843
Trading of beauty products	3,184	–
	<hr/> 10,050 <hr/>	<hr/> 25,475 <hr/>

The Group has five reportable and operating segments as follows:

- (a) provision of genetic testing services in the People Republic of China (the “PRC”) and Hong Kong
- (b) distribution of bio-industrial products in the PRC
- (c) provision of health care management services in the PRC
- (d) trading of beauty products in Hong Kong
- (e) securities investment in Hong Kong and outside Hong Kong

The Group’s reportable and operating segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Segment (loss)/profit represents the loss incurred by or profit earned from each segment without allocation of corporate and other expenses and other income, gains and losses, net. Segment assets are allocated other than corporate assets, restricted bank balances and bank balances and cash. Segment liabilities are allocated other than corporate liabilities, amount due to a shareholder and convertible bonds.

	Provision of genetic		Distribution of bio-		Provision of health		Trading of beauty		Securities investment		Total	
	testing services		industrial products		care management		products					
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Years ended 30 June 2013 and 2012:												
Revenue from external customers	4,563	22,607	-	1,025	2,303	1,843	3,184	-	-	-	10,050	25,475
Segment (loss)/profit	(26,898)	(85,385)	(3,485)	(17,354)	(41,485)	(22,875)	42	-	4,590	4,623	(67,236)	(120,991)
Additional disclosures for operating segments:												
Additions to property, plant and equipment	8	5,373	-	6,464	13,517	16,070	-	-	-	-	13,525	27,907
Additions to intangible assets	-	-	-	-	-	3,484	-	-	-	-	-	3,484
Interest income	2	29	2	70	15	6	-	-	4,645	3,867	4,664	3,972
Interest expense	-	-	-	-	773	150	-	-	-	-	773	150
Depreciation of property, plant and equipment	1,363	2,041	1,044	64	7,976	2,386	-	-	-	-	10,383	4,491
Amortisation of intangible assets	-	-	24	664	1,310	1,023	-	-	-	-	1,334	1,687
Impairment loss on intangible assets	2,000	77,718	274	16,679	4,534	-	-	-	-	-	6,808	94,397
Impairment loss on goodwill	-	-	-	1,954	-	-	-	-	-	-	-	1,954
Impairment loss on property, plant and equipment	-	-	-	-	16,457	-	-	-	-	-	16,457	-
Income tax credit (expenses)	-	(319)	10	2,342	50	37	-	-	-	-	60	2,060
At 30 June 2013 and 2012:												
Segment assets	2,705	6,054	35,228	43,987	7,597	34,535	3,207	-	102,440	99,672	151,177	184,248
Segment liabilities	12,833	3,073	4,955	1,318	29,456	20,445	3,092	-	-	-	50,336	24,836

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Reconciliation of reportable segment loss, assets and liabilities:		
Segment loss		
Total segment loss	(67,236)	(120,991)
Corporate and other expenses	(23,720)	(10,990)
Unallocated other income, gains and losses, net	<u>1,299</u>	<u>2,284</u>
Consolidated loss for the year	<u>(89,657)</u>	<u>(129,697)</u>
Assets		
Total segment assets	151,177	184,248
Corporate and other assets	<u>356,861</u>	<u>171,750</u>
Consolidated total assets	<u>508,038</u>	<u>355,998</u>
Liabilities		
Total segment liabilities	50,336	24,836
Corporate and other liabilities	<u>13,340</u>	<u>595</u>
Consolidated total liabilities	<u>63,676</u>	<u>25,431</u>

Geographical information

The Group's operations are principally located in Hong Kong and the PRC. The Group's revenue from external customers and information about its non-current assets (excluding financial instruments) and additions to property, plant and equipment by geographical location of the assets are as follows:

	Additions to property, plant and equipment		Revenue		Non-current assets (excluding financial instruments)	
	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Hong Kong	42	6	3,204	6,675	679	847
The PRC	<u>14,489</u>	<u>27,907</u>	<u>6,846</u>	<u>18,800</u>	<u>41,177</u>	<u>69,032</u>
	<u>14,531</u>	<u>27,913</u>	<u>10,050</u>	<u>25,475</u>	<u>41,856</u>	<u>69,879</u>

Information about major customers

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

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Customer A ¹	4,450	N/A ³
Customer B ²	1,892	N/A ⁴
Customer C ²	1,292	N/A ⁴

¹ Revenue from provision of genetic testing services.

² Revenue from trading of beauty products.

³ The corresponding revenue did not contribute over 10% of the total revenue for the year ended 30 June 2012.

⁴ This revenue segment is new in 2013 and did not exist during the year ended 30 June 2012.

4. OTHER INCOME, GAINS AND LOSSES, NET

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Interest income from banks	1,445	2,260
Interest income from available-for-sale financial assets	4,645	3,867
Net (loss)/gain on disposal of available-for-sale financial assets	(55)	756
Net foreign exchange loss	(374)	–
Refund of business tax (<i>Note</i>)	948	913
Loss on written off/disposals of property, plant and equipment	(1,545)	(1,545)
Sundry income	228	24
	<u>5,292</u>	<u>6,275</u>

Note: The PRC government authorities have granted a business tax refund to a subsidiary of the Company, 聯合基因(上海)健康管理服務有限公司 (“United Gene (Shanghai)”), for the provision of genetic testing services in the PRC.

5. FINANCE COSTS

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Interest on other borrowings wholly repayable within five years	184	150
Interest on loan from a non-controlling shareholder of a subsidiary wholly repayable within five years	589	–
Effective interest expense on convertible bonds	165	–
	<u>938</u>	<u>150</u>

6. INCOME TAX CREDIT

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Current tax – The PRC income tax	–	(319)
Deferred tax	<u>60</u>	<u>2,379</u>
	<u>60</u>	<u>2,060</u>

No Hong Kong Profits Tax has been made as the group companies operating in Hong Kong did not have any assessable profit for the year.

No PRC income tax has been made for the year ended 30 June 2013 as the group companies operating in the PRC did not generate assessable profit.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and the Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

7. LOSS FOR THE YEAR

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Loss for the year has been arrived at after charging the following:		
Auditor’s remuneration	750	600
Amortisation of intangible assets (included in cost of sales and services)	1,334	1,687
Depreciation of property, plant and equipment	10,460	5,010
Rental expense for premises under operating leases	12,679	12,665
Cost of inventories recognised as an expense	5,302	458
Provision for litigation and legal costs (included in other expenses)	9,024	–
Staff costs inclusive of directors’ emoluments		
Salaries, bonus and other benefits	<u>15,361</u>	<u>15,599</u>
Retirement benefits scheme contributions	<u>3,315</u>	<u>3,347</u>
	<u>18,676</u>	<u>18,946</u>

8. DIVIDENDS

The directors do not recommend the payment of a dividend for the year ended 30 June 2013 (2012: nil)

9. LOSS PER SHARE

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

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Loss for the purposes of basic and diluted loss per share (loss for the year attributable to owners of the Company)	<u>(72,839)</u>	<u>(123,882)</u>
	2013 <i>'000</i>	2012 <i>'000</i> (restated)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u>776,742</u>	<u>651,409</u>

The weighted average numbers of ordinary shares for the calculation of the basic and diluted loss per share for the years of 2013 and 2012 have been adjusted to reflect the impact of the rights issue, share consolidation and re-organisation effected during the year ended 30 June 2013.

The computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible bonds as their assumed conversion would decrease the loss per share for the year ended 30 June 2013.

No diluted loss per share was presented for the year ended 30 June 2012, as there were no potential dilutive shares outstanding during that period.

10. IMPAIRMENT ASSESSMENT ON GOODWILL, PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Impairment testing on intangible assets with indefinite useful life

For the purpose of impairment testing on intangible assets with indefinite useful life, the recoverable amount of the intangible assets with indefinite useful life has been determined based on a value in use calculation. The value in use calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period and a discount rate of 19.83% (2012: 19.83%). The cash flows beyond the 5-year period are extrapolated with zero growth rate. The growth rate is based on the relevant industry growth forecasts and average long-term growth rate for the relevant industry. The recoverable amount of the intangible assets is estimated to be lower than the carrying amount of the intangible assets and, accordingly, impairment losses on intangible assets of HK\$2,000,000 (2012: HK\$77,718,000) have been recognised to profit or loss during the year ended 30 June 2013.

Impairment testing on provision of health care management services segment

During the year ended 30 June 2013, as the result of the unexpected unfavourable performance in the provision of health care management services segment, management conducted an impairment assessment of segmented assets. For the purpose of impairment testing, intangible assets and property, plant and equipment related to health care management were allocated to a cash generating unit (“CGU”) hereinafter referred to as Unit A. A CGU is considered to be impaired when its recoverable amount declines below its carrying amount. The recoverable amount is the higher of value in use and fair value less costs to sell. The carrying amounts of the assets allocated to Unit A are as follows:

	Carrying amounts before impairment <i>HK\$'000</i>	Impairment loss <i>HK\$'000</i>	Carrying amounts after impairment <i>HK\$'000</i>
Intangible assets	4,534	4,534	–
Property, plant and equipment	21,855	16,457	5,398
	<u>26,389</u>	<u>20,991</u>	<u>5,398</u>

An impairment loss of HK\$20,991,000 has been recognised for Unit A as the recoverable amount of Unit A is less than the carrying amount for the year ended 30 June 2013. The impairment loss is allocated to reduce the carrying amount of assets of Unit A.

The recoverable amount is the higher of fair value less costs to sell and value in use. The recoverable amount of Unit A had been determined based on a value in use calculation. The recoverable amount was based on certain similar key assumptions. The value in use calculation used cash flow projections based on financial budgets approved by management covering a five-year period and at a discount rate of 17.83%. The cash flows beyond the five-year period are extrapolated using a steady 2% growth rate. The growth rate is based on the relevant industry growth forecasts and average long-term growth rate for the relevant industry. The key assumptions for the value in use calculation are those regarding the discount rate, growth rate and budgeted gross margin and revenue during the budget period which had been determined based on past performance and management’s expectations for the market development. The impairment loss during the year ended 30 June 2013 is mainly attributable to the keen competition in the industry and the unexpected unfavourable performance of provision of health care management services in the PRC.

Impairment testing on distribution of bio-industrial products segment

During the year ended 30 June 2013, as the distribution of bio-industrial products continued to incur segment losses, management decided to fully impair the related intangible assets of HK\$274,000. Property, plant and equipment, consisting of leasehold land and building, was revaluated as at 30 June 2013 to the amount of HK\$34,897,000. Accordingly, no impairment on the relevant tangible assets has been recognised during the year.

During the year ended 30 June 2012, as the result of the unexpected unfavourable performance of the distribution of bio-industrial products segment, management conducted an impairment assessment of segmented assets. For the purpose of impairment testing, goodwill, intangible assets and property, plant and equipment related to the distribution of bio-industrial products were allocated to a CGU hereinafter referred to as Unit B. A CGU is considered to be impaired when its recoverable amount declines below its carrying amount. The recoverable amount is the higher of value in use and fair value less costs to sell. The carrying amounts of the assets allocated to Unit B are as follows:

	Carrying amounts before impairment <i>HK\$'000</i>	Impairment loss <i>HK\$'000</i>	Carrying amounts after impairment <i>HK\$'000</i>
Goodwill	1,954	1,954	–
Intangible assets	16,975	16,679	296
Property, plant and equipment	33,375	–	33,375
	<u>52,304</u>	<u>18,633</u>	<u>33,671</u>

An impairment loss of HK\$18,633,000 had been recognised for Unit B as the recoverable amount of Unit B was less than the carrying amount for the year ended 30 June 2012. The impairment loss was allocated to reduce the carrying amount of assets of Unit B in the following order:

- (a) first, HK\$1,954,000 of the impairment loss was allocated to reduce the carrying amount of goodwill allocated to Unit B from HK\$1,954,000 to zero;
- (b) then, the remaining impairment loss of HK\$16,679,000 was allocated to the remaining assets of the CGU on the basis of which the individual asset should not below the highest of its fair value less costs to sell and its value in use. Since the property, plant and equipment of Unit B included leasehold land and building which had been revalued to approximately HK\$33,121,000, the remaining impairment loss of HK\$16,679,000 was allocated to the intangible assets to reduce the carrying amount from HK\$16,975,000 to HK\$296,000.

The recoverable amount is the higher of fair value less costs to sell and value in use. The recoverable amount of Unit B had been determined based on a value in use calculation. The recoverable amount was based on certain similar key assumptions. The value in use calculation used cash flow projections based on financial budgets approved by management covering a five-year period and at a discount rate of 16.20%. The cash flows beyond the five-year period were extrapolated with zero growth rate. The key assumptions for the value in use calculation are those regarding the discount rate, growth rate and budgeted gross margin and revenue during the budget period which had been determined based on past performance and management's expectations for the market development. The impairment loss during the year ended 30 June 2012 was mainly attributable to the keen competition in the industry and the deterioration of operating performance of distribution of bone chips and bone fat in the PRC.

11. TRADE RECEIVABLES

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 30 to 180 days. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

As at 30 June 2013 and 2012, the trade receivables are aged within 30 – 90 days, presented based on the invoice dates, which approximated the respective revenue recognition dates at the end of the reporting period.

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Rental, management fee and other deposits	2,184	2,297
Deposits paid	160	1,449
Others (<i>Note</i>)	2,867	13,694
	<hr/>	<hr/>
Total	5,211	17,440

Note: At 30 June 2012, the amounts included money advanced to an independent third party through a promissory note amounting to approximately HK\$9,735,000 which was repaid during the year ended 30 June 2013.

13. TRADE PAYABLES

The aging analysis of trade payables, presented based on the invoice dates at the end of the reporting period, is as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
30 days or less	3,092	2
31 to 60 days	–	3
61 to 180 days	63	212
Over 180 days	–	282
	<hr/>	<hr/>
	3,155	499

The average credit period on purchase of goods normally ranges from 60 days to 90 days.

14. CONVERTIBLE BONDS

Pursuant to the placing agreement and subscription agreement entered on 18 February 2013, the Company issued convertible bonds with coupon rate of 0.1% per annum and an aggregate principal amount of HK\$133,000,000 at par on 11 June 2013. The convertible bonds mature on the 10th anniversary of the date of issue.

The convertible bonds are issued in HK\$. The convertible bonds contain two components, liability (together with embedded derivative for early redemption right by the Company which is closely related to the host debt) and equity components. On 11 June 2013, the fair value of the liability component was HK\$13,938,000, which has been determined by the discounted cashflow approach using the prevailing market interest rate of similar non-convertible bonds and taking into account the credit risk of the Company. The equity component is HK\$117,416,000, which is the difference between the proceeds received and the fair value of the liability component, net of transaction costs attributable to the liability and equity components of HK\$193,000 and HK\$1,646,000 respectively.

The effective interest rate of the liability component of the convertible bonds is 25.74%.

On 17 June 2013 and 26 June 2013, convertible bonds with aggregate principal amounts of HK\$4,000,000 and HK\$16,000,000 respectively were converted into ordinary shares of the Company.

15. SHARE CAPITAL

	Par value per ordinary share HK\$	Number of shares '000	Share capital HK\$'000
Authorised:			
At 1 July 2011 and 30 June 2012	0.01	50,000,000	500,000
Decrease upon share consolidation (<i>Note b</i>)		<u>(47,500,000)</u>	<u>–</u>
	0.2	2,500,000	500,000
Increase upon share re-organisation (<i>Note c</i>)		<u>47,500,000</u>	<u>–</u>
At 30 June 2013	0.01	<u>50,000,000</u>	<u>500,000</u>
Issued:			
At 1 July 2011 and 30 June 2012	0.01	12,164,508	121,645
Issue of rights shares (<i>Note a</i>)	0.01	3,649,352	36,494
Share consolidation (<i>Note b</i>)		<u>(15,023,167)</u>	<u>–</u>
	0.2	790,693	158,139
Share re-organisation (<i>Note c</i>)		<u>–</u>	<u>(150,232)</u>
	0.01	790,693	7,907
Conversion of convertible bonds (<i>Note d</i>)	0.01	<u>50,000</u>	<u>500</u>
At 30 June 2013	0.01	<u>840,693</u>	<u>8,407</u>

Notes:

- (a) On 8 August 2012, the Company allotted and issued 3,649,352,000 shares by way of rights issue at a subscription price of HK\$0.022 per rights share on the basis of three rights shares for every ten shares held.
- (b) On 19 January 2013, the Company performed a share consolidation involving every 20 issued and unissued shares of par value of HK\$0.01 each be consolidated into 1 consolidated share of HK\$0.20 each. The number of authorised shares decreased from 50,000,000,000 to 2,500,000,000 while the amount remains at HK\$500,000,000.
- (c) On 25 March 2013, a share re-organisation was carried out so that (1) the par value of each issued consolidated share was reduced from HK\$0.20 to HK\$0.01 through the cancellation of the paid-up capital to the extent of HK\$0.19 on each share, and (2) immediately following the capital reduction, each authorised but unissued consolidated share was sub-divided into 20 new shares with a par value of HK\$0.01 each.

- (d) On 17 June 2013 and 26 June 2013, 10,000,000 and 40,000,000 new ordinary shares of the Company of HK\$0.01 each were issued respectively upon the conversion of convertible bonds. Convertible bonds with aggregate principal amount of HK\$4,000,000 and HK\$16,000,000 were converted into 10,000,000 and 40,000,000 ordinary shares of the Company at a conversion price of HK\$0.4 per share respectively.

All the shares issued during the year ended 30 June 2013 rank pari passu with the then issued shares of the Company in all respect.

MANAGEMENT DISCUSSION AND ANALYSIS GROUP RESULTS

GROUP RESULTS

Revenue of the Group for the Financial Year amounted to approximately HK\$10.1 million, representing an approximately 60.55% decrease from the previous Financial Year (the “Previous Financial Year”) of approximately HK\$25.5 million. Loss attributable to the owners of the Company for the Financial Year was approximately HK\$72.8 million, representing an improvement of results compared to a loss of approximately HK\$123.9 million in the Previous Financial Year.

BUSINESS REVIEW

Provision of genetic testing services

Since 13 December 2010, the Group has obtained the permanent exclusive distribution rights for genetic testing services in the regions of the PRC, Hong Kong and Macau, the permanent non-exclusive distribution rights for genetic testing services in other regions, and the right of use of certain logos on genetic testing services distributed by the Group.

On 3 May 2011, in view of the significant decrease in revenue generated by the distributors under the franchise agreements, and in order to manage the distribution channels more effectively and to achieve higher profit margin through lower selling expenses, the Group entered into the termination agreements with relevant distributors and terminated the said franchise agreements with effect from the same date.

The Group adjusted its operating direction (transformation) at the beginning of the Previous Financial Year by dedicating its sales efforts towards professional channels, mainly hospitals and health centres, in lieu of the general public and during the second half of the Financial Year, the Group has begun establishing a new genetic testing centre, intended to focus on cellular and molecular genetic clinical testing, in Shanghai.

For the Financial Year, the revenue arising from the provision of genetic testing services decreased from approximately HK\$22.6 million in the Previous Financial Year to approximately HK\$4.6 million. Genetic testing sales to the public have decreased significantly largely due to the restructuring of the sales force, new management and new sales and marketing strategies.

The Board held a conservative view regarding the future performance of this business in view of the high uncertainties and risks of the new sales and marketing strategies adopted. After independent assessment of the value in use of the intangible asset relating to the permanent exclusive and non-exclusive rights for the provision of genetic testing services, the Group made an impairment loss on the intangible asset for approximately HK\$2.0 million.

Distribution of bio-industrial products

The Group has obtained the exclusive distribution rights for the distribution of bone chips and bone fat in the PRC for a period of 5 years from 1 January 2010, which would be automatically renewed for another ten years subject to no objection raised by either party on or before 31 December 2014.

During the Financial Year, revenue of the distribution of bio-industrial products significantly decreased to nil revenue from approximately HK\$1.0 million in the Previous Financial Year. Due to continuing unsatisfactory business performance and a further independent assessment of the value in use of the intangible asset and goodwill relating to the exclusive distribution rights of the bio-industrial products business, the Group further impaired the intangible asset for a total amount of approximately HK\$0.3 million.

Provision of health care management services

The Group's health care management centre (the "Health Care Centre") consists of United Gene (Shanghai) Health Care Centre, which commenced business in late 2011, and Outpatient Department Longguan, which commenced business in early 2013, and serves as a high-end health care management and service centre with genome technology as its competitive edge. The operation of the Health Care Centre adopts the "4P medical services model" which refers to predictive, preventive, personalised and participatory medical services. The Group also extends its services to set up an individualized comprehensive and lifelong health service model. The Group researches, develops and provides further health care management services, including the (i) provision of health care management services, including meridian

conditioning, acupuncture, cupping and Chinese medicine treatment consultancy; (ii) provision of exercise physiology treatment consultancy; (iii) provision of physiotherapy and oxygen therapy treatment consultancy; (iv) provision of psychology treatment consultancy; (v) testing of nutrition and metabolism and provision of treatment consultancy; (vi) provision of diet treatment; and (vii) testing for gene mutation. The Health Care Centre cooperates with a number of hospitals in Shanghai in respect of health care management services.

For the Financial Year, revenue for the provision of health care management services improved to HK\$2.3 million, from HK\$1.8 million in the Previous Financial Year. Due to persistently weak consumer sentiment and insufficient time to market and gain public awareness of the new health management concept focusing on preventive care rather than curative care, the Health Care Centre suffered an operating loss of approximately of HK\$41.5 million (2012: HK\$22.9 million).

The Board held a conservative view regarding the future performance of this business in view of the high uncertainties and risks of the new sales and marketing strategies adopted. After independent assessment of the value in use of the intangible assets and property, plant and equipment related to the provision of health care management services, the Group made an impairment loss on the intangible asset for approximately HK\$4.5 million and the tangible assets for approximately HK\$16.5 million.

Trading of beauty products

The Group commenced trading of beauty equipment and products in 2013. Revenue from trading was approximately HK\$3.2 million (2012: nil) and the operating margin was approximately 1.32%.

Securities investment

The Group recognized its investment activities as a business segment in 2013. Revenue from bond interest income was approximately HK\$4.6 million (2012: HK\$3.9 million) and operating profit was approximately HK\$4.6 million (2012: HK\$4.6 million).

PROSPECTS

Provision of genetic testing services

Due to market changes and new long-term development plans, the Group adjusted its operating direction (transformation) at the beginning of the Previous Financial Year by dedicating its sales efforts towards professional channels, mainly hospitals and health centres, in lieu of the general public.

The adjustment in business strategy was mainly due to (1) public consumers having insufficient understanding towards the actual purpose of genetic testing, which led to the slowdown in the sales of the corresponding market division, and (2) the accommodation of state policies and strategic development of the Group as a whole. After thorough market research, analysis of national policies as well as of the market, the management of the Group expects that the Ministry of Health of the PRC will gradually be more open to genetic testing projects in hospitals, and has therefore adjusted its operation strategy. Since 2012, departments including the National Development and Reform Commission and the Ministry of Health have listed genetic testing in the catalogue of charged hospital examination items. The Group has also adjusted its operation strategy by shifting its focus of sales efforts from the general public to professional channels, mainly hospitals and health centres, in an attempt to sell more diversified and targeted genetic testing products, such as drug sensitivity testing, diagnosis and hereditary disease screening, and strengthen its sales in professional channels.

The Group obtained a national medical license at the end of 2012 with relevant qualifications for providing medical checkup and management expects that this will improve the Group's presence. Moreover, the Group has conducted an in-group personnel restructure and recruited new staff with many years of relevant sales experience with PRC medical institutions. Currently, the sales operation of our genetic testing service is still undergoing adjustment. Management believes that the sales in professional channels are stable and sustainable, and that both the necessity and professional credibility of the genetic testing products needed in these channels will increase significantly after gaining consumer awareness. Management is confident that the sales of genetic testing products will survive the trough in the Previous Financial Year and will show gradual improvement.

Following the Financial Year (2013), the Group has fulfilled and satisfied preliminary government criteria to set up a diagnostic centre in Shanghai. The number of diagnostic centres is strictly controlled by the PRC government, limiting competition. Management expects that the establishment of a government sanctioned diagnostic centre will improve the Group's reputation, providing a synergy effect for genetic testing sales in its professional channels.

Distribution of bio-industrial products

In December 2010, CNL (Pinghu) Biotech Co. Ltd. ("CNL (Pinghu)") commenced the construction of the production plant, research and development workshop and office in Pinghu, the PRC.

CNL (Pinghu) has been under litigation since April 2012. An appeal was lodged by a constructor and it is expected that a final verdict will be reached in the next few years. As its plants are unlawfully occupied by the constructor, the production and launching schedules of products have been delayed. The Group is actively engaged in resolving this matter in court, with a view to commence production as soon as possible. The Group will continue to explore other opportunities for further growth through strategic cooperation with world leading biotechnology enterprises, whether in the aspects of business, product or technology. The Group strives to build a sound product portfolio which offers high profitability potential.

Provision of health care management services

After the Group established the Health Care Centre, the Group strengthened its marketing and promotion plans for the membership services and benefits.

As the first professional comprehensive health care management services provider focused on genetic testing in the PRC, the health care management services provided by the Health Care Centre is expected to satisfy the current supply gap in high-end and personalised health care management services in the PRC. The professional medical team and outpatient department under the Health Care Centre are committed to providing high-end, quality and customized services such as physical examination services, professional genetic testing analysis, recuperation with Chinese medicine and guidance in sports rehabilitation. In 2012, the Health Care Centre obtained a medical license, expanding its product portfolio and strengthening its marketing and promotion channels. It is expected that the revenue of the Health Care Centre will gradually stabilize and improve.

Furthermore, human resources was strengthened to improve operating efficiency and the scale of operations. Management expects that these human capital improvements, combined with the Health Care Centre's marketing efforts, will lead to greater revenue.

Trading of beauty products

Management expects that demand of beauty products in the Asia Pacific region will continue to increase as rising GDP and average income in most developing countries in Asia will allow customers to spend more on such products. Going forward, the Group will explore higher margin products and improve sales efforts to further increase revenues and profits.

Securities investment

Management expects the global economic outlook to improve in the future. Management will actively review the performance of the portfolio leading to greater portfolio revenue and profits for the company.

On top of developing the aforementioned businesses, the Group will continue to proactively explore attractive investments in the PRC and globally with the aim of (i) developing new and existing businesses, and (ii) generating positive cash flow and earnings for the Group in the long-term. In the meantime, the Group may, if necessary, conduct various fund-raising activities to strengthen the capital base of the Company.

FINANCIAL REVIEW

Capital structure

	2013	2012
	HK\$'000	HK\$'000
Authorized:		
50,000,000,000 ordinary shares of HK\$0.01 each	<u>500,000</u>	<u>500,000</u>
Issued and fully paid:		
840,693,024 ordinary shares of HK\$0.01 each	<u>8,407</u>	<u>121,645</u>

As at 30 June 2013, total borrowings of the Group were approximately HK\$37.0 million (30 June 2012: HK\$11.0 million) which consisted of the debt value of the company's unconverted convertible bonds amounting to HK\$11.8 million and loans from non-controlling shareholders of a subsidiary of the Group, Longmark (Shanghai) HealthCare Limited ("Longmark (Shanghai)"), amounting to approximately HK\$25.2 million.

Liquidity and financial resources

As at 30 June 2013, the Group had bank and cash balances of approximately HK\$355.3 million (30 June 2012: approximately HK\$169.8 million).

The ratio of current assets to current liabilities of the Group was 7.74 as at 30 June 2013 compared to 15.74 as at 30 June 2012. The Group's gearing ratio as at 30 June 2013 was 0.13 (30 June 2012: 0.07) which is calculated based on the Group's total liabilities of approximately HK\$63.7 million (30 June 2012: approximately HK\$25.4 million) and the Group's total assets of approximately HK\$508.0 million (30 June 2012: approximately HK\$356.0 million).

During the Financial Year, the Group invested in financial assets, consisting of time deposits and listed bonds that can be readily converted to cash at any time, with an aim to increase surplus cash. The Group places importance on security, short-term commitment and availability of the surplus cash and cash equivalents.

Significant investments, acquisition and disposals

On 27 April 2013 (after trading hours), the Company, as purchaser, and Dr. Mao Yumin (“Dr. Mao”) and JNJ Investments Limited (“JNJ”), as vendors, entered into a conditional sale and purchase agreement dated 27 April 2013 (as supplemented and amended by a supplemental agreement dated 7 May 2013 and a second supplemental agreement dated 30 August 2013), pursuant to which the Company has conditionally agreed to acquire and (i) JNJ and Dr. Mao have conditionally agreed to sell 450,000,000 shares of Extrawell Pharmaceutical Holdings Limited (“Extrawell”) and convertible bonds in an aggregate principal amount of HK\$320,650,000, with conversion rights to convert into 500,000,000 shares of Extrawell at initial conversion price of HK\$0.6413 per share (subject to adjustments), issued by Extrawell respectively for an aggregate consideration of HK\$608,000,000; and (ii) Dr. Mao has conditionally agreed to sell the convertible bonds in an aggregate principal amount up to HK\$256,520,000 (the sum of the four batches), with conversion rights to convert into 400,000,000 shares of Extrawell at initial conversion price of HK\$0.6413 per share (subject to adjustments), issued by Extrawell at an aggregate consideration of up to a maximum of HK\$256,000,000, in four batches.

Dr. Mao is a connected person of the Company by virtue of being a controlling shareholder of the Company. JNJ is a connected person of the Company by virtue of its beneficial owner, being Dr. Mao. As such, the transactions constitute connected transactions of the Company under rule 14A.13(1)(a) of the Listing Rules and shall be aggregated pursuant to Rule 14A.25 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

As at September 30, 2013, the said sale and purchase agreement has not yet completed and is subject to the shareholder approval that will be voted upon at the special general meeting of the Company to be held on 18 October 2013.

On 25 April 2013, 東龍脈(上海)健康管理服務有限公司, an indirect wholly-owned subsidiary of the Company, and 龍脈(上海)健康管理服務有限公司 (“Longmark (Shanghai)”), an indirect non-wholly-owned subsidiary of the Company, and 吉林精優長白山藥業有限公司, an indirect wholly-owned subsidiary of Extrawell, entered into a conditional injection of capital agreement (the “Injection Agreement”) with Dr. Xie, who is a beneficial owner of a controlling shareholder of the Company as at the date of the Injection Agreement. Pursuant to the Injection Agreement, Dr. Xie agreed to inject approximately RMB7.5 million by cash for 37.47% of the registered capital of Longmark (Shanghai) as enlarged after such injection of capital (the “Injection of Capital”), on or before 30 May 2014. The Injection of Capital constitutes a deemed disposal by the Group of 29.98% equity interest of Longmark (Shanghai) within the meaning of Rule 14.29 of the Listing Rules. The completion of the Injection Agreement took place in August 2013. Since Dr. Xie is a controlling shareholder of the Company as at the date of the Injection Agreement, he is a connected person of the Company and the entering into the Injection Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Save as disclosed above, the Group had no other significant investments, nor had it made any material acquisition or disposal of the Group's companies or associated companies during the Financial Year.

Charges on the Group's assets

As at 30 June 2013, the Group and the Company did not have any charges on its assets (30 June 2012: nil).

Contingent liabilities

The Directors were not aware of any significant contingent liabilities of the Group and the Company as at 30 June 2013 (30 June 2012: nil).

Foreign exchange exposure

The monetary assets and liabilities and businesses of the Group are mainly carried out and conducted in Hong Kong dollars, Renminbi ("RMB") and United States Dollars. The Group maintains a prudent strategy in its foreign exchange risk management, hedging foreign exchange risks by balancing the foreign currency monetary assets against foreign currency monetary liabilities, and foreign currency revenue against foreign currency expenditure. The Group monitors its foreign currency exposure closely and consider hedging foreign currency exposure should the need arise.

Number and remuneration of employees

As at 30 June 2013, the Group had 165 (30 June 2012: 218) full-time employees, most of whom were working in the Company's subsidiaries in the PRC. It is the Group's policy that remuneration of the employees, including the Directors, is in line with the market and commensurate with responsibilities. Discretionary year-end bonuses are payable to the employees based on individual performance. Other employee benefits include medical insurance, retirement schemes, training programmes and education subsidies. Total staff costs including Directors' remuneration for the Financial Year amounted to approximately HK\$18.7 million (2012: approximately HK\$20.0 million, inclusive of approximately HK\$1.1 million staff costs capitalized in the research and development costs).

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

During the Financial Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted and complied with all the code provisions as set out in Appendix 14 to the Listing Rules on the Stock Exchange (the “Code”) (and the new code provisions since 1st April 2012, when the amendments to the Code became effective) for the Financial Year, except for the deviations discussed below.

Code provision A.2.1

The position of chief executive officer remains vacant and the Company is looking for a suitable person to assume this role.

Code provision A.4.1

Code provision A.4.1 stipulates that non-executive Directors should be appointed for specific term and should be subject to re-election.

The Company has deviated from the Code provision A.4.1. The non-executive Directors and independent non-executive Directors were not appointed for specific term but are subject to retirement by rotation and re-election at least once every three years in accordance with the provision of the Company’s articles of association. As such, the Company considers that sufficient measures have been taken to serve the purpose of this Code provision.

The Directors believe that, despite the absence of specified term of non-executive Directors, the Directors are committed to representing the long-term interests of the Company and its shareholders as a whole.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as the code of conduct regarding Directors’ securities transactions. All Directors have confirmed that they have fully complied with the Model Code throughout the Financial Year. No incident of non-compliance was noted by the Company in the Financial Year.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) is composed of three independent non-executive Directors. It reviews with the management of the accounting policies and practices adopted by the Group and discusses the auditing, internal control and financial reporting matters. The Group’s audited financial statements for the Financial Year have been reviewed by the Audit Committee.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 June 2013 as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Company (www.unitedgenegroup.com and www.irasia.com/listco/hk/unitedgene) and the Stock Exchange (www.hkex.com.hk). The annual report of the Company for the Financial Year containing all the information required by the Listing Rules will be dispatched to shareholders of the Company and made available on the above websites in due course.

By Order of the Board
United Gene High-Tech Group Limited
Lee Nga Yan
Director

Hong Kong, 30 September 2013

As at the date of this announcement, the Board comprises Ms. Jiang Nian (chairman & non-executive Director), Ms. Lee Nga Yan (executive Director), Dr. Guo Yi (executive Director), Ms. Xiao Yan (non-executive Director), Ms. Wu Yanmin (non-executive Director), Ms. Chen Weijun (independent non-executive Director), Dr. Zhang Zhihong (independent non-executive Director) and Mr. Wang Rongliang (independent non-executive Director).