UNITED GENE HIGH-TECH GROUP LIMITED
聯合基因科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 399)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

The board (the "Board") of directors (the "Directors") of United Gene High-Tech Group Limited (the "Company") hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 31 December 2012 (the "Interim Period") together with the comparative figures for the six months ended 31 December 2011 (the "Previous Corresponding Period") as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 31 December	
		2012	2011
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**1,530**	24,179
Cost of sales		**(1,074)**	(7,167)
Gross profit		**456**	17,012
Other income, gains and losses	*4*	**3,748**	4,067
Impairment loss on an intangible asset	*6*	**–**	(16,636)
Impairment loss on goodwill	*6*	**–**	(1,954)
Selling expenses		**(524)**	(1,715)
Administrative expenses		**(30,291)**	(25,600)
Other expenses		**(920)**	–
Finance costs		**(429)**	–
Loss before tax		**(27,960)**	(24,826)
Income tax credit	*5*	**30**	2,144
Loss for the period	*6*	**(27,930)**	(22,682)

	Note	Six months ended 31 December 2012 HK$'000 (Unaudited)	2011 HK$'000 (Unaudited)
Other comprehensive income/(expense)			
Items that may be subsequently reclassified to profit or loss:			
Fair value changes of available-for-sale financial assets		**2,187**	(2,361)
Reclassification adjustments for the cumulated loss upon disposal of available-for-sale financial assets		**208**	67
		2,395	(2,294)
Item that will not be reclassified to profit or loss:			
Exchange differences on translation		**239**	2,245
Other comprehensive income/(expense) for the period		**2,634**	(49)
Total comprehensive expense for the period		**(25,296)**	(22,731)
Loss for the period attributable to:			
Owners of the Company		**(24,931)**	(17,899)
Non-controlling interests		**(2,999)**	(4,783)
		(27,930)	(22,682)
Total comprehensive expense for the period attributable to:			
Owners of the Company		**(22,344)**	(18,354)
Non-controlling interests		**(2,952)**	(4,377)
		(25,296)	(22,731)
			(Restated)
Loss per share	*8*		
Basic		**HK(3.28) cents**	HK(2.76) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 31 December 2012 *HK$'000* (Unaudited)	At 30 June 2012 *HK$'000* (Audited)
Non-current assets			
Property, plant and equipment		**58,317**	52,540
Intangible assets		**7,426**	8,091
Deposits paid for acquisition of property, plant and equipment		**968**	9,248
		66,711	69,879
Current assets			
Inventories		**474**	155
Prepayments, deposits and other receivables		**20,090**	17,440
Trade receivables	*9*	**40**	20
Available-for-sale financial assets		**100,500**	98,467
Restricted bank balances		**223**	222
Bank and cash balances		**231,757**	169,815
		353,084	286,119
Current liabilities			
Trade payables	*10*	**543**	499
Accruals and other payables		**16,397**	12,772
Amount due to a shareholder		**4,933**	–
Other borrowing due within one year		**4,933**	4,907
		26,806	18,178
Net current assets		**326,278**	267,941
Total assets less current liabilities		**392,989**	337,820
Non-current liabilities			
Deferred tax liabilities		**1,096**	1,120
Loans from a non-controlling shareholder of a subsidiary		**9,250**	6,133
		10,346	7,253
NET ASSETS		**382,643**	330,567

	At 31 December 2012 *HK$'000* (Unaudited)	At 30 June 2012 *HK$'000* (Audited)
Capital and reserves		
Share capital	**158,139**	121,645
Reserves	**216,137**	197,603
Equity attributable to owners of the Company	**374,276**	319,248
Non-controlling interests	**8,367**	11,319
TOTAL EQUITY	**382,643**	330,567

Notes:

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 December 2012 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2012.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA:

- amendments to HKFRS 7 "Financial instruments: Disclosures – Transfers of financial assets";
- amendments to HKAS 1 "Presentation of items of other comprehensive income"; and
- amendments to HKAS 12 "Deferred tax: Recovery of underlying assets".

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 and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive 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 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 above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

The Group has three reportable and operating segments as follows:

(a) distribution of gene testing services

(b) distribution of bio-industrial products

(c) provision of health care management services

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.

The following is an analysis of the Group's revenue and results by reportable and operating segments:

	Distribution of gene testing services		**Distribution of bio-industrial products**		**Provision of health care management services**		**Total**	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	HK$'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Six months ended 31 December								
Revenue from external customers	**73**	22,692	**–**	377	**1,457**	1,110	**1,530**	24,179
Segment (loss) profit after tax	**(6,850)**	7,330	**(1,712)**	(17,898)	**(16,461)**	(11,089)	**(25,023)**	(21,657)

	Six months ended 31 December	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Reconciliation of reportable segment loss after tax:		
Total segment loss after tax	**(25,023)**	(21,657)
Corporate and other expenses	**(5,683)**	(4,127)
Loss on sales of available-for-sale financial assets	**(208)**	(67)
Unallocated interest income	**2,984**	3,169
Consolidated loss after tax	**(27,930)**	(22,682)

4. OTHER INCOME, GAINS AND LOSSES

	Six months ended 31 December	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest income	**762**	1,217
Interest income on available-for-sale financial assets	**2,230**	1,984
Loss on sale of available-for-sale financial assets	**(208)**	(67)
Grant from the government of People's Republic of China (the "PRC") for carrying out gene testing business	**948**	911
Sundry income	**16**	22
	3,748	4,067

5. INCOME TAX CREDIT

	Six months ended 31 December	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong	**–**	(111)
PRC Enterprise Income tax	**–**	(88)
Deferred tax:		
Current period	**30**	2,343
	30	2,144

6. LOSS FOR THE PERIOD

The Group's loss for the period has been arrived at after charging the following items:

	Six months ended 31 December	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Amortisation of intangible assets	**650**	990
Depreciation of property, plant and equipment	**5,023**	1,997
Loss on disposals of property, plant and equipment	**–**	1,542
Impairment loss on an intangible asset *(Note)*	**–**	16,636
Impairment loss on goodwill *(Note)*	**–**	1,954
Directors' emoluments	**410**	550
Operating lease charges of land and buildings	**6,947**	5,615
Cost of inventories recognised as an expense	**–**	1,712
Staff costs including directors' emoluments	**9,858**	8,983

Note: During the period ended 31 December 2011, impairment losses of HK$16,636,000 and HK$1,954,000 were recognised for the intangible asset and goodwill in relation to the bio-industrial products. The recoverable amount of the bio-industrial products had been determined based on value in use calculation.

7. DIVIDENDS

No dividends were paid, declared or proposed during the interim period. The directors have determined that no dividend will be paid in respect of the interim period (2011: nil).

8. LOSS PER SHARE

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

	Six months ended 31 December	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss		
Loss for the period attributable to the owners of the Company for the purpose of basic loss per share	**24,931**	17,899

	Six months ended 31 December	
	2012	2011
	Number of shares	*Number of shares*
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**759,696,691**	648,109,036

The weighted average number of ordinary shares adopted in the calculation of the basic loss per share for each of the six-month periods ended 31 December 2012 and 2011 have been adjusted for the effect of bonus element in connection with the rights issues during the period ended 31 December 2012 and also impact of share consolidation completed subsequent to 31 December 2012.

No diluted loss per share is presented as the Company did not have any dilutive potential ordinary shares during both periods.

9. TRADE RECEIVABLES

The credit terms granted by the Group to its customers generally range from 30 to 180 days.

The following is an analysis of trade receivables by age, presented based on the invoice date.

	At 31 December 2012	At 30 June 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
30 days or less	**–**	20
61 to 180 days	**40**	–
	40	20

10. TRADE PAYABLES

The following is an analysis of trade payables by age, presented based on the invoice date.

	At **31 December** **2012** ***HK$'000*** **(Unaudited)**	At 30 June 2012 *HK$'000* (Audited)
30 days or less	**195**	2
31 to 60 days	**148**	3
61 to 180 days	**136**	212
Over 180 days	**64**	282
	543	499

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP RESULTS

Revenue of the Group for the Interim Period amounted to approximately HK$1.5 million, representing approximately 93.80% decrease from the Previous Corresponding Period (approximately HK$24.2 million). Loss attributable to the owners of the Company for the Interim Period was approximately HK$24.9 million, compared to the loss of approximately HK$17.9 million in the Previous Corresponding Period.

BUSINESS REVIEW

Distribution of gene testing services

Since 13 December 2010, the Group has obtained the permanent exclusive distribution rights for gene testing services in the regions of the PRC, Hong Kong and Macau, the permanent non-exclusive distribution rights for gene testing services in other regions as well as the right of use of certain logos on gene testing services distributed by the Group. The Group has enjoyed a higher profit margin since then for the distribution of gene testing services.

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 less selling expenses, the Group entered into the termination agreements with relevant distributors to terminate the said franchise agreements with effect from the same date.

The Group adjusted its operating strategy and increase its marketing channel at the beginning of 2012 through dedicating its sales efforts on professional channels, mainly hospitals and health centres. This led to the great extent of slowdown in the sales of the corresponding market division in general public segment, particularly in the latter half-year of 2012.

For the Interim Period, the revenue arising from the distribution of gene testing services decreased from approximately HK$22.7 million in the Previous Corresponding Period to approximately HK$0.07 million. This was mainly due to the transitional period brought by the new sales and marketing strategy and the detrimental impact on turnover from the continuing economic downturn. The substantial decrease of revenue led to the loss after tax amounting to approximately HK$6.9 million in the Interim Period compared with the profit after tax approximately HK$7.3 million in the Previous Corresponding Period.

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 Interim Period, revenue of the distribution of bio-industrial products significantly decreased from approximately HK$0.4 million in the Previous Corresponding Period to nil turnover. The loss after tax for the Interim Period was approximately HK$1.7 million while the loss after tax for the Previous Corresponding Period was approximately HK$17.9 million, which included the impairment of intangible assets of HK$16.6 million. This was mainly due to the global economic downturn and the keen competition in the industry. The delayed production schedules due to the plants being unlawfully occupied by the constructor has impacted the business development. Due to the unsatisfactory business performance and in view of the business and economic uncertainties, the Board held a conservative view regarding the future performance of this business.

Provision of health care management services

The Group's health care management centre, the "United Gene (Shanghai) Health Care Centre" (the "Health Care Centre") which commenced business in September 2011, 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 the predictive, preventive, personalised and participatory medical services model. 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, such as (i) provision of health care management services, including meridian conditioning, acupuncture, cupping, 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. Also, the Health Care Centre has formed cooperation with a number of hospitals in Shanghai in respect of health care management services.

For the Interim Period, revenue for the provision of health care management services was approximately HK$1.5 million compared with the revenue of approximately HK$1.1 million in the Previous Corresponding Period. Due to additional time required for obtaining medical licenses in September 2012 and persistent weak consumer sentiment, the segment loss incurred in the provision of health care management services for the Interim Period was approximately HK$16.5 million (2011: approximately HK$11.1 million).

PROSPECTS

Distribution of gene testing services

In the view of market changes and to accommodate the long-term development plans, the Group increased its sales channels and adjusted its operating strategy at the beginning of 2012 by gradually shifting its focus of sales effort from the general public to the professional channels, mainly hospitals and health centres. The adjustment in business strategy was mainly due to (1) the public consumers having insufficient understanding towards the actual purpose of gene testing, which led to the slowdown in the sales of the corresponding market division, and (2) the accommodation of state policies and the strategic development of the Group as a whole. After thorough market research, analysis of national policies as well as market analysis, the management of the Group expects that the Ministry of Health of the PRC will gradually be more open to gene 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 gene testing into 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 the professional channels, mainly hospitals and health centres; and sold more diversified and targeted gene testing products, such as gene testing products regarding medication guides, gene testing aided diagnosis and screening products for hereditary diseases, in order to strengthen its sales in professional channels.

The Group has obtained a national medical license at the end of 2012 with relevant qualifications for providing medical check-up and the management expected that the awareness for and recognition of the Company will be raised. Moreover, the Group has conducted an in-group personnel restructure and has recruited new members of staff who have many years of relevant sales experience and good connections with mainland medical institutions to join our senior management. Currently, the sales operation of our gene testing service is still undergoing adjustment. The management of the Group believes that the sales in professional channels are characterized as stable and sustainable, and that both the necessity and professional credibility of the gene testing products sold in these channels will increase significantly. The management of the Group is confident that the sales of gene testing products could survive the trough in the previous year and will show gradual improvement soon after.

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. It developed hydrolyzed gelatin under a team of experts including Mr. A. H. Grobben, who is from the Netherlands, with expertise in hydrolyzed gelatin and bone fat refining technology.

CNL (Pinghu) is in the process of litigation concerning an appeal lodged by a constructor and it is expected that a final verdict will be reached in 2013. As its plants are unlawfully occupied by the constructor, the production and launching schedules of products are delayed. The Group is currently endeavoring to resolve the litigation and the above problems via legal means, with a view to commence production as soon as possible. In the long run, the Group will continue to explore other opportunities for further growth in the bio-industrial products business through strategic cooperation with the world's leading biotechnology enterprises, whether in the aspects of business, product or technology. The Group will also strive 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 has strengthened the marketing and promotion plans for the membership services and benefits of the Health Care Centre.

As the first professional comprehensive health care management services provider which focuses on gene testing in the PRC, the health care management services provided by the Health Care Centre satisfied 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 gene testing analysis, recuperation with Chinese medicine and guidance in sports rehabilitation. As at September 2012, the Health Care Centre has successfully obtained a medical license, enabling it to expand and strengthen its marketing and promotion channels. It is expected that the turnover of the Health Care Centre will gradually stabilize and improve.

The management of the Health Care Centre has been actively developing cooperation channels in various aspects while the 龍冠門診部 (unofficial English translation being Longguan outpatient department) established by a non-wholly owned subsidiary of the Group is ready to commence full operations in early 2013 and is expected to commence operations officially in the upcoming Chinese New Year. The Health Care Centre and its outpatient department are situated in a favorable geographical location which is expected to solve the problem of insufficient medical resources faced by the surrounding area after they have commenced operations. It is expected that sales volume will also reach a considerable level for the whole of 2013.

Meanwhile, key replenishment has been made by the management in terms of human resources, in particular for the major positions of sales and market management, and the operational system of the Company has been adjusted simultaneously to improve operating efficiency, capability of execution and scale of operation.

On top of developing the aforementioned businesses, the Group will continue to proactively explore for attractive investments in the PRC and globally with the aim of (i) developing the businesses of the Group and other new 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, Liquidity, Financial resources

Capital structure

	31 December 2012	30 June 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Authorised:		
50,000,000,000 ordinary shares of HK$0.01 each	**500,000**	500,000
Issued and fully paid:		
15,813,860,480 ordinary shares of HK$0.01 each (As at 30 June 2012:12,164,508,062 ordinary shares of HK$0.01 each)	**158,139**	121,645

The following is a summary of the movements in the issued share capital:

	Number of shares issued	Share capital
		HK$'000
As at 30 June 2012	12,164,508,062	121,645
Shares issued pursuant to rights issue	3,649,352,418	36,494
As at 31 December 2012	15,813,860,480	158,139

Shares issued pursuant to rights issue

On 20 June 2012 and 25 June 2012, the Company entered into the irrevocable undertaking and underwriting agreement respectively with Best Champion Holdings Limited, the controlling shareholder of the Company, and Grand Investment (Securities) Limited, with the latter acting as underwriter, to fully underwrite the proposed rights shares issued to the shareholders of the Company on the basis of three rights shares for every ten existing shares in issue, which would result in the issue of 3,649,352,418 new ordinary shares of HK$0.01 each on 8 August 2012, at the subscription price of HK$0.022 per rights share. Net funds of approximately HK$76.78 million was raised upon completion of the rights issue after deducting the total rights issue expenses of approximately HK$3.51 million.

Liquidity and financial resources

As at 31 December 2012, the Group had bank and cash balances of approximately HK$231.8 million (30 June 2012: approximately HK$169.8 million).

As at 31 December 2012, the total borrowings of the Group were approximately HK$14.2 million (30 June 2012: approximately HK$11.0 million) which consisted of a short term loan from an independent third party amounting to approximately HK$4.9 million (30 June 2012: approximately HK$4.9 million) and loans from a non-controlling shareholder of a subsidiary of the Group, Longmark (Shanghai) HealthCare Limited, amounting to approximately HK$9.3 million (30 June 2012: approximately HK$6.1 million).

The ratio of current assets to current liabilities of the Group was 13.17 as at 31 December 2012 compared to 15.74 as at 30 June 2012. The Group's gearing ratio as at 31 December 2012 was 0.09 (30 June 2012: 0.07) which is calculated based on the Group's total liabilities of approximately HK$37.2 million (30 June 2012: approximately HK$25.4 million) and the Group's total assets of approximately HK$419.8 million (30 June 2012: approximately HK$356.0 million).

During the Interim Period, the Group had invested in financial assets with an aim to increase and balance returns on surplus cash. They were time deposits at banks and listed bonds which can be readily converted to liquid funding at any time on the securities market. The Group places importance to security, short-term commitment and availability of the surplus cash and cash equivalents.

Significant investments, acquisition and disposals

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 Interim Period.

Charges on the Group's assets

As at 31 December 2012, the Group and the Company did not have any charges on their 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 31 December 2012 (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 and United States Dollars. The Group maintains a prudent strategy in its foreign exchange risk management, with the foreign exchange risks being minimised through balancing the foreign currency monetary assets against foreign currency monetary liabilities, and foreign currency revenue against foreign currency expenditure. The Group did not use any financial instrument to hedge against foreign currency risk. The Group will monitor its foreign currency exposure closely and consider hedging foreign currency exposure should the need arises.

Number and remuneration of employees

As at 31 December 2012, the Group had 180 (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 the 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 the Directors' remuneration for the Interim Period amounted to approximately HK$9.9 million (2011: approximately HK$10.1 million inclusive of HK$1.1 million staff costs capitalised in the research and development costs).

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

During the Interim Period, 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 Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange (the "Code") (and the new code provisions since 1 April 2012, when the amendments to the Code became effective) for the Interim Period, 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 Interim Period. No incident of non-compliance was noted by the Company in the Interim Period.

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 interim results for the Interim Period have been reviewed by the Audit Committee. In addition, the Group's external auditors have reviewed the unaudited condensed consolidated interim financial statements in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim 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.hkexnews.hk). The interim report of the Company for the Interim Period 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
Executive Director

Hong Kong, 8 February 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).