United Gene High-Tech Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 399

• Annual Report 2011

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Jiang Jian
Lee Nga Yan

Non-Executive Directors

Jiang Nian *(Chairman)*
Wu Yanmin
Guo Yi

Independent Non-Executive Directors

Chen Weijun
Zhang Zhihong
Wang Rongliang

Audit Committee

Chen Weijun *(Chairman)*
Zhang Zhihong
Wang Rongliang

Remuneration Committee

Zhang Zhihong *(Chairman)*
Jiang Nian
Wang Rongliang

HONORARY CHAIRMAN

Mao Yumin

COMPANY SECRETARY

Cheung Sui Ping, Annie

COMPLIANCE ADVISER

Asian Capital (Corporate Finance) Limited
Suite 1006, Bank of America Tower
12 Harcourt Road, Central
Hong Kong

LEGAL ADVISERS

Winnie Mak, Chan & Yeung
8/F., Two Chinachem Plaza
68 Connaught Road Central
Hong Kong

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P. O. Box 2681, Grand Cayman
KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms No. 1405-1406, Harbour Centre
No. 25 Harbour Road
Wanchai, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT IN HONG KONG

Tricor Tengis Limited
26/F., Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

AUDITORS

ANDA CPA Limited
Unit D, 21st Floor, Max Share Centre
373 King's Road, North Point
Hong Kong

PRINCIPAL BANKER

The Hongkong and Shanghai Banking Corporation Limited

STOCK CODE

399

COMPANY WEBSITE

www.unitedgenegroup.com
www.irasia.com/listco/hk/unitedgene

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of United Gene High-Tech Group Limited (the "Company"), I am pleased to present to all shareholders (the "Shareholders") the audited consolidated financial results of the Company and its subsidiaries (the "Group") for the year ended 30 June 2011 (the "Financial Year").

For the Financial Year, the Group recorded a turnover of approximately HK$90.2 million, which is a significant decrease of approximately 81.36% from approximately HK$483.9 million of the previous financial year ended 30 June 2010 (the "Previous Financial Year"). The significant decrease in turnover was mainly due to (i) the interruption of business of the Co-operative Joint Venture（山東特利爾醫藥有限公司）since July 2010; (ii) the significant drop of turnover of the five distributors under the franchise agreements dated 15 July 2009 (the "Franchise Agreements") for the distribution of gene testing services since September 2010; and (iii) the transitional period brought by the new sales and marketing strategy adopted by the Group, including the change of market segmentation by geographical areas and the set up of marketing and distribution channels in the People's Republic of China's Region (the "PRC") under the Group's direct supervision and management for distribution of gene testing services since March 2010. Nevertheless, the effect of the newly adopted sales and marketing strategy as well as obtaining the permanent exclusive and non-exclusive distribution rights in December 2010 for distribution of gene testing services was clearly reflected in the improvement of the Group's gross profit margin, which increased substantially from 8.47% for the Previous Financial Year to approximately 37.15% for the Financial Year. The selling expenses also dropped approximately HK$7.1 million to HK$2.6 million compared with the Previous Financial Year. For the Financial Year, profit attributable to the owners of the Company was approximately HK$5.2 million, representing a decrease of approximately HK$6.1 million compared to that of approximately HK$11.3 million in the Previous Financial Year. The decrease in profit was mainly due to the decrease of turnover of the Group, and the net expenses of approximately HK$3.1 million incurred by the Group during the Financial Year for the start-up of health care management services business.

OUTLOOK

After completion of the acquisition of CNL (Pinghu) Biotech Co. Ltd. ("CNL (Pinghu)"), Fudan Health Guang Dong Ltd. ("Fudan Guang Dong") and Fudan Health International (HK) Limited ("Fudan HK") in July and December 2010 respectively, the Group obtained (i) the exclusive distribution rights for the distribution of bone chips and bone fat in the PRC, for a period of 5 years commencing from 1 January 2010 (which would be automatically renewed for another ten years subject to no objection is raised by either party before 31 December 2014); and (ii) 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 in other regions as well as the right of use of certain logos on gene testing services distributed by the Group.

Chairman's Statement

The Group began the construction of production plant, research and development laboratories and office in Pinghu, the PRC in December 2010 for the new product line of hydrolyzed gelatin, which is expected to commence production around March 2012. And, the Group's health care management centre, the "United Gene (Shanghai) Health Care Centre" opened in September 2011.

Looking forward, the Group will strengthen its foundation by expanding its existing core business, broadening its trade product lines and expanding its sales and distribution network. The Group will establish a number of health care centres in the PRC with an aim to providing high-end health care management services in the forthcoming years. In addition, the Group will continue to explore potential investment opportunities in order to improve the Shareholders' return.

APPRECIATION

Lastly, on behalf of all Board members, I would like to take this opportunity to express my gratitude to the Shareholders and the business partners of the Group for their continuous support and trust during the past year, and my most sincere appreciation to the Directors for their wise decisions and support, the management and staff at all levels for their dedication, hard work and contribution.

Jiang Nian
Chairman

Hong Kong, 27 September 2011

Management Discussion and Analysis

GROUP RESULTS

Turnover of the Group for the Financial Year amounted to approximately HK$90.2 million, representing approximately 81.36% significant decrease from the Previous Financial Year (approximately HK$483.9 million). Profit attributable to the owners of the Company for the Financial Year was approximately HK$5.2 million, representing a decrease of approximately HK$6.1 million compared to that of approximately HK$11.3 million in the Previous Financial Year.

BUSINESS REVIEW

Distribution of gene testing services

On 13 December 2010, the acquisition (the "Acquisition") of the entire equity interests in Fudan Guang Dong and Fudan HK was completed and both Fudan Guang Dong and Fudan HK have since become wholly owned subsidiaries of the Company.

After completion of the Acquisition, the Group obtained the permanent exclusive distribution rights for gene testing services in the PRC, Hong Kong and Macau, the permanent non-exclusive distribution rights in the other regions as well as the right of use of certain logos on gene testing services distributed by the Group. As the cost of gene testing services is much lower than previously obtained under the original non-exclusive arrangement, the Group has enjoyed a higher profit margin since the Acquisition.

On 3 May 2011, in view of the significant decrease in turnover generated by the distributors under the Franchise Agreements, and in order to manage the distribution channels more effectively and to achieve higher profit margin by reducing the selling expenses, the Group entered into five termination agreements (the "Termination Agreements") with relevant distributors to terminate the Franchise Agreements with effect from the same date. Details of the Franchise Agreements and the Termination Agreements are set out in note 23 to the financial statements.

The Group has begun to segment its market geographically and to establish marketing and distribution channels in the PRC which are under its direct supervision and management since March 2010. During the Financial Year, distributors for each market segment have been engaged, and marketing policies together with measures, which will be constantly reviewed and fine-tuned in response to the varying market factors in different market segment, have been drawn up. In addition, to ensure the quality of services provided by the distributors, the Group would provide comprehensive training on gene testing services to the distributors, particularly on interpretation of the test report.

Management Discussion and Analysis

For the Financial Year, the turnover of distribution of gene testing services decreased from approximately HK$253 million in the Previous Financial Year to approximately HK$71.2 million. This was mainly due to the significant drop of turnover of the distributors under the Franchise Agreements, and the transitional period brought by the change of market segmentation since March 2010. Nevertheless, the effect of the Group's newly adopted sales and marketing strategy as well as the Acquisition was clearly reflected in the improvement of the Group's gross profit margin, which increased substantially from approximately 14.71% in the Previous Financial Year to approximately 41.77%. The selling expenses also dropped approximately HK$6.3 million to HK$2.6 million compared with the Previous Financial Year.

Sale of pharmaceutical products of the Co-operative Joint Venture（山東特利爾醫藥有限公司）(the "CJV")

In view of the prolonged succession problem of the CJV, First Jumbo Trading Limited ("First Jumbo"), the CJV's immediate holding company, resolved to voluntarily wind up on 8 March 2011. No turnover had been generated by the CJV since July 2010. Liquidators had been appointed to carry out the winding-up of First Jumbo and they would realise its assets where appropriate. The Group recorded a gain of approximately HK$161,000 upon deconsolidation of First Jumbo and its subsidiaries.

Distribution of bio-industrial products

Subsequent to the acquisition of CNL (Pinghu), which owns the exclusive distribution rights for distribution of bone chips and bone fat in the PRC for a period of 5 years commencing from 1 January 2010 (renewable for another ten years subject to no objection is raised by either party before 31 December 2014), the Group has been engaged in the trading of biological raw materials through CNL (Pinghu) since July 2010. During the Financial Year, turnover of bio-industrial products generated from wholesale of bone chips in the PRC was approximately HK$19 million, and the gross profit margin was approximately 19.78%.

Provision of health care management services

For the Financial Year, the Group incurred net expenses of approximately HK$3.1 million for the start-up of health care management services projects in Shanghai, the PRC. As these health care management services projects had not yet commenced operation during the Financial Year, no turnover had been generated by the Group.

Management Discussion and Analysis

PROSPECTS

Distribution of gene testing services

The Directors believe that the acquisition of Fudan Guang Dong would substantially increase the Group's market share in the distribution of gene testing services under the permanent exclusive and non-exclusive distribution rights. The Group will continue to diversify its business within the PRC and other regions and to expand its market share in distribution of gene testing services. The Group has commenced establishing distribution channels in Macau and other regions. Currently, the Group has set up different marketing policies and measures for its different geographical market segments in response to their varying market factors and for their further development. Moreover, in order to achieve higher profit margin, the Group has been frequently reviewing of the performance of each distribution channel. The Directors are confident that the Group would be able to achieve more sustainable and stable growth in this business sector.

The Group has started establishing laboratories for the manufacture, research and development of gene testing products in Hong Kong and Shanghai, the PRC after the acquisition of Fudan HK. Fudan HK entered into a deed of gift on 8 November 2010, pursuant to which Fudan HK was delivered at nil consideration certain information and documents in relation to gene testing services, namely (i) the four product design schemes for Human Diseases Susceptibility Gene Tests (inclusive of Classic v2008 series, Happy Life III series, Gene Tests for Single Disease series and Happy Family series); and (ii) technology and management system standards for laboratory of the grantor of the gene testing services (inclusive of technology standards, quality control manual, standard operation procedure ("SOP") for management, SOP for experiments). The Group will continue to strengthen its ongoing research and development capacity in respect of gene testing products.

Distribution of bio-industrial products

In December 2010, CNL (Pinghu) commenced the construction of production plant, research and development laboratories and office in Pinghu, the PRC. With a team of experts including Mr. A. H. Grobben, who is a Dutch expert in hydrolyzed gelatin and bone fat refining technology, CNL (Pinghu) is expected to start production of hydrolyzed gelatin around March 2012. The total estimated costs inclusive of construction, production equipments and renovation costs would be approximately RMB40 million. Looking ahead, the Group will continue to explore other opportunities for further growth in bio-industrial business through strategic cooperation with the world's leading biotechnology enterprises, whether in terms of business, product or technology. In particular, the Group strives to build a sound product portfolio which offers high profitability potential.

Management Discussion and Analysis

Provision of health care management services

The Group is committed to providing high-end health care management services in respect of disease prevention and treatment to the public. The Group's health care management centre, the "United Gene (Shanghai) 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. Operation of the United Gene (Shanghai) Health Care Centre would adopt the "4P medical services model" which refers to predictive, preventive, personalised and participatory medical services model. The Group would also extend its services to set up an individualised comprehensive and lifelong health service model. The Group would research, develop and provide further health care management services, such as (i) testing of nutrition and metabolism and provision of treatment consultancy; (ii) provision of diet treatment; (iii) provision of medicine treatment consultancy and (iv) testing for gene mutation. The Directors believe that the establishment of the United Gene (Shanghai) Health Care Centre could help in enhancing the Group's branding in the health care management and service industry, widening the Group's business model and strengthening its profitability in the forthcoming years.

The Group intends to set up more health care centres in other cities of the PRC, which would be funded by the net proceeds raised from the rights issue of the Company in May 2010.

FINANCIAL REVIEW

Capital structure

Details of the capital structure of the Company are set out in note 30 to the financial statements.

As at 30 June 2011, the Group had no bank borrowings or other long term financing (30 June 2010: nil).

Liquidity and financial resources

As at 30 June 2011, the Group had bank and cash balances of approximately HK$222.3 million (30 June 2010: approximately HK$344.2 million).

The ratio of current assets to current liabilities of the Group was 31.89 as at 30 June 2011 compared to 4.63 as at 30 June 2010. The Group's gearing ratio as at 30 June 2011 was 0.03 (30 June 2010: 0.18) which is calculated based on the Group's total liabilities of approximately HK$13.4 million (30 June 2010: approximately HK$97.1 million) and the Group's total assets of approximately HK$467.3 million (30 June 2010: approximately HK$526.7 million).

Management Discussion and Analysis

During the Financial Year, the Group had invested in financial assets with an aim to increase and balance return on surplus cash in accordance with its treasury policy. They were time deposits at banks with high credit ratings and listed financial assets which can be readily converted to liquid funding at any time on the securities market. The Group attaches importance to security, short-term commitment and availability of the surplus cash and cash equivalents.

Significant investments

On 9 July 2010, the Group entered into a share transfer agreement and a supplemental agreement with certain independent third parties to purchase a total of 70% equity interest in CNL (Pinghu), and the Group injected further capital investments into CNL (Pinghu) during the Financial Year. A total amount of approximately HK$40.4 million was invested by the Group.

On 8 November 2010, the Group entered into an acquisition agreement with two connected parties, namely, United Gene Health Group Limited and Fudan Health International Limited, to acquire the entire equity interests of both Fudan Guang Dong and Fudan HK at a total consideration of HK$79,533,051 by reference to (i) the valuation of 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 in the other regions and the right of use of certain logos granted to Fudan Guang Dong as at 8 November 2010; and (ii) the net assets value of Fudan HK as at 13 December 2010 respectively. The Acquisition was approved by independent Shareholders and was completed on 8 December and 13 December 2010 respectively.

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

Details of future plans for material investments and their expected sources of funding in the coming year are stated in the paragraph headed "Provision of health care management services" and "Distribution of bio-industrial products" under the section headed "PROSPECTS".

Charges on the Group's assets

As at 30 June 2011, the Group did not have any charges on its assets (30 June 2010: nil).

Contingent liabilities

The Directors are not aware of any significant contingent liabilities of the Group as at 30 June 2011 (30 June 2010: nil).

Management Discussion and Analysis

Commitments

Commitments of the Group as at 30 June 2011 are set out in note 34 to the financial statements.

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, with the foreign exchange risks being minimised through balancing the monetary assets against 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 arise.

Number and remuneration of employees

As at 30 June 2011, the Group had 149 (30 June 2010: 85) 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 Directors' remuneration for the Financial Year amounted to approximately HK$11.1 million (2010: approximately HK$7.7 million) inclusive of HK$1.6 million staff costs capitalized in the research and development costs.

Segment information

Details of the segment information are set out in note 9 to the financial statements.

Lee Nga Yan
Executive Director

Hong Kong, 27 September 2011

Management Profile

EXECUTIVE DIRECTORS

Mr. Jiang Jian, aged 50, is an executive Director since 19 November 2008. Mr. Jiang graduated from 湖南省政法學院 (Politics and Law College of Hunan Province) with a major in law. He had been involved in the judicial system in the PRC for over 20 years and ranked Police Supervisor, Class I. He worked for 3 years in a state-owned enterprise, Xinyuan Business Development Company Limited in Loudi City, acting as deputy general manager. He is knowledgeable in the legal and political environment in the PRC.

Ms. Lee Nga Yan, aged 32, has been appointed as an executive Director with effect from 8 June 2011. Ms. Lee graduated from The Chinese University of Hong Kong in 2009 with a master degree in business administration, majoring in finance. She holds practising certificates for securities and corporate finance issued by the Hong Kong Securities Institute certifying that she completed the licensing examination for securities and futures intermediaries in paper 1 (fundamentals of securities and futures regulation), paper 7 (financial markets), paper 8 (securities) and paper 11 (corporate finance) in October 2010. Ms. Lee joined the Company as an investment officer in October 2009. She also serves as a director of United Win Private Equity Management Limited, a healthcare and pharmaceutical investment management company which is substantially owned by Dr. Mao Yumin ("Dr. Mao") (the controlling shareholder of the Company) indirectly. Prior to joining the Company, Ms. Lee worked in the healthcare sector during 2004 and 2007. Ms. Lee has extensive experience in the healthcare sector, particularly with respect to clinical consultancy, client management, operation and strategy execution.

NON-EXECUTIVE DIRECTORS

Ms. Jiang Nian, aged 57, has been appointed as a non-executive Director and chairman of the Company with effect from 21 December 2010 and 10 June 2011 respectively. Ms. Jiang graduated from 安徽廣播電視大學省直分校專科 (Junior College, Provincial Campus of Anhui Radio and Television University) in August 1985, majoring in Chinese Language and Literature. Ms. Jiang was the Associate Dean of the School of Life Sciences of Fudan University from June 2003 to April 2010. So far as is aware by the Company, she also serves as an authorized representative of 聯合基因生物醫葯有限公司 (United Gene Biomedical Limited), a private genetic engineering company which is partly owned by the mother of Dr. Mao. She has extensive experience in general administrative management particularly in the field of genomic research.

Ms. Wu Yanmin, aged 34, has been appointed as a non-executive Director with effect from 8 June 2011. Ms. Wu graduated from the School of Life Sciences, Shanghai University in 1999 with a bachelor degree in biochemistry. Ms. Wu joined 聯合基因科技有限公司 (United Gene Technology Holdings Limited), a genetic engineering company substantially owned by Dr. Mao indirectly, in 2001 and was responsible for general administrative duties. Since 2006, Ms. Wu has served as an assistant to the chairman of United Gene Holdings Limited, the controlling shareholder of the Company and owned by Dr. Mao, and has been responsible for assisting the chairman in handling various investment projects. Ms. Wu has extensive experience in general administrative and investment management aspects.

Management Profile

Dr. Guo Yi, aged 29, has been appointed as a non-executive Director with effect from 8 June 2011. Dr. Guo obtained a bachelor degree in science, majoring in biology and a doctorate degree in science, majoring in genetics from the School of Life Sciences of Fudan University in 2003 and 2011 respectively. Since 2009, he has served as an assistant to the president of the group companies of 聯合基因科技有限公司 (United Gene Technology Holdings Limited). Dr. Guo was the Communist Youth League secretary of the School of Life Sciences of Fudan University from 2003 to 2007. Dr. Guo has extensive knowledge in the field of genetics.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Chen Weijun, aged 53, has been an independent non-executive Director since 6 November 2009. Ms. Chen is currently the manager of the business department of Shanghai Ruihe Certified Public Accountants Co., Ltd. She was formerly the finance supervisor of the companies indirectly controlled by Dr. Mao from April 2001 to June 2003. She graduated from Chinese Communist Party Central Party College and has been a registered accountant in the PRC since 2005. She has more than 30 years of experience in accounting, finance and audit services.

Dr. Zhang Zhihong, aged 71, has been appointed as an independent non-executive Director with effect from 8 June 2011. Dr. Zhang graduated from Fudan University majoring in biophysics in 1963 and obtained a doctor degree in science from Kyoto University, Japan in 1988. From 1990 to 1991, Dr. Zhang was a senior visiting fellow at the medical school of Harvard University in the USA. During the period from 1986 to 2000, Dr. Zhang had undertaken various senior positions at Fudan University, including the officer of Department of Physiology and Biophysics and the associate dean of the School of Life Sciences. Dr. Zhang was the deputy chairman of the Biophysical Society of China from 1994 to 2002 and the chairman of the Shanghai Society of Biophysics from 2000 to 2008. Dr. Zhang has extensive knowledge and is highly regarded in the field of biophysics and physiology in China.

Mr. Wang Rongliang, aged 62, has been appointed as an independent non-executive Director with effect from 8 June 2011. Mr. Wang graduated from 上海市商業一局職工大學 (Shanghai First Commercial Bureau Staff College) majoring in business and economics. He was the deputy manager of 上海七百集團廣告有限公司 (Shanghai 700 Group Advertising Company Limited) from 1996 to 2005. Mr. Wang has extensive experience in the operation and administrative management aspects.

MANAGEMENT

Ms. Cheung Sui Ping, Annie, aged 44, has been the financial controller and company secretary of the Company since 5 December 2008. Ms. Cheung is responsible for the Group's overall financial and company secretarial matters. She holds a Master degree in Finance from the Royal Melbourne Institute of Technology in Australia. She is an associate member of the Hong Kong Institute of Certified Public Accountants and of the Association of Chartered Certified Accountants in Hong Kong. She has more than 20 years' of experience in auditing, accounting and finance matters in various commercial sectors.

External Consultant Profile

RESEARCH AND DEVELOPMENT

Dr. Mao Yumin, aged 59, has been engaged as the chief scientific adviser and honorary chairman of the Company since 1 September 2010, responsible for providing advisory and consultancy services to the Group in relation to the research and development of its gene-testing products and other scientific technologies. Dr. Mao is a substantial shareholder of the Company. He was a member of the Consultant Committee of Fudan University, the dean of the School of Life Sciences and Institute of Genetics of Fudan University, and the director of State Key Laboratory of Genetic Engineering in Fudan University. Dr. Mao's main area of research focuses on biological and genetic engineering. Dr. Mao has accumulated extensive experiences in operations in the genomic research based industry. Dr. Mao is the chairman and an executive director of Extrawell Pharmaceutical Holdings Limited (stock code: 858), a company listed on the The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), since April 2002.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions as set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange for the Financial Year, except for the deviations discussed below.

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.

BOARD OF DIRECTORS

The composition of the Board during the Financial Year are set out below:

Executive Directors

Mr. Qin Yilong	(resigned on 10 June 2011)
Mr. Shen Xiaodong	(resigned on 21 December 2010)
Mr. Jiang Jian	
Ms. Lee Nga Yan	(appointed on 8 June 2011)

Non-executive Directors

Ms. Jiang Nian *(Chairman)*	(appointed on 21 December 2010 and appointed as chairman on 10 June 2011)
Ms. Wu Yanmin	(appointed on 8 June 2011)
Dr. Guo Yi	(appointed on 8 June 2011)

Independent non-executive Directors

Ms. Chen Weijun	
Dr. Zhang Huiming	(resigned on 8 June 2011)
Ms. Jiang Di	(resigned on 8 June 2011)
Dr. Zhang Zhihong	(appointed on 8 June 2011)
Mr. Wang Rongliang	(appointed on 8 June 2011)

Further details of the composition of the Board are set out in the section headed "Management Profile" on pages 11 to 12.

Corporate Governance Report

The Board considers the balance between executive Directors and non-executive Directors adequate to safeguard the Shareholders' interests. Independent non-executive Directors can also provide the Group with diversified expertise and valuable experience. Their independent advice can bring independent judgment to the decision making of the Board and bring new ideas to the formulation of corporate strategy.

The Directors oversee the financial performance and formulate business strategies of the Group, as well as discuss on any significant matters relating to the Group at the Board meetings. Daily operational matters are delegated to the management of the Group.

During the Financial Year, the Board held fourteen meetings. The attendance of each member at the Board meeting is set out as follows:

Directors	Meetings attended/ Total meetings as Directors
Executive Directors	
Mr. Qin Yilong	12/14
Mr. Shen Xiaodong	6/14
Mr. Jiang Jian	13/14
Ms. Lee Nga Yan	2/2
Non-executive Directors	
Ms. Jiang Nian *(Chairman)*	6/6
Ms. Wu Yanmin	1/2
Dr. Guo Yi	1/2
Independent non-executive Directors	
Ms. Chen Weijun	11/14
Dr. Zhang Huiming	9/11
Ms. Jiang Di	9/11
Dr. Zhang Zhihong	1/2
Mr. Wang Rongliang	1/2

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.

Corporate Governance Report

NON-EXECUTIVE DIRECTORS

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 the Shareholders as a whole.

REMUNERATION OF DIRECTORS

The Company formulated written terms of reference for the remuneration committee of the Company (the "Remuneration Committee") in accordance with the requirements of the Listing Rules. The Remuneration Committee was set up on 30 June 2008. The majority of the members of the Remuneration Committee shall be independent non-executive Directors.

The primary functions of the Remuneration Committee are as follows:

(a) to advise the Shareholders on whether the terms of service contracts that require the Shareholder's approval are fair and reasonable;

(b) to make recommendation to the Board on the Group's remuneration policy and structure;

(c) to establish guidelines for recruitment of members of the senior management;

(d) to determine the remuneration of members of the senior management; and

(e) to formulate remuneration policy and make recommendations to the Board on annual remuneration review.

Remuneration of the Directors is reviewed and fixed by the Remuneration Committee, with reference to the market benchmarks and industry norms, and their duties and responsibilities in the Group, having regard to the expertise, performance and experience possessed by individual Directors.

During the Financial Year, the Remuneration Committee held one meeting. The attendance of each member at the committee meeting is set out as follows:

Directors		Meetings attended/ Total meetings as the committee member
Executive Director		
Mr. Qin Yilong	(resigned on 10 June 2011)	1/1
Non-executive Director		
Ms. Jiang Nian	(appointed on 10 June 2011)	0/0
Independent non-executive Directors		
Dr. Zhang Huiming	(appointed as the chairman of the Remuneration Committee on 27 September 2010 and resigned on 8 June 2011)	1/1
Ms. Jiang Di	(resigned on 8 June 2011)	1/1
Dr. Zhang Zhihong	(appointed as the chairman of the Remuneration Committee on 10 June 2011)	0/0
Mr. Wang Rongliang	(appointed on 10 June 2011)	0/0

NOMINATION OF DIRECTORS

The Company has not established a nomination committee. To maintain the Board with a balance of skills and experience, the Board will identify individuals suitably qualified to become Directors when necessary. In evaluating whether a candidate is suitable to act as a Director, the Board would normally take into consideration of the candidate's past experience, qualifications and other factors that are relevant to the Group's business.

The Board appointed certain Directors during the Financial Year on the basis of the aforementioned nomination policy.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Group. The Directors confirm that the preparation of the financial statements of the Group is in accordance with statutory requirements and applicable accounting standards. The Directors also confirm that the financial statements of the Group has been published in a timely manner.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubts upon the Company's ability to continue as a going concern.

AUDITORS' REMUNERATION

The Group's external auditors are ANDA CPA Limited. For the Financial Year, the auditors of the Company and its connected firm charged the amount of approximately HK$550,000 and HK$285,000 for the audit and other professional services of the Group respectively.

AUDIT COMMITTEE

The Company formulated written terms of reference for the audit committee of the Company (the "Audit Committee") in accordance with the requirements of the Listing Rules. The Audit Committee is composed of three independent non-executive Directors.

The primary functions of the Audit Committee are as follows:

(a) to serve as a focal point for communication between the Directors and external auditors;

(b) to assist the Board in fulfilling its responsibility by providing an independent review with the management of the accounting policies and practices adopted by the Group, and supervision of financial reporting, and monitoring and reviewing the effectiveness of the Group's internal control and the adequacy of the external audit;

(c) to review the appointment of external auditors on an annual basis as well as to ensure continuing auditors independence; and

(d) to develop and monitor the applications of the policies on the engagement of the external auditors to perform other professional services (other than tax-related services).

The Group's audited financial statements for the Financial Year have been reviewed by the Audit Committee.

During the Financial Year, the Audit Committee held two meetings with the Company's external auditors to review the interim and annual financial statements. The attendance of each member of the Audit Committee at the committee meeting is set out as follows:

Independent non-executive Directors		**Meetings attended/ Total meetings as the committee member**
Ms. Chen Weijun *(Chairman)*		2/2
Dr. Zhang Huiming	(resigned on 8 June 2011)	2/2
Ms. Jiang Di	(resigned on 8 June 2011)	2/2
Dr. Zhang Zhihong	(appointed on 10 June 2011)	0/0
Mr. Wang Rongliang	(appointed on 10 June 2011)	0/0

INTERNAL CONTROL

The Directors have an overall responsibility for maintaining a sound and effective internal control system to safeguard the Shareholders' interests, and to review the effectiveness of such system regularly. The internal control system includes defined management structure with limits of authority set at various levels, which is designed to safeguard assets, ensure the maintenance of proper records, provide reliable financial information for internal use or publication, and ensure compliance with regulations.

During the Financial Year, the Directors have reviewed the internal control procedures of the Group and findings and consider the internal control system effective and adequate.

Report of the Directors

The Directors have pleasure in submitting their report with the audited financial statements for the Financial Year.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 36 to the financial statements.

RESULTS AND FINANCIAL POSITION

The results of the Group for the Financial Year are set out in the consolidated statement of comprehensive income on page 31.

The Directors do not recommend the payment of a dividend for the Financial Year.

The state of affairs of the Group and the Company as at 30 June 2011 are set out in the statements of financial position on pages 32 and 33, and 34 respectively.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements during the Financial Year in the property, plant and equipment of the Group and of the Company are set out in note 19 to the financial statements.

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.

SHARE CAPITAL

Details of the movements during the Financial Year in the share capital of the Company are set out in note 30 to the financial statements.

RESERVES

Details of the movements in the reserves of the Group and of the Company during the Financial Year are set out in the consolidated statement of changes in equity on page 35, and note 31 to the financial statements, respectively.

Distributable reserves of the Company as at 30 June 2011 amounted to approximately HK$189,127,000 (30 June 2010: approximately HK$188,563,000).

Report of the Directors

DIRECTORS

The Directors who held office during the Financial Year and up to the date of this report were:

Executive Directors

Mr. Qin Yilong	(resigned on 10 June 2011)
Mr. Shen Xiaodong	(resigned on 21 December 2010)
Mr. Jiang Jian	
Ms. Lee Nga Yan	(appointed on 8 June 2011)

Non-executive Directors

Ms. Jiang Nian *(Chairman)*	(appointed on 21 December 2010 and appointed as chairman on 10 June 2011)
Ms. Wu Yanmin	(appointed on 8 June 2011)
Dr. Guo Yi	(appointed on 8 June 2011)

Independent non-executive Directors

Ms. Chen Weijun	
Dr. Zhang Huiming	(resigned on 8 June 2011)
Ms. Jiang Di	(resigned on 8 June 2011)
Dr. Zhang Zhihong	(appointed on 8 June 2011)
Mr. Wang Rongliang	(appointed on 8 June 2011)

In accordance with Article 86(3) of the Company's articles of association, Messrs. Jiang Nian, Lee Nga Yan, Wu Yanmin, Guo Yi, Zhang Zhihong and Wang Rongliang, who were appointed subsequent to the annual general meeting of the Company held on 3 November 2010, shall hold office only until the forthcoming annual general meeting ("2011 AGM") and, being eligible, will offer themselves for re-election at the 2011 AGM.

In accordance with Article 87(1) of the Company's articles of association, Ms. Chen Weijun shall retire by rotation at the 2011 AGM. Ms. Chen Weijun, being eligible, will offer herself for re-election at the 2011 AGM.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the 2011 AGM has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of the Directors and senior management are set out on pages 11 to 12 of this report.

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2011, the Directors, chief executive of the Company or their associates had interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long positions in the issued share capital of the Company

Name of Director	Capacity	Number of shares/ underlying shares held	Percentage of the issued share capital of the Company
Ms. Wu Yanmin	Beneficial owner	270,000	0.002%

Save as disclosed above, as at 30 June 2011, none of the Directors, chief executive of the Company nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 35 to the financial statements, no contract of significance, to which the Company, its holding company, fellow subsidiaries or subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the Financial Year or at any time during the Financial Year, nor was there any other contract of significance in relation to the Group's business between the Company or any of the Company's subsidiaries and a controlling Shareholder or any of its subsidiaries.

MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or in existence during the Financial Year.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2011, the register of interests and short positions in the shares and underlying shares of the Company kept under Section 336 of the SFO showed that, the following entities had an interest or deemed interest of 5% or more in the issued share capital of the Company:

Long positions in the issued share capital of the Company

Name of Shareholder	Capacity	Number of shares/ underlying shares held	Percentage of the issued share capital of the Company
Dr. Mao Yumin ("Dr. Mao")	Interest of a controlled corporation	6,346,473,853	52.17%
United Gene Holdings Limited	Interest of a controlled corporation	6,346,473,853	52.17%
Best Champion Holdings Limited ("Best Champion")	Beneficial owner	6,346,473,853	52.17%

Save as disclosed above, the Directors are not aware of any other relevant interests or short positions of 5% or more in the issued share capital of the Company as at 30 June 2011.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation from each independent non-executive Director confirming his/her independence pursuant to rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent.

CONNECTED TRANSACTIONS

A summary of the related parties transactions entered into by the Group during the Financial Year is contained in note 35 to the financial statements.

The following transactions between certain connected parties (as defined in the Listing Rules) and the Group have been entered into during the Financial Year and/or are ongoing for which relevant announcements, if necessary, had been made by the Company in accordance with Chapter 14A of the Listing Rules.

(1) Connected transactions

On 8 November 2010, one of the Group's subsidiaries, Bestdone Limited entered into a conditional sale and purchase agreement with United Gene Health Group Limited and Fudan Health International Limited, being indirectly wholly owned by Dr. Mao, to acquire the entire equity interests of both Fudan Guang Dong and Fudan HK at a total consideration of HK$79,533,051. The Acquisition was approved by independent Shareholders and was completed on 8 December and 13 December 2010 respectively.

(2) Continuing connected transactions

On 17 April 2009, the Company entered into a management services agreement with Best Champion for one year, which would be automatically renewed for one more year upon expiry until any notification of termination by either party. The Company would provide administrative services to Best Champion in the Company's principal place of business in Hong Kong for a monthly administrative services fee of HK$3,600.

The Company entered into an agreement with Dr. Mao on 31 August 2010 pursuant to which Dr. Mao has been engaged as the chief scientific adviser of the Company at a monthly service fee of HK$37,500, to provide advisory and consultancy services to the Group in relation to the research and development of its gene-testing products and other scientific technologies. The engagement shall be for a term of three years commencing from 1 September 2010 unless terminated earlier in accordance with the agreement.

On 8 November 2010, Fudan Guang Dong entered into an agreement with each of Shanghai Bozhong Biotechnology Co. Ltd. ("Shanghai Bozhong") and Fudan Health International (MCO) Limited ("Fudan Macao"), both being indirectly wholly owned by Dr. Mao, for supply of gene testing services to the Group ("Continuing Supplies") with effect from 13 December 2010. Pursuant to such agreement, Shanghai Bozhong would also serve as a sub-distributor to purchase the gene testing services from the Group ("Distribution Arrangement"). During the Financial Year, purchase of the Group under the Continuing Supplies amounted to an aggregate sum of approximately HK3,582,000 and no turnover under the Distribution Arrangement was generated by the Group.

On 14 December 2010, Fudan HK entered into an agreement with Fudan Macao and agreed to supply certain gene testing services to Fudan Macao. Fudan HK supplied certain gene testing services to Fudan Macao at an aggregate sum of approximately HK$56,000 during the Financial Year.

The aforesaid continuing connected transactions of Continuing Supplies and Distribution Arrangement have been reviewed by the independent non-executive Directors. The independent non-executive Directors confirmed that the Continuing Supplies and Distribution Arrangement were entered into:

(a) in the ordinary and usual course of business of the Group;

(b) on terms no less favourable to the Group than terms available from independent third parties; and

(c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group on page 24 of this report in accordance with Main Board Listing Rule 14A.38. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

The independent non-executive Directors have further confirmed that certain related party transactions except for the Continuing Supplies and the Distribution Arrangement (as disclosed in note 35 to the financial statements) which constituted connected transactions under the Listing Rules for the Financial Year, are exempted from the disclosure requirements in accordance with rule 14A.31 of the Listing Rules.

To the best knowledge of the Directors, there were no other connected transactions during the Financial Year.

INTERESTS IN COMPETITORS

During the Financial Year and up to the date of this report, other than those businesses of which the Directors were appointed as directors to represent the interests of such businesses, no Director is considered to have had an interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, pursuant to the Listing Rules.

EMOLUMENT POLICY

The emolument policy for the employees of the Group is set up by the management on the basis of their merit, qualifications and competence.

The emoluments of the Directors for the Financial Year are decided by the Board, having regard to the Group's operating results, their duties and responsibilities in the Group, individual performance and comparable market statistics, and have been reviewed by the Remuneration Committee during the Financial Year.

SHARE OPTION SCHEME

On 6 November 2009 (the "Adoption Date"), the Company adopted a share option scheme (the "Share Option Scheme") which, unless otherwise cancelled or amended, will remain in force for 10 years from the Adoption Date. After the refreshment of the Share Option Scheme on 3 November 2010, the maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme may not in aggregate exceed 1,216,450,806, being 10% of the Shares in issue of the Company as at 3 November 2010. The offer of a grant may be accepted upon payment of a nominal consideration of HK$1 per acceptance.

The exercise price of the share options granted under the Share Option Scheme is determined by the Board, but shall not be less than the highest of (i) the nominal value of the Shares; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; or (iii) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the grant.

As at 30 June 2011, the Company had not granted any options to eligible persons of the Share Option Scheme and there were no outstanding share options under the Share Option Scheme.

Apart from the aforesaid, at no time during the Financial Year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors and substantial Shareholders or any of their associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association, or the laws of the Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to the existing Shareholders.

CHARITABLE DONATIONS

During the Financial Year, the Group did not make any charitable donation (2010: Nil).

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's total purchases and sales attributable to the Group's major suppliers and customers respectively during the Financial Year is as follows:

	Percentage of the Group's total
Purchases	
– the largest supplier	53.16%
– five largest suppliers combined	97.59%
Sales	
– the largest customer	21.01%
– five largest customers combined	55.01%

One of the five largest suppliers, Shanghai Bozhong, being indirectly wholly owned by Dr. Mao, represented approximately 7.5% of the Group's total purchases. Apart from the above, at no time during the Financial Year had any of the Directors, their associates or any Shareholder (which to the knowledge of the Directors owned more than 5% of the Company's issued share capital) an interest in any of the Group's five largest suppliers or customers.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Directors believe that the number of securities of the Company which are in the hands of the public is above the relevant prescribed minimum percentage under the Listing Rules.

Report of the Directors

SUBSEQUENT EVENTS

For the Financial Year, the Group did not have any significant subsequent events.

CORPORATE GOVERNANCE

Details of the Corporate Governance Report of the Company are set out on pages 14 to 19 of this report.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the five years ended 30 June 2011 is set out on page 86 of this report.

AUDITORS

On 3 November 2010, ANDA Certified Public Accountants, auditors of the Company for the years ended 30 June 2008 to 2010 resigned and ANDA CPA Limited has been appointed as auditors of the Company since then. The financial statements for the Financial Year have been audited by ANDA CPA Limited who will retire and, being eligible, offer themselves for re-appointment in the 2011 AGM.

On behalf of the Board

Jiang Nian
Chairman

Hong Kong, 27 September 2011

Independent Auditor's Report

ANDA
CPA Limited
安達會計師事務所有限公司

TO THE SHAREHOLDERS OF
United Gene High-Tech Group Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of United Gene High-Tech Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 31 to 86, which comprise the consolidated and Company statements of financial position as at 30 June 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Independent Auditor's Report

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2011, and of the Group's results and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

ANDA CPA Limited
Certified Public Accountants
Sze Lin Tang
Practising Certificate Number P03614

Hong Kong
27 September 2011

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2011

	Notes	2011 HK$'000	2010 HK$'000
Turnover	*7 & 9*	**90,193**	483,947
Cost of sales		**(56,686)**	(442,967)
Gross profit		**33,507**	40,980
Other income	*8*	**5,180**	247
Selling expenses		**(2,640)**	(9,709)
Administrative expenses		**(27,352)**	(18,026)
Profit from operations		**8,695**	13,492
Gain on deconsolidation of the subsidiaries	*10*	**161**	–
Finance costs	*11*	**–**	(184)
Profit before tax		**8,856**	13,308
Income tax expense	*12*	**(3,250)**	(2,132)
Profit for the year	*13*	**5,606**	11,176
Other comprehensive income after tax:			
Exchange differences on translating foreign operations		**2,033**	102
Fair value changes of available-for-sale financial assets		**508**	–
Other comprehensive income for the year, net of tax		**2,541**	102
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**8,147**	11,278
Profit/(loss) attributable to:			
Owners of the Company		**5,247**	11,262
Non-controlling interests		**359**	(86)
		5,606	11,176
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**7,574**	11,355
Non-controlling interests		**573**	(77)
		8,147	11,278
Earnings per share	*18*		
Basic and Diluted (HK cents per share)		**0.04**	0.11

Consolidated Statement of Financial Position

At 30 June 2011

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment	*19*	**32,081**	2,115
Intangible assets	*21*	**100,270**	–
Goodwill	*22*	**1,954**	–
Prepayments, deposits and other receivables	*23*	**–**	75,200
		134,305	77,315
Current assets			
Inventories	*24*	**118**	569
Prepayments, deposits and other receivables	*23*	**21,654**	5,148
Available-for-sale financial assets	*25*	**77,235**	–
Trade receivables	*26*	**11,672**	99,426
Bank and cash balances		**222,267**	344,224
		332,946	449,367
Current liabilities			
Trade payables	*27*	**1,301**	87,077
Accruals and other payables	*28*	**7,251**	7,257
Current tax liabilities		**1,890**	2,741
		10,442	97,075
Net current assets		**322,504**	352,292
Total assets less current liabilities		**456,809**	429,607
Non-current liabilities			
Deferred tax liabilities	*29*	**2,972**	–
NET ASSETS		**453,837**	429,607

Consolidated Statement of Financial Position

At 30 June 2011

	Notes	2011 HK$'000	2010 HK$'000
Capital and reserves			
Share capital	*30*	**121,645**	121,645
Reserves	*31*	**314,879**	307,497
Equity attributable to owners of the Company		**436,524**	429,142
Non-controlling interests		**17,313**	465
TOTAL EQUITY		**453,837**	429,607

Approved and authorized for issue by the Board of Directors on 27 September 2011.

Jiang Nian
Director

Lee Nga Yan
Director

Statement of Financial Position

At 30 June 2011

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment	*19*	**210**	285
Investment in subsidiaries	*20*	**–**	–
		210	285
Current assets			
Due from subsidiaries	*20*	**251,198**	78,553
Prepayments, deposits and other receivables		**1,305**	1,341
Bank and cash balances		**163,440**	335,402
		415,943	415,296
Current liabilities			
Accruals and other payables		**466**	458
Net current assets		**415,477**	414,838
NET ASSETS		**415,687**	415,123
Capital and reserves			
Share capital	*30*	**121,645**	121,645
Reserves	*31*	**294,042**	293,478
TOTAL EQUITY		**415,687**	415,123

Approved and authorized for issue by the Board of Directors on 27 September 2011.

Jiang Nian
Director

Lee Nga Yan
Director

Consolidated Statement of Changes in Equity

For the year ended 30 June 2011

	Attributable to owners of the Company								
	Share capital HK$'000	Share premium account HK$'000	Investment revaluation reserve HK$'000	Statutory reserve HK$'000	Foreign currency translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 July 2009	60,823	476,544	–	–	115	(430,096)	107,386	542	107,928
Total comprehensive income for the year	–	–	–	–	93	11,262	11,355	(77)	11,278
Shares issued on rights issue *(note 30(a))*	60,822	249,579	–	–	–	–	310,401	–	310,401
At 30 June 2010	121,645	726,123	–	–	208	(418,834)	429,142	465	429,607
At 1 July 2010	**121,645**	**726,123**	**–**	**–**	**208**	**(418,834)**	**429,142**	**465**	**429,607**
Acquisition of a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**7,018**	**7,018**
Further capital injection by an non-controlling interest	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**9,718**	**9,718**
Total comprehensive income for the year	**–**	**–**	**508**	**–**	**1,819**	**5,247**	**7,574**	**573**	**8,147**
Transfer to statutory reserve	**–**	**–**	**–**	**1,319**	**–**	**(1,319)**	**–**	**–**	**–**
Deconsolidation of the subsidiaries *(note 10)*	**–**	**–**	**–**	**–**	**(192)**	**–**	**(192)**	**(461)**	**(653)**
At 30 June 2011	**121,645**	**726,123**	**508**	**1,319**	**1,835**	**(414,906)**	**436,524**	**17,313**	**453,837**

Consolidated Statement of Cash Flows

For the year ended 30 June 2011

	Notes	2011 HK$'000	2010 HK$'000
Cash flow from operating activities			
Profit before tax		**8,856**	13,308
Adjustment for:			
Depreciation		**764**	456
Amortization of an intangible asset		**1,208**	–
(Gain)/loss on disposals of property, plant and equipment		**(27)**	4
Gain on deconsolidation of the subsidiaries		**(161)**	–
Interest income		**(1,640)**	(204)
Net gain on available-for-sale financial assets		**(532)**	–
Finance costs		**–**	184
Operating cash flows before working capital changes		**8,468**	13,748
Changes in inventories		**(5)**	1,824
Changes in prepayment, deposits and other receivables		**58,932**	(22,509)
Changes in trade receivables		**89,327**	(95,202)
Changes in trade payables		**(84,882)**	62,184
Changes in accruals and other payables		**643**	842
Cash generated from/(used in) operations		**72,483**	(39,113)
Tax paid		**(4,838)**	(394)
Net cash generated from/(used in) operating activities		**67,645**	(39,507)

Consolidated Statement of Cash Flows

For the year ended 30 June 2011

	Notes	2011 HK$'000	2010 HK$'000
Cash flow from investing activities			
Interest received		**1,640**	204
Purchases of property, plant and equipment		**(23,262)**	(1,330)
Proceeds on sale of property, plant and equipment		**292**	490
Purchases of intangible assets	*21*	**(82,913)**	–
Net cash outflow on acquisition of subsidiaries	*32*	**(18,960)**	–
Purchases of available-for-sale financial assets		**(84,243)**	–
Proceeds on sale of available-for-sale financial assets		**7,356**	–
Deconsolidation of the subsidiaries	*10*	**(99)**	–
Net cash used in investing activities		**(200,189)**	(636)
Cash flow from financing activities			
Interest paid		**–**	(184)
Proceeds on issue of shares		**–**	316,277
Share issue expenses paid		**–**	(5,876)
Further capital injection by an non-controlling interest		**9,718**	–
Net cash generated from financing activities		**9,718**	310,217
Net (decrease)/increase in cash and cash equivalents		**(122,826)**	270,074
Effect of foreign exchange rate changes		**869**	85
Cash and cash equivalents at beginning of year		**344,224**	74,065
Cash and cash equivalents at end of year		**222,267**	344,224
Analysis of cash and cash equivalents			
Bank and cash balances		**222,267**	344,224

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. The address of its registered office is Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. 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's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 36 to the financial statements.

The ultimate holding company of the Company is United Gene Holdings Limited, being wholly owned by Dr. Mao Yumin ("Dr. Mao").

2. BASIS OF PREPARATION

Deconsolidation of the subsidiaries

On 8 March 2011, First Jumbo Trading Limited ("First Jumbo") , which direct held 80% equity interest of the Co-operative Joint Venture（山東特利爾醫藥有限公司）(the "CJV"), passed the written resolutions by its sole director and sole shareholder respectively to voluntarily wind up First Jumbo. The Group therefore lost control on its subsidiaries, First Jumbo and the CJV since then. As such, the financial results, assets, liabilities and cash flows of First Jumbo and the CJV were therefore deconsolidated from the consolidated financial statements of the Group since the date of loss of control of these subsidiaries.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 July 2010. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKAS"), and Interpretations. The adoption of these new and revised HKFRSs did not result in any substantial changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

4. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These financial statements have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and investments which are carried at their fair values.

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the Directors to exercise its judgments in the process of applying the accounting policies. The areas involving critical judgments and areas where assumptions and estimates are significant to these financial statements, are disclosed in note 5 to the financial statements.

The significant accounting policies applied in the preparation of these financial statements are set out below.

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 June. Subsidiaries are entities over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intergroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Consolidation (continued)

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

In the Company's statement of financial position, the investments in subsidiaries are stated at cost less allowance for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combination and goodwill (continued)

If the business combination achieved in stages, the previously held equity interest in the subsidiary is re-measured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the cost of acquisition to calculate the goodwill.

If the changes in the value of the previously held equity interest in the subsidiary were recognised in other comprehensive income (for example, available-for-sale investment), the amount that was recognised in other comprehensive income is recognised on the same basis as would be required if the previously held equity interest were disposed of.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy "Impairment of assets" below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(b) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation (continued)

(b) Transactions and balances in each entity's financial statements (continued)

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(c) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Land and buildings comprise mainly factories and offices. Land and buildings are carried at fair values less subsequent depreciation and impairment losses. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Revaluation increases of land and buildings are recognised in profit or loss to the extent that the increases reverse revaluation decreases of the same asset previously recognised in profit or loss. All other revaluation increases are credited to the property revaluation reserve as other comprehensive income. Revaluation decreases that offset previous revaluation increases of the same asset remaining in the property revaluation reserve are charged against the property revaluation reserve as other comprehensive income. All other decreases are recognised in profit or loss. On the subsequent sale or retirement of a revalued land and building, the attributable revaluation increases remaining in the property revaluation reserve is transferred directly to retained profits.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost or revalued amounts less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Land	Over the lease terms
Buildings	Over the lease terms or 30 years, whichever is shorter
Plant and machinery	3 – 10 years
Motor vehicles	3 – 8 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

Construction in progress represents buildings under construction, which is stated at cost less any impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment losses. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. Such intangible assets are amortized on a straight-line basis over the useful economic life. When the rights have indefinite useful lives as there is no foreseeable limit on the period of time over which the rights are expected to provide cash flows, these rights are assessed for impairment annually and whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for intangible assets with a finite useful life are reviewed at least at each reporting period.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from the Group's health care management services business development is recognised only if all of the following conditions are met:

– An asset is created that can be identified (such as software and new processes);

– It is probable that the asset created will generate future economic benefits; and

– The development cost of the asset can be measured reliably.

Internally generated intangible assets are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

Available-for-sale financial assets are non-derivative financial assets not classified as trade and other receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Available-for-sale financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in other comprehensive income, until the investments are disposed of or there is objective evidence that the investments are impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. Interest calculated using the effective interest method is recognised in profit or loss.

Impairment losses recognised in profit or loss for equity investments classified as available-for-sale financial assets are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale financial assets are subsequently reversed and recognised in profit or loss if an increase in the fair value of the instruments can be objectively related to an event occurring after the recognition of the impairment loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Revenues from trading of goods are recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

Revenues from the distribution of gene testing services are recognised when the testing services cards have been sold to the customers and the Group has no further obligation to the customers.

Interest income is recognised on a time-proportion basis using the effective interest method.

Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Government grants relating to the purchase of assets are deducted from the carrying amount of the assets. The grant is recognised in profit or loss over the life of a depreciable asset by way of a reduced depreciation charge.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Government grants (continued)

Repayment of a grant related to income is applied first against any unamortised deferred income set up in respect of the grant. To the extent that the repayment exceeds any such deferred income, or where no deferred income exists, the repayment is recognised immediately in profit or loss. Repayment of a grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the deferred income by the amount repayable. The cumulative additional depreciation that would have been recognised in profit or loss to date in the absence of the grant is recognised immediately in profit or loss.

Employee benefits

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

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Related parties

A party is related to the Group if:

(a) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or under common control with the Group; has an interest in the Group that gives it significant influence over the Group; or has joint control over the Group;

(b) the party is an associate;

(c) the party is a joint venture;

(d) the party is a member of the key management personnel of the Company or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Impairment of assets

Intangible assets that have an indefinite useful life or not yet available for use are reviewed annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and other intangible assets except goodwill, investments, inventories and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions and contingent liabilities

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

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

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

5. KEY ESTIMATES

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Property, plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(b) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. The carrying amount of goodwill at the end of the reporting period was approximately HK$1,954,000. No impairment loss was recognised during the year ended 30 June 2011.

5. KEY ESTIMATES (continued)

Key sources of estimation uncertainty (continued)

(c) Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

(d) Useful life and recoverability of intangible assets

The Group determines the estimated useful lives and related amortisation charges for the Group's intangible assets based on the historical experience of the actual useful lives of intangible assets of similar nature and functions as well as the contractual terms of intangible assets being purchased by the Group.

The recoverable amount of the permanent exclusive and non-exclusive rights for distribution of gene testing services is determined from the value in use calculation and the Group considered the carrying amount of approximately HK$79,718,000 as included in the consolidated statement of financial position as at 30 June 2011 was fairly stated. Besides, the Group also considered the carrying amounts of its research and development arising from provision of health care management services project and the exclusive distribution rights of bio-industrial products, which were included in the consolidated statement of financial position as at 30 June 2011 at approximately HK$3,269,000 and HK$17,283,000 respectively. Provision of health care management services project and the distribution of bio-industrial products business continue to progress in a satisfactory manner, and the Group is confident that the carrying amounts of these intangible assets will be recovered in full. This situation will be closely monitored, and adjustments made in future periods, if future market activity indicates that such adjustments are appropriate.

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk, liquidity risk and fair value. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

6. FINANCIAL RISK MANAGEMENT (continued)

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Price risk

The Group's available-for-sale financial assets are measured at fair value at the end of each reporting period. Therefore, the Group is exposed to security price risk. The Directors manage this exposure by maintaining a portfolio of investments with different risk profiles.

As at 30 June 2011, if the interest rate had increased/decreased by 1% with all other variables held constant and the Group's available-for-sale financial assets moved according to the historical correlation with the interest rate, the fair value of these available-for-sale financial assets would decrease/increase by 2.73%. The change in fair value would be recognised as other comprehensive income in the consolidated statement of comprehensive income.

(c) Credit risk

The Group's maximum exposure to credit risk in the event that counterparties fail to perform their obligations at 30 June 2011 in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated statement of financial position. The Group's credit risk is primarily attributable to its trade receivables, available-for-sale financial assets and bank and cash balances.

In order to minimise credit risk, the Directors has delegated the relative staffs to be responsible for the determination of credit limits, credit approvals and other monitoring procedures. In addition, management reviews the recoverable amount of each individual trade debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. The credit risk on bank and cash balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The credit risk on available-for-sale financial assets is limited because the counterparty is a well-established investment banker in Hong Kong. In this regard, management considers that the Group's credit risk is significantly reduced.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

6. FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term. All financial liabilities of the Group are matured within 1 year.

(e) Fair values

Level 1 "quoted prices (unadjusted) in active markets for identical assets or liabilities" was adopted in the fair value measurements on the Group's available-for-sale financial assets as at 30 June 2011.

The carrying amounts of the Group's other financial assets and financial liabilities are reflected in the consolidated statement of financial position approximate their respective fair values.

7. TURNOVER

The Group's turnover is as follows:

	2011	2010
	HK$'000	HK$'000
Distribution of:–		
Pharmaceutical products	**–**	230,923
Gene testing services	**71,242**	253,024
Bio-industrial products	**18,951**	–
	90,193	483,947

8. OTHER INCOME

	2011	2010
	HK$'000	HK$'000
Interest income	**1,640**	204
Net gain on available-for-sale financial assets	**532**	–
Government grant from the People's Republic of China (the "PRC") for a health care management services project	**2,938**	–
Gain on disposals of property, plant and equipment	**27**	–
Sundry income	**43**	43
	5,180	247

9. SEGMENT INFORMATION

The Group has four reportable segments as follows:

(a) distribution of pharmaceutical products

(b) distribution of gene testing services

(c) distribution of bio-industrial products

(d) provision of health care management services

The Group's reportable 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 accounting policies of the operating segments are the same as those described in note 4 to the financial statements. Segment profits or losses do not include gains or losses from investments. Segment assets do not include amounts due from related parties and investments. Segment liabilities do not include amounts due to related parties.

9. SEGMENT INFORMATION (continued)

	Distribution of pharmaceutical products		Distribution of gene testing services		Distribution of bio-industrial products		Provision of health care management services		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Years ended 30 June 2011 and 2010:										
Revenue from external customers	**–**	230,923	**71,242**	253,024	**18,951**	–	**–**	–	**90,193**	483,947
Segment profit/(loss) after income tax expense	**138**	(586)	**6,006**	11,621	**1,244**	–	**(3,074)**	–	**4,314**	11,035
Additional disclosures for operating segments:										
Additions to property, plant and equipment	**–**	5	**365**	1,285	**17,095**	–	**5,802**	–	**23,262**	1,290
Additions to intangible assets	**–**	–	**79,718**	–	**17,658**	–	**3,195**	–	**100,571**	–
Interest income	**–**	6	**114**	6	**59**	–	**15**	–	**188**	12
Interest expense	**–**	332	**4,741**	3,862	**–**	–	**–**	–	**4,741**	4,194
Depreciation	**43**	83	**565**	300	**51**	–	**30**	–	**689**	383
Amortization	**–**	–	**–**	–	**1,208**	–	**–**	–	**1,208**	–
Income tax expense/(credit)	**–**	43	**3,068**	2,089	**(55)**	–	**237**	–	**3,250**	2,132
At 30 June 2011 and 2010:										
Segment assets	**–**	15,550	**140,778**	174,103	**63,315**	–	**20,942**	–	**225,035**	189,653
Segment liabilities	**–**	15,033	**5,058**	81,584	**3,650**	–	**4,228**	–	**12,936**	96,617

9. SEGMENT INFORMATION (continued)

	2011 HK$'000	2010 HK$'000
Years ended 30 June 2011 and 2010:		
Reconciliation of reportable segment profit, assets and liabilities:		
Profit		
Total profit of reportable segments	**4,314**	11,035
Corporate and other expenses	**(8,212)**	(8,143)
Elimination of inter-companies expenses	**7,479**	8,048
Unallocated income:		
Other income	**2,025**	236
Consolidated profit for the year	**5,606**	11,176
Assets		
Total assets of reportable segments	**225,035**	189,653
Corporate and other assets	**242,216**	337,029
Consolidated total assets	**467,251**	526,682
Liabilities		
Total liabilities of reportable segments	**12,936**	96,617
Corporate and other liabilities	**478**	458
Consolidated total liabilities	**13,414**	97,075

9. SEGMENT INFORMATION (continued)

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 and additions to property, plant and equipment by geographical location of the assets are as follows:

	Revenue		Non-current assets		Additions to property, plant and equipment	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
The PRC	**86,034**	473,003	**133,160**	1,792	**23,262**	1,258
Hong Kong and other regions	**4,159**	10,944	**1,145**	75,523	**–**	72
	90,193	483,947	**134,305**	77,315	**23,262**	1,330

10. GAIN ON DECONSOLIDATION OF THE SUBSIDIARIES

	2011	2010
	HK$'000	HK$'000
Gain on deconsolidation of the subsidiaries	**161**	–

As disclosed in note 2 to the financial statements, the control over certain subsidiaries including First Jumbo and the CJV had been lost since 8 March 2011. As such, the financial results, assets, liabilities and cash flows of these subsidiaries were deconsolidated from the consolidated financial statements of the Group.

10. GAIN ON DECONSOLIDATION OF THE SUBSIDIARIES (continued)

Net assets of these subsidiaries as at the date of deconsolidation were as follows:

	HK$'000
Property, plant and equipment	928
Inventories	581
Trade receivables	461
Prepayments, deposits and other receivables	762
Bank and cash balances	99
Trade payables	(894)
Accruals and other payables	(1,445)
Net assets deconsolidated	492
Non-controlling interest	(461)
Release of foreign currency translation reserve	(192)
Gain on deconsolidation of the subsidiaries	(161)
Net cash outflow arising on deconsolidation of the subsidiaries:	
Cash and cash equivalents of the deconsolidated subsidiaries	(99)

11. FINANCE COSTS

	2011 **HK$'000**	2010 HK$'000
Interest on bank loans	–	184

12. INCOME TAX EXPENSE

	2011 HK$'000	2010 HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	–	2,371
Over-provision in prior years	–	(329)
Current tax – The PRC		
Provision for the year	**3,163**	90
Deferred tax *(note 29)*	**87**	–
	3,250	2,132

No provision for Hong Kong Profits Tax has been made for the year ended 30 June 2011 (the "Financial Year") as the Group did not generate any assessable profit arising in Hong Kong during the Financial Year. Hong Kong Profits Tax had been provided at a rate of 16.5% based on the assessable profit for the year ended 30 June 2010.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

The reconciliation between the income tax expense and the profit before tax is as follows:

	2011 HK$'000	2010 HK$'000
Profit before tax	**8,856**	13,308
Tax at the domestic income tax rate of 16.5% (2010: 16.5%)	**1,461**	2,196
Tax effect of net income that is not taxable and net expenses that are not deductible	**252**	(94)
Effect of difference in tax rates of subsidiaries operating in other jurisdictions	**529**	30
Utilisation of previously unrecognised tax losses	**(7)**	–
Unrecognised tax losses	**1,015**	–
Income tax expense	**3,250**	2,132

13. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging the following:

	2011 HK$'000	2010 HK$'000
Amortization of an intangible asset	**1,208**	–
Depreciation	**764**	456
Directors' emoluments	**1,148**	1,450
Operating lease charges on land and buildings	**5,886**	2,840
Auditor's remuneration	**550**	530
Cost of inventories sold	**15,203**	227,157
Loss on disposals of property, plant and equipment	**–**	4
Staff costs including directors' emoluments		
Salaries, bonus and other benefits	**8,256**	6,906
Retirement benefits scheme contributions	**1,279**	800
	9,535	7,706

14. DIRECTORS' EMOLUMENTS AND INDIVIDUALS WITH HIGHEST EMOLUMENTS

The emoluments of each Director were as follows:

	Fee	Salaries and discretionary bonus	Other benefits	Retirement benefit scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Name of Directors					
Shen Xiaodong *(note a)*	**–**	**170**	**–**	**6**	**176**
Jiang Jian	**–**	**390**	**–**	**13**	**403**
Qin Yilong *(note b)*	**–**	**370**	**–**	**7**	**377**
Lee Nga Yan *(note g)*	**–**	**22**	**–**	**1**	**23**
Zhang Huiming *(note c)*	**38**	**–**	**–**	**–**	**38**
Chen Weijun *(note d)*	**60**	**–**	**–**	**–**	**60**
Jiang Di *(note e)*	**38**	**–**	**–**	**–**	**38**
Jiang Nian *(note f)*	**21**	**–**	**–**	**–**	**21**
Zhang Zhihong *(note g)*	**3**	**–**	**–**	**–**	**3**
Wang Rongliang *(note g)*	**3**	**–**	**–**	**–**	**3**
Wu Yanmin *(note g)*	**3**	**–**	**–**	**–**	**3**
Guo Yi *(note g)*	**3**	**–**	**–**	**–**	**3**
Total for 2011	**169**	**952**	**–**	**27**	**1,148**
Shen Xiaodong *(note a)*	–	396	148	12	556
Jiang Jian	–	396	–	–	396
Qin Yilong *(note b)*	–	316	–	–	316
Zhang Huiming *(note c)*	40	–	–	–	40
Chen Weijun *(note d)*	39	–	–	–	39
Jiang Di *(note e)*	2	–	–	–	2
Leung Wai Cheung *(note h)*	63	–	–	–	63
Zhu Lijun *(note i)*	38	–	–	–	38
Total for 2010	182	1,108	148	12	1,450

14. DIRECTORS' EMOLUMENTS AND INDIVIDUALS WITH HIGHEST EMOLUMENTS (continued)

Notes:

(a) Resigned on 21 December 2010

(b) Appointed on 9 September 2009 and resigned on 10 June 2011

(c) Appointed on 13 May 2009 and resigned on 8 June 2011

(d) Appointed on 6 November 2009

(e) Appointed on 9 June 2010 and resigned on 8 June 2011

(f) Appointed on 21 December 2010

(g) Appointed on 8 June 2011

(h) Resigned on 6 November 2009

(i) Resigned on 9 June 2010

The five highest paid individuals in the Group during the year included three (2010: three) Directors whose emolument is reflected in the analysis presented above. The emoluments of the remaining two (2010: two) individuals are set out below:

	2011	2010
	HK$'000	HK$'000
Basic salaries and discretionary bonus	**844**	805
Retirement benefit scheme contributions	**23**	22
	867	827

The emoluments fell within the following band:

	Number of individuals	
	2011	2010
Nil – HK$1,000,000	**2**	2

During the year, no emoluments were paid by the Group to any of the Directors nor the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

15. RETIREMENT BENEFIT SCHEMES

The Group operates a mandatory provident fund scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contributions to the MPF Scheme are calculated at 5% of the salaries and wages subject to a monthly maximum amount of HK$1,000 per employee and vest fully with employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries established in the PRC are members of a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of these subsidiaries. The only obligation of these subsidiaries with respect to the central pension scheme is to meet the required contributions under the scheme.

16. PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit for the year attributable to owners of the Company included a profit of approximately HK$564,000 (2010: approximately HK$2,150,000) which has been dealt with in the financial statements of the Company.

17. DIVIDENDS

The Directors do not recommend the payment of a dividend for the Financial Year (2010: Nil).

18. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of approximately HK$5,247,000 (2010: approximately HK$11,262,000) and the weighted average number of ordinary shares of 12,164,508,062 (2010: 10,370,381,987) in issue during the Financial Year.

Diluted earnings per share

No diluted earnings per share is presented as the Company did not have any dilutive potential ordinary shares during the two years ended 30 June 2011.

19. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
THE GROUP					
Cost or valuation					
At 1 July 2009	924	549	380	–	1,853
Additions	–	983	347	–	1,330
Disposals	–	(247)	(380)	–	(627)
Exchange differences	15	3	–	–	18
At 30 June and 1 July 2010	**939**	**1,288**	**347**	**–**	**2,574**
Acquisition of subsidiaries	**6,950**	**1,062**	**256**	**–**	**8,268**
Additions	**–**	**6,193**	**–**	**17,069**	**23,262**
Disposals	**–**	**–**	**(354)**	**–**	**(354)**
Deconsolidation of subsidiaries	**(959)**	**(208)**	**–**	**–**	**(1,167)**
Exchange differences	**285**	**36**	**22**	**74**	**417**
At 30 June 2011	**7,215**	**8,371**	**271**	**17,143**	**33,000**
Accumulated depreciation					
At 1 July 2009	–	125	10	–	135
Charge for the year	–	347	109	–	456
Written back on disposals	–	(48)	(86)	–	(134)
Exchange differences	–	2	–	–	2
At 30 June and 1 July 2010	**–**	**426**	**33**	**–**	**459**
Charge for the year	**31**	**642**	**91**	**–**	**764**
Written back on disposals	**–**	**–**	**(89)**	**–**	**(89)**
Written back on deconsolidation of subsidiaries	**(31)**	**(208)**	**–**	**–**	**(239)**
Exchange differences	**–**	**20**	**4**	**–**	**24**
At 30 June 2011	**–**	**880**	**39**	**–**	**919**
Carrying amounts					
At 30 June 2011	**7,215**	**7,491**	**232**	**17,143**	**32,081**
At 30 June 2010	939	862	314	–	2,115

19. PROPERTY, PLANT AND EQUIPMENT (continued)

The analysis of the cost or valuation of the above assets is as follows:

	Land and buildings HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
As at 30 June 2011					
At cost	**–**	**8,371**	**271**	**17,143**	**25,785**
At valuation	**7,215**	**–**	**–**	**–**	**7,215**
	7,215	**8,371**	**271**	**17,143**	**33,000**
As at 30 June 2010					
At cost	–	1,288	347	–	1,635
At valuation	939	–	–	–	939
	939	1,288	347	–	2,574

The carrying amount of the Group's buildings would have been approximately HK$939,000 as at 30 June 2010 had they been stated at cost less accumulated depreciation and impairment losses.

The carrying amount of the Group's leasehold land and buildings would have been approximately HK$7,215,000 as at 30 June 2011, which was revalued on 30 June 2011 by an independent professionally qualified valuer, LCH (Asia-Pacific) Surveyors Limited, at approximately HK$7,215,000 on an open market value use basis.

19. PROPERTY, PLANT AND EQUIPMENT (continued)

	Plant and equipment HK$'000
THE COMPANY	
Cost	
At 1 July 2009	337
Additions	40
At 30 June 2010 and 2011	**377**
Accumulated depreciation	
At 1 July 2009	18
Charge for the year	74
At 30 June and 1 July 2010	**92**
Charge for the year	**75**
At 30 June 2011	**167**
Carrying amounts	
At 30 June 2011	**210**
At 30 June 2010	285

20. INVESTMENT IN SUBSIDIARIES

	THE COMPANY	
	2011	2010
	HK$'000	HK$'000
Unlisted investment, at cost	**–**	–

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

Particulars of the subsidiaries as at 30 June 2011 are shown in note 36 to the financial statements.

21. INTANGIBLE ASSETS

THE GROUP

	Permanent exclusive & non-exclusive rights – distribution of gene testing services *(note a)* HK$'000	**Exclusive rights – distribution of bio-industrial products** *(note b)* HK$'000	**Research and development – provision of health care management services** *(note c)* HK$'000	**Total** HK$'000
Cost				
Additions	79,718	–	3,195	82,913
Acquisition of a subsidiary	–	17,658	–	17,658
Exchange difference	–	861	74	935
At 30 June 2011	**79,718**	**18,519**	**3,269**	**101,506**
Accumulated amortization				
Amortization for the year	–	1,208	–	1,208
Exchange difference	–	28	–	28
At 30 June 2011	**–**	**1,236**	**–**	**1,236**
Carrying amounts				
At 30 June 2011	**79,718**	**17,283**	**3,269**	**100,270**

21. INTANGIBLE ASSETS (continued)

Notes:

(a) On 13 December 2010, the Group obtained permanent exclusive rights for distribution of gene testing services in the regions of the PRC, Hong Kong and Macau, the permanent non-exclusive rights for the distribution of gene testing services in the other regions, as well as the right of use of certain logos on the gene testing services distributed by the Group.

The recoverable amount of these permanent exclusive and non-exclusive rights is determined from value in use calculation.

The key assumptions for the value in use calculation are those regarding the discount rates, growth rates and budgeted gross margin and turnover during the period. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to these permanent exclusive and non-exclusive rights. The growth rates are based on long-term average economic growth rate of the geographical area in which the businesses of these permanent exclusive and non-exclusive rights operate. Budgeted gross margin and turnover are based on past practices and expectations on market development.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the Directors for the next five years with the residual period using the growth rate of 2%. This rate does not exceed the average long-term growth rate for the relevant markets.

The rate used to discount the forecast cash flows from these permanent exclusive and non-exclusive rights is 18.68%.

(b) On 1 January 2010, CNL (Pinghu) Biotech Co. Ltd. ("CNL (Pinghu)") entered into the exclusive agency agreement with its supplier, Sonac Vuren BV ("Sonac"). Sonac granted the exclusive distribution rights to CNL (Pinghu) for distribution of its bone chips and bone fat in the PRC for a term of five years and which would be automatically renewed for another ten years subject to no objection is raised by either party before 31 December 2014. The Group acquired CNL (Pinghu) on 13 July 2010, and made the valuation of intangible assets for its exclusive distribution rights for the term of 14.5 years by the professional surveyor at the amount of approximately RMB15.40 million, which were amortized under the term of 14.5 years.

(c) Research and development refers to the costs of staff, rental and management expenses and testing materials specifically attributable to provision of health care management services project which would generate probable future economic benefits for a term of five years. The research and development cost is to be amortised on a straight-line basis accordingly. No amortisation expense was recognised in the consolidated financial statements as the health care management services project has not been launched during the Financial Year.

22. GOODWILL

	THE GROUP	
	2011	2010
	HK$'000	HK$'000
Arising on acquisition of a subsidiary *(note 32(b))*	**1,954**	–

The Group acquired 70% equity interest of CNL (Pinghu) on 13 July 2010. This transaction has been accounted for by the acquisition method of accounting.

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGUs") that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated to the distribution of bio-industrial products.

The recoverable amounts of the CGUs are determined from value in use calculation.

The key assumptions for the value in use calculation are those regarding the discount rates, growth rates and budgeted gross margin and turnover during the period. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on long-term average economic growth rate of the geographical area in which the businesses of the CGUs operate. Budgeted gross margin and turnover are based on past practices and expectations on market development.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the Directors for the next five years with the residual period using the growth rate of 5%. This rate does not exceed the average long-term growth rate for the relevant markets.

The rate used to discount the forecast cash flows from the Group's sale of bio-industrial products is 18.54%.

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	THE GROUP	
	2011	2010
	HK$'000	HK$'000
Non-current portion		
Deposit for entering the distributorship rights *(note a)*	**–**	40,000
Loans under the Franchise Agreements *(note b)*	**–**	35,200
	–	75,200
Current portion		
Prepayment for purchases of property, plant and equipment	**9,079**	–
Rental, management fee and other deposits	**2,480**	672
Receivable from sale of available-for-sale financial assets	**4,014**	–
Prepayment for purchases of goods	**–**	3,164
Advancement to distributors	**2,724**	–
Others	**3,357**	1,312
	21,654	5,148
Total	**21,654**	80,348

Notes:

(a) On 2 May 2008, China United Gene Health Limited ("United Gene Health"), a subsidiary of the Group, entered into an exclusive distribution agreement for a period of five years with China United Gene Health Industry Limited ("China United") to act as its exclusive distributor of gene testing services in Hong Kong. On 12 August 2008, United Gene Health paid a non-interest bearing deposit of HK$40,000,000 to China United as a guarantee that the annual turnover of United Gene Health would meet the minimum annual sales figures (the "Sales Target") set out in the exclusive distribution agreement. Pursuant to a letter dated 16 March 2009, China United agreed to grant an additional non-exclusive right to United Gene Health for the distribution of gene testing services in the PRC. On 8 November 2010, United Gene Health and China United entered into a termination agreement for such sub-grants with effect from 13 December 2010. The non-interest bearing deposit of HK$40,000,000 had been fully received during the Financial Year.

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

Notes: (continued)

(b) United Gene Health entered into five franchise agreements (collectively the "Franchise Agreements" or individually a "Franchise Agreement") with five independent distributors, namely Fashion Fame Limited, Grace Noble Limited, Rising Rates International Limited, Noble Hat Limited and Sky Cultures Limited (collectively the "Distributors" or individually a "Distributor") for a period of five years on 15 July 2009. Under the Franchise Agreements, United Gene Health (i) appointed the Distributors as its distributors of the gene testing services in the PRC; and (ii) advanced non-interest bearing loans to the Distributors in the amount of HK$6,000,000, HK$8,000,000, HK$8,000,000, HK$10,000,000 and HK$12,000,000 respectively (collectively the "Loans" or individually a "Loan"), for the sole purpose of soliciting business and organizing marketing activities as permitted by United Gene Health. An undertaking had been given to United Gene Health by each of the Distributors to generate annual sales attributable to the distribution of gene testing services in the PRC of not less than HK$24,000,000, HK$32,000,000, HK$32,000,000, HK$40,000,000 and HK$48,000,000 respectively (collectively the "Specified Amounts" or individually a "Specified Amount"). In the event that the sales generated by any Distributor in any one year was equal to or in excess of the Specified Amount relevant to that Distributor, United Gene Health agreed to waive the repayment of 20% of the Loan by the relevant Distributor, which would otherwise have to be repaid to United Gene Health within three business days after the review made by United Gene Health, pursuant to the relevant Franchise Agreement. For the financial year ended 30 June 2010, all Distributors had achieved the Specified Amount so that United Gene Health had waived the repayment of 20% of the Loans, that is HK$8,800,000, by the Distributors. On 3 May 2011, United Gene Health entered into five termination agreements (collectively the "Termination Agreements" or individually a "Termination Agreement") with each of the Distributors and mutually agreed to terminate the Franchise Agreements with effect from the same date. Pursuant to the Termination Agreements, United Gene Health agreed to waive the respective Loan for the year of July 2010 to June 2011 proportionately, based on the percentage of sales generated by each Distributor for the period of July 2010 to March 2011 to its relevant Specified Amount. A total amount of HK$1,762,283 had been waived accordingly. The remaining balance of the Loans under the Franchise Agreements in the sum of HK$33,437,717 had been fully received before 30 June 2011.

24. INVENTORIES

	THE GROUP	
	2011	2010
	HK$'000	HK$'000
Merchandises	**118**	569

25. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	THE GROUP	
	2011	2010
	HK$'000	HK$'000
Bonds at fair value		
Listed in Hong Kong	**5,071**	–
Listed outside Hong Kong	**72,164**	–
	77,235	–

All the above bonds are classified as current assets.

The investments in bonds listed in and outside Hong Kong offer the Group the opportunity for return through the coupon interest income and the capital appreciation. None of these available-for-sale financial assets is either past due or impaired.

The fair values of these listed bonds are based on current bid prices.

26. 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 or is replaced by the repayment of the bills honoured by the bank. 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.

The aging analysis of trade receivables, based on the invoice date, is as follows:

	THE GROUP	
	2011	2010
	HK$'000	HK$'000
30 days or less	**10,470**	26,006
31 to 60 days	**1,202**	24,751
61 to 180 days	**–**	47,655
Over 180 days	**–**	1,014
	11,672	99,426

26. TRADE RECEIVABLES (continued)

As at 30 June 2011 and 2010, no allowance was made for the trade receivables.

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2011	2010
	HK$'000	HK$'000
Renminbi ("RMB")	**11,616**	9,543
Hong Kong dollars	**56**	89,883
	11,672	99,426

27. TRADE PAYABLES

The aging analysis of trade payables, based on the invoice date, is as follows:

	THE GROUP	
	2011	2010
	HK$'000	HK$'000
30 days or less	**1,301**	23,100
31 to 60 days	**–**	21,248
61 to 180 days	**–**	39,984
Over 180 days	**–**	2,745
	1,301	87,077

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	2011	2010
	HK$'000	HK$'000
RMB	**442**	9,072
Hong Kong dollars	**859**	78,005
	1,301	87,077

28. ACCRUALS AND OTHER PAYABLES

	THE GROUP	
	2011	2010
	HK$'000	HK$'000
Accruals and other payables	**7,251**	4,461
Due to directors of subsidiaries	**–**	1,946
Due to a non-controlling shareholder	**–**	850
	7,251	7,257

29. DEFERRED TAX

The following are the major deferred tax liabilities recognised by the Group.

	Revaluation of intangible assets and leasehold land	**Rental expenses under lease term**	**Total**
	HK$'000	HK$'000	HK$'000
Arising on acquisition of a subsidiary *(note 32(b))*	2,750	–	2,750
Exchange differences	130	5	135
Income statement for the year	(151)	238	87
At 30 June 2011	**2,729**	**243**	**2,972**

At the end of the reporting period, the Group has unused tax losses of approximately HK$7,636,000 (2010: approximately HK$6,006,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

30. SHARE CAPITAL

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

	2011 **HK$'000**	2010 HK$'000
Authorized :		
50,000,000,000 ordinary shares of HK$0.01 each	**500,000**	500,000
Issued and fully paid:		
12,164,508,062 ordinary shares of HK$0.01 each	**121,645**	121,645

Note:

(a) On 19 March 2010, the Company entered into an underwriting agreement with Best Champion Holdings Limited, the substantial shareholder of the Company, and Grand Investment (Securities) Limited, both acting as underwriters, to fully underwrite the proposed rights issue shares to the shareholders of the Company on the basis of one rights share for every existing share in issue, which resulted in the issue of 6,082,254,031 new ordinary shares of HK$0.01 each on 20 May 2010, at the subscription price of HK$0.052 per rights share. It had raised net funds of approximately HK$310.4 million upon completion of the rights issue after deducting the total rights issue expenses of approximately HK$5.9 million.

31. RESERVES

(a) The Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of comprehensive income and consolidated statement of changes in equity.

(b) The Company

	Notes	Share premium account HK$'000	Capital reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 July 2009		476,544	104,915	(539,710)	41,749
Profit for the year	*16*	–	–	2,150	2,150
Shares issued pursuant to rights issue	*30(a)*	249,579	–	–	249,579
At 30 June 2010		726,123	104,915	(537,560)	293,478
At 1 July 2010		**726,123**	**104,915**	**(537,560)**	**293,478**
Profit for the year	*16*	**–**	**–**	**564**	**564**
At 30 June 2011		**726,123**	**104,915**	**(536,996)**	**294,042**

31. RESERVES (continued)

(c) Nature and purpose of reserves

(i) Share premium account

Under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, subject to the Company's memorandum and articles of association, the funds in the share premium account of the Company are distributable to owners of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Capital reserve

Capital reserve represents the difference between the nominal value of the share/registered capital of the subsidiaries acquired, pursuant to the reorganisation scheme which rationalising the structure of the Group for the listing of the Company's shares on the Stock Exchange and completed on 26 July 2002, over the nominal value of the share capital of the Company issued in exchange therefore.

(iii) Statutory reserve

The statutory reserve, which is non-distributable, is appropriated from the profit after taxation of the Group's PRC subsidiaries under the applicable laws and regulations in the PRC.

(iv) Investment revaluation reserve

The investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale financial assets held at the end of the reporting period and is dealt with in accordance with the accounting policy in note 4 the financial statements

(v) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4 to the financial statements.

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Acquisition of a subsidiary – Fudan Health International (HK) Limited ("Fudan HK")

On 13 December 2010, the Group acquired 100% of the issued share capital of Fudan HK for a cash consideration of approximately HK$1,533,000. Fudan HK was engaged in the provision of gene testing services during the Financial Year. The acquisition is for the purpose of manufacture, research and development of gene testing products to the Group.

The carrying amount of the identifiable assets and liabilities of Fudan HK acquired as at its date of acquisition is same as their fair values, which are disclosed as follows:

Net assets acquired:

	HK$'000
Property, plant and equipment	1,042
Inventories	68
Prepayments, deposits and other receivables	290
Bank and cash balances	133
	1,533
Satisfied by:	
Cash	**1,533**
Net cash outflow arising on acquisition:	
Cash consideration paid	(1,533)
Cash and cash equivalents acquired	133
	(1,400)

Fudan HK contributed approximately nil and loss of approximately HK$673,000 to the Group's turnover and profit for the Financial Year respectively for the period between the date of acquisition and the end of the reporting period.

If the acquisition had been completed on 1 July 2010, total Group turnover for the Financial Year would remain unchanged at approximately HK$90,193,000, and profit for the Financial Year would have been approximately HK$5,028,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the turnover and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 July 2010, nor is intended to be a projection of future results.

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Acquisition of a subsidiary – CNL (Pinghu)

On 13 July 2010, the Group acquired 70% of the issued share capital of CNL (Pinghu) at a total amount of approximately HK$18,359,000 during the Financial Year. CNL (Pinghu) was engaged in the wholesale business of bone chips in the PRC during the Financial Year. The acquisition is for the purpose of distribution of bio-industrial products to the Group.

After the completion of the acquisition, the Group further contributed a total amount of approximately HK$21,995,000 to CNL (Pinghu) which was in proportion to its shareholding in CNL (Pinghu) during the Financial Year, pursuant to the agreements mutually agreed and signed by the Group and the non-controlling interest.

The carrying amount of the identifiable assets and liabilities of CNL (Pinghu) acquired as at its date of acquisition is same as their fair values, except for the leasehold land and the intangible asset were revalued at the fair values of approximately HK$6,950,000 and HK$17,658,000 respectively at its date of acquisition, with the carrying amount of approximately HK$5,203,000 and HK$8,337,000 respectively.

Net assets acquired:

	HK$'000
Intangible asset	17,658
Property, plant and equipment	7,226
Inventories	57
Trade receivables	2,033
Prepayments, deposits and other receivables	16
Bank and cash balances	769
Accruals and other payables	(793)
Current tax liabilities	(823)
Deferred tax liabilities	(2,750)
	23,393
Non-controlling interest in CNL (Pinghu)	(7,018)
	16,375
Foreign currency translation reserve	30
Goodwill	1,954
	18,359
Satisfied by:	
Cash	**18,359**
Net cash outflow arising on acquisition:	
Cash consideration paid	(18,359)
Cash and cash equivalents acquired	769
Foreign currency translation reserve	30
	(17,560)

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Acquisition of a subsidiary – CNL (Pinghu) (continued)

The fair value of the trade receivables acquired is approximately HK$2,033,000.

The fair value of the acquired identifiable intangible assets and leasehold land of approximately HK$17,658,000 and approximately HK$6,880,000 respectively was based on valuation reports of the professional surveyor as at the date of acquisition.

The goodwill arising on the acquisition of CNL (Pinghu) is attributable to the anticipated profitability of the wholesales of its products in the new markets and the anticipated future operating synergies from the business combination.

CNL (Pinghu) contributed approximately HK$18,951,000 and approximately HK$1,244,000 to the Group's turnover and profit for the Financial Year respectively for the period between the date of acquisition and the end of the reporting period.

If the acquisition had been completed on 1 July 2010, total Group's turnover for the Financial Year would remain unchanged at approximately HK$90,193,000, and profit for the Financial Year would have been approximately HK$5,550,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the turnover and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 July 2010, nor is intended to be a projection of future results.

33. CONTINGENT LIABILITIES

The Directors were not aware of any significant contingent liabilities of the Group and the Company as at 30 June 2011 (2010: nil).

34. COMMITMENTS

(a) Lease commitments

The Group

As at 30 June 2011, the total future minimum lease payments of the Group under non-cancellable operating leases are payable as follows:

	2011 HK$'000	2010 HK$'000
Future aggregate minimum lease payments under operating leases in respect of land and buildings		
– within one year	13,134	2,128
– in the second to fifth years inclusive	47,123	–
– over fifth years	7,036	–
	67,293	2,128

Operating lease payments represent rentals payable by the Group for certain of its offices, health care centre, laboratory and staff quarter. Leases are negotiated for an average term of 6 years and rentals are fixed over the lease terms and do not include contingent rentals.

The Company

As at 30 June 2011, the total future minimum lease payments of the Company under non-cancellable operating leases are payable as follows:

	2011 HK$'000	2010 HK$'000
Future aggregate minimum lease payments under operating leases in respect of land and buildings		
– within one year	1,901	1,014
– in the second to fifth years inclusive	3,168	–
	5,069	1,014

Operating lease payments represent rentals payable by the Company for certain of its office. Leases are negotiated for an average term of 3 years and rentals are fixed over the lease terms and do not include contingent rentals.

34. COMMITMENTS (continued)

(b) Capital commitments

The Group

The Group's capital commitments of the property, plant and equipment contracted but not provided for amounting of approximately HK$12,346,000 at 30 June 2011 (30 June 2010: HK$209,000).

The Company

The Company had no material capital commitments as at 30 June 2011.

35. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the year:

	2011 **HK$'000**	2010 HK$'000
Management services income received from a holding company	**43**	43
Payment of gene testing services cost to the related parties	**3,582**	–
Receipt of gene testing services income from a related party	**56**	–
Payment of service fee to substantial shareholder	**375**	–
Sale of property, plant and equipment to a director	**294**	–
Sale of property, plant and equipment to a related company	**–**	197

The related party/(ies) is/(are) ultimately beneficial owned by Dr. Mao, who is also the substantial shareholder of the Company.

36. PARTICULARS OF THE SUBSIDIARIES OF THE COMPANY

Name	Place of incorporation/ registration	Registered/ issued/paid-up capital	Percentage of ownership interest/ voting power/ profit sharing Direct	Percentage of ownership interest/ voting power/ profit sharing Indirect	Principal activities
Lucky Full Holdings Limited	British Virgin Islands	1 ordinary share of US$1	100%	–	Investment holding
Clear Rich International Limited	British Virgin Islands	1 ordinary share of US$1	–	100%	Investment holding
China United Gene Health Limited	Hong Kong	1 ordinary share of HK$1	–	100%	Distribution of gene-testing services
CNL (Pinghu) Biotech Co. Limited *(note a)*	PRC	Registered capital of US$20 million	–	70%	Distribution of bio-industrial products
Bestdone Limited	British Virgin Islands	1 ordinary share of US$1	–	100%	Investment holding
Fudan Health (Guang Dong) Ltd.	British Virgin Islands	1 ordinary share of US$1	–	100%	Distribution of gene-testing services
Fudan Health International (H K) Limited	Hong Kong	10,000 ordinary share of HK$10,000	–	100%	Provision of gene-testing services

36. PARTICULARS OF THE SUBSIDIARIES OF THE COMPANY (continued)

Name	Place of incorporation/ registration	Registered/ issued/paid-up capital	Percentage of ownership interest/ voting power/ profit sharing Direct	Indirect	Principal activities
Perfect Allied Holdings Limited	British Virgin Islands	1 ordinary share of US$1	–	100%	Investment holding
United Gene Health Care Investment Limited	Hong Kong	1 ordinary share of HK$1	–	100%	Investment holding
聯合基因(上海)健康管理服務有限公司 *(note b)* (United Gene HealthCare Limited, Shanghai)	PRC	Registered capital of HK$40 million	–	100%	Distribution of gene-testing services
龍脈(上海)健康管理服務有限公司 *(note c)*	PRC	Registered capital of RMB20 million	–	100%	Provision of health care management services

Notes:

(a) CNL (Pinghu) Biotech Co. Limited (中荷(平湖)生物技術有限公司) is a wholly foreign-owned enterprise established in the PRC on 2 April 2008 for a period of fifty years.

(b) 聯合基因(上海)健康管理服務有限公司 is a wholly foreign-owned enterprise established in the PRC on 23 June 2009 for a period of thirty years.

(c) 龍脈(上海)健康管理服務有限公司 is a wholly domestic limited company established in the PRC on 11 November 2010 for a period of thirty years.

37. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 27 September 2011.

Financial Summary

The results, assets and liabilities of the Group for each of the last five financial years are as follows:

	For the years ended 30 June				
	2011	2010	2009	2008	2007
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Turnover	**90,193**	483,947	374,442	317,041	83,111
Profit/(loss) before tax	**8,856**	13,308	746,331	(68,546)	(64,131)
Income tax expense	**(3,250)**	(2,132)	(1,090)	(33)	(10)
Profit/(loss) for the year	**5,606**	11,176	745,241	(68,579)	(64,141)
Attributable to:					
Owners of the Company	**5,247**	11,262	745,205	(68,621)	(64,150)
Non-controlling interests	**359**	(86)	36	42	9
	5,606	11,176	745,241	(68,579)	(64,141)

	As at 30 June				
	2011	2010	2009	2008	2007
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Non-current assets	**134,305**	77,315	41,718	34,751	35,840
Current assets	**332,946**	449,367	98,521	18,764	9,714
Current liabilities	**(10,442)**	(97,075)	(32,311)	(840,555)	(762,220)
Non-current liabilities	**(2,972)**	–	–	(1,430)	(1,637)
Net assets/(liabilities)	**453,837**	429,607	107,928	(788,470)	(718,303)
Attributable to:					
Owners of the Company	**436,524**	429,142	107,386	(788,976)	(718,517)
Non-controlling interests	**17,313**	465	542	506	214
Total equity	**453,837**	429,607	107,928	(788,470)	(718,303)