



United Gene High-Tech Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 399



Interim Report 2011-2012

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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

HONOURARY CHAIRMAN

Mao Yumin

COMPANY SECRETARY

Cheung Sui Ping, Annie

LEGAL ADVISER

Phillips

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Hong Kong

REGISTERED OFFICE

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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 unaudited consolidated financial results of the Company and its subsidiaries (the "Group") for the six months ended 31 December 2011 (the "Interim Period").

For the Interim Period, the Group recorded a turnover of approximately HK\$24.2 million, which is a significant decrease of approximately 64.83% from approximately HK\$68.8 million for the six months ended 31 December 2010 (the "Previous Corresponding Period"). The significant decrease in turnover was mainly due to (i) the significant drop of turnover for the distribution of gene testing services after the franchise agreements dated 14 July 2009 (the "Franchise Agreements") was terminated on 3 May 2011; (ii) 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 (the "PRC") region under the Group's direct supervision and management for the distribution of gene testing services since March 2010; and (iii) the significant drop of turnover for the distribution of bio-industrial products due to the global economic downturn and the fierce competition. Nevertheless, the Group's gross profit margin was increased substantially from 32.50% for the Previous Corresponding Period to approximately 70.36% for the Interim Period. For the Interim Period, loss attributable to the owners of the Company was approximately HK\$17.9 million, representing a significant decrease compared to the profit of approximately HK\$9.9 million in the Previous Corresponding Period. This was mainly due to the decrease of turnover of the Group, the impairment losses on an intangible asset and goodwill for the distribution of bio-industrial products after netting-off the reversal of a deferred tax liability at a total amount approximately HK\$16.3 million, and the net expenses of approximately HK\$8.6 million incurred by the Group during the Interim Period for the start-up of the health care management services centre.



Chairman's Statement

OUTLOOK

Since December 2010, the Group has obtained the permanent exclusive distribution rights for gene testing services in the regions of the PRC, Hong Kong and Macau, the permanent non-exclusive distribution rights for gene testing services in other regions as well as the right of use of certain logos on gene testing services distributed by the Group. On the other hand, the "United Gene (Shanghai) Health Care Centre" was opened in September 2011, representing the start-up of the Group's health care management services business in the PRC.

In respect of the distribution of bio-industrial products, the Group began the construction of the production plant, research and development workshop and office in Pinghu, the PRC in December 2010 for the new product line of hydrolyzed gelatin, and expects to commence production in around April 2012.

Looking forward, the Group will continue to strengthen its foundation by expanding its existing core businesses, broadening its product lines and expanding its sales and distribution network. The Group will establish a certain 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 develop the businesses of the Group and generate positive cashflow and earnings for the Group in long term.

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 period, 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, 29 February 2012



Management Discussion and Analysis

GROUP RESULTS

Turnover of the Group for the Interim Period amounted to approximately HK\$24.2 million, representing approximately 64.83% decrease from the Previous Corresponding Period of approximately HK\$68.8 million. Loss attributable to the owners of the Company for the Interim Period was approximately HK\$17.9 million, representing a significant decrease compared to the profit of approximately HK\$9.9 million in the Previous Corresponding Period.

BUSINESS REVIEW

Distribution of gene testing services

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

On 3 May 2011, in view of the significant decrease in 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 through less selling expenses, the Group entered into five termination agreements with relevant distributors to terminate the Franchise Agreements with effect from the same date.

The Group has begun to segment its market geographically and establish marketing and distribution channels in the PRC which are under direct supervision and management since March 2010. Distributors for certain market segments have been engaged and marketing policies and measures have been drawn up, which would be constantly reviewed and fine-tuned in response to the varying market factors in different market segments. 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 the interpretation of the gene testing report.



Management Discussion and Analysis

For the Interim Period, the turnover of the distribution of gene testing services decreased from approximately HK\$58.5 million in the Previous Corresponding Period to approximately HK\$22.7 million. This was mainly due to the significant drop of turnover under the Franchise Agreements, and the transitional period brought by the change of market segmentation since March 2010. Nevertheless, the result of the Group's newly adopted sales and marketing strategy as well as the permanent exclusive and non-exclusive distribution rights of gene testing services was clearly reflected in the improvement of the gross profit margin for the distribution of gene testing services, which increased substantially from approximately 34.69% in the Previous Corresponding Period to approximately 74.21%. The selling expenses also dropped from approximately HK\$2.1 million to approximately HK\$1.1 million as compared with the Previous Corresponding Period.

Distribution of bio-industrial products

Since July 2010, the Group has obtained the exclusive distribution rights for the distribution of bone chips and bone fat in the PRC for a period of 5 years, which would be automatically renewed for another ten years subject to no objection to be raised by either party before 31 December 2014. For the Interim Period, turnover of the distribution of bio-industrial products significantly decreased from approximately HK\$10.3 million in the Previous Corresponding Period to approximately HK\$0.4 million. This was mainly due to the global economic downturn and the fierce competition. The gross profit margin for the distribution of bio-industrial products, as a result, has decreased from approximately 20.14% in the Previous Corresponding Period to approximately 12.05% in the Interim Period after including an understatement in sales tax of the prior period of approximately HK\$63,000. On the other hand, the Directors held a conservative view regarding the future performance of this business in view of the uncertainties and risks of developed countries' sluggish economies and turbulent global financial markets affecting the economic development of the PRC in next few years. After assessing the fair value of the intangible asset and goodwill relating the exclusive distribution rights for the bio-industrial products business, the Group made the impairment losses on an intangible asset and goodwill after netting off the reversal of a deferred tax liability at a total amount of approximately HK\$16.3 million.



Management Discussion and Analysis

Provision of health care management services

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. The operation of the United Gene (Shanghai) Health Care Centre adopts the "4P medical services model" which refers to the predictive, preventive, personalised and participatory medical services model. The Group also extends its services to set up an individualised comprehensive and lifelong health service model. The Group researches, develops and provides further health care management services, such as (i) ministry of health library for provision of health care management services, including meridian conditioning, acupuncture, cupping, Chinese medicine treatment consultancy; (ii) provision of exercise physiology treatment consultancy; (iii) provision of physiotherapy and oxygen therapy treatment consultancy; (iv) provision of psychology treatment consultancy; (v) testing of nutrition and metabolism and provision of treatment consultancy; (vi) provision of diet treatment; and (vii) testing for gene mutation. Further, the United Gene (Shanghai) Health Care Centre has cooperated with many hospitals in Shanghai for certain health care management services.

For the Interim Period, turnover for the provision of health care management services was approximately HK\$1.1 million, and the segment loss incurred in the provision of health care management services inclusive of start-up costs for the United Gene (Shanghai) Health Care Centre was in total approximately HK\$11.1 million.

PROSPECTS

Distribution of gene testing services

As the Group has the permanent exclusive distribution rights for gene testing services in the regions of the PRC, Hong Kong and Macau, and the permanent non-exclusive distribution rights in other regions, the Group would continue to diversify its business through the distribution channels within the PRC and other regions and to expand its market share in the distribution of gene testing services. The Group has different marketing policies and measures to monitor its different geographical distribution channels in response to their varying market factors and for their further development. The Directors are confident that the Group would be able to achieve more sustainable and stable growth in this business sector.

The Group has the laboratories for the manufacture, research and development of gene testing products in Hong Kong and the United Gene (Shanghai) Health Care Centre. The Group will continue to strengthen its ongoing research and development capacity in respect of gene testing products.



Management Discussion and Analysis

Distribution of bio-industrial products

In December 2010, CNL (Pinghu) Biotech Co. Ltd. (“CNL (Pinghu)”) commenced the construction of the production plant, research and development workshop and office in Pinghu, the PRC. With a team of experts including Mr. A. H. Grobбен, who is a Dutch with expertise in hydrolyzed gelatin and bone fat refining technology, CNL (Pinghu) is expected to start production of hydrolyzed gelatin in around April 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 the bio-industrial products business through strategic cooperation with the world’s leading biotechnology enterprises, whether in the aspects of business, product or technology. In particular, the Group strives to build a sound product portfolio which offers high profitability potential.

Provision of health care management services

After the Group established the United Gene (Shanghai) Health Care Centre, the Group has strengthened the marketing and promotion plan for the membership services and benefits in its health care centre.

On 13 January 2012, the Group entered into a conditional injection of capital agreement (the “Injection Agreement”) with Jilin Extrawell Changbaishan Pharmaceutical Co., Ltd. (“Jilin Extrawell”). Jilin Extrawell is an indirect wholly-owned subsidiary of the Extrawell Pharmaceutical Holdings Limited (“Extrawell Pharmaceutical”), a company listed in The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Since Dr. Mao Yumin (“Dr. Mao”), who is the honorary chairman, chief scientific adviser and a substantial shareholder of the Company, is also the chairman and a substantial shareholder of Extrawell Pharmaceutical, Jilin Extrawell is a connected person of the Company and the entering into of the Injection Agreement constitutes a connected transaction of the Company under Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). Pursuant to the Injection Agreement, Jilin Extrawell agreed to inject RMB2.5 million by cash for 20% of the registered capital of a subsidiary of the Group, Longmark (Shanghai) HealthCare Limited (“Longmark (Shanghai)”), as enlarged after such injection of capital (the “Injection of Capital”), within three months after signing of the Injection Agreement. Longmark (Shanghai) is currently operating the United Gene (Shanghai) Health Care Centre. The Injection of Capital constitutes a deemed disposal by the Group of 20% equity interest of Longmark (Shanghai) within the meaning of Rule 14.29 of the Listing Rules. The completion of the Injection Agreement shall take place after all registrations with the relevant government bodies be completed.



Management Discussion and Analysis

After the Injection of Capital, the synergies of Jilin Extrawell and the Group will enhance the development of provision of health care management services. The cooperation between Jilin Extrawell and the Group will not only strengthen the business of provision of health care management services but also establish a diversified platform for further development. This platform will provide a foundation for the sustainable development of this business, which will enable it to seize the opportunities for further development.

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

The Group's management will continue to optimise the Group's resource advantages, speed up the construction of new production plant, enhance product lines, establish a base for research and development and expand the sales network in order to seize more opportunities, create considerable economic benefits and thus maximise shareholders' returns.

On top of developing the aforesaid businesses, the Group will continue to search actively for attractive investments in the PRC and globally with a view of (i) developing the businesses of the Group and other new businesses; and (ii) generating positive cash flow and earnings for the Group in long-term. In the meantime, the Group may, if necessary, conduct various fund raising activities to strengthen the capital base of the Company.

FINANCIAL REVIEW

Capital structure

Details of the capital structure of the Company are set out in note 17 to the unaudited condensed consolidated interim financial statements.

As at 31 December 2011, the Group had no bank borrowings or other long term financing (30 June 2011: Nil).

Liquidity and financial resources

As at 31 December 2011, the Group had bank and cash balances of approximately HK\$187.4 million (30 June 2011: approximately HK\$222.3 million).



Management Discussion and Analysis

The ratio of current assets to current liabilities of the Group was 23.08 as at 31 December 2011 as compared to 31.89 as at 30 June 2011. The Group's gearing ratio as at 31 December 2011 was 0.03 (30 June 2011: 0.03) which is calculated based on the Group's total liabilities of approximately HK\$13.9 million (30 June 2011: approximately HK\$13.4 million) and the Group's total assets of approximately HK\$445 million (30 June 2011: approximately HK\$467.3 million).

During the Interim Period, the Group had invested in financial assets with an aim to increase and diversify returns from 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 fund at any time on the securities market. The Group places importance to security, short-term commitment and availability on the surplus cash and cash equivalents.

Significant investments

The Group had no significant investments, nor had it made any material acquisition or disposal of the Group's companies or associated companies during the Interim Period.

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

Charges on the Group's assets

As at 31 December 2011, the Group did not have any charges on its assets (30 June 2011: Nil).

Contingent liabilities

The Directors were not aware of any significant contingent liabilities of the Group as at 31 December 2011 (30 June 2011: Nil).

Commitments

Commitments of the Group as at 31 December 2011 are set out in note 19 to the unaudited condensed consolidated interim financial statements.



Management Discussion and Analysis

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 31 December 2011, the Group had 198 (30 June 2011: 149) 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 commensurable with their responsibilities. Discretionary year-end bonuses are payable to the employees based on individual performance. Other employee benefits include medical insurance, retirement schemes, training programmes and education subsidies.

Total staff costs including the Directors’ remuneration for the Interim Period amounted to approximately HK\$10.1 million (2010: approximately HK\$3.7 million) inclusive of HK\$1.1 million staff costs capitalised in the research and development costs.

Segment information

Details of the segment information are set out in note 5 to the unaudited condensed consolidated interim financial statements.

Lee Nga Yan

Executive Director

Hong Kong, 29 February 2012



Other Information Provided in Accordance with the Listing Rules

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 Listing Rules for the Interim Period, except for the deviations discussed below.

Code provision A.2.1

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

Code provision A.4.1

Code provision A.4.1 stipulates that non-executive Directors should be appointed for a 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 a 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 deviation from the Code provision A.4.1, the Directors are committed to representing the long-term interests of the Company and its Shareholders as a whole.

DIRECTORS’ SECURITIES TRANSACTIONS

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



Other Information Provided in Accordance with the Listing Rules

AUDIT COMMITTEE

The Audit Committee is composed of three independent non-executive Directors. It reviews with the management the accounting policies and practices adopted by the Group and discusses the auditing, internal control and financial reporting matters. It has reviewed the interim results for the Interim Period. In addition, the Group's external auditors have reviewed the unaudited condensed consolidated interim financial statements set out on pages 18 to 40 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

DIRECTORS' INTERESTS IN SHARES

As at 31 December 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 31 December 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.



Other Information Provided in Accordance with the Listing Rules

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

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

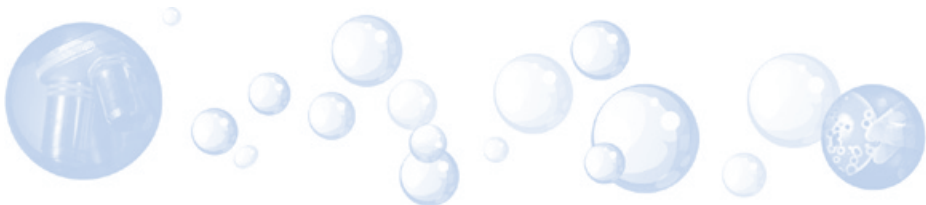
SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 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 shareholders	Capacity	Number of shares/ underlying shares held	Percentage of the issued share capital of the Company
Dr. Mao	Interest of a controlled corporation	6,175,190,000	50.76%
United Gene Holdings Limited	Interest of a controlled corporation	6,175,190,000	50.76%
Best Champion Holdings Limited	Beneficial owner	6,175,190,000	50.76%

Save as disclosed above, the Directors were not aware of any other relevant interests or short positions of 5% or more in the issued share capital of the Company as at 31 December 2011.



Other Information Provided in Accordance with the Listing Rules

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 31 December 2011, the Company had not granted any options to the eligible persons of the Share Option Scheme and there was no outstanding share option under the Share Option Scheme.

Apart from the aforesaid, at no time during the Interim Period 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.



Independent Review Report



TO THE BOARD OF DIRECTORS OF UNITED GENE HIGH-TECH GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 18 to 40 which comprises the condensed consolidated statement of financial position of United Gene High-Tech Group Limited (the “Company”) and its subsidiaries (collectively called the “Group”) as at 31 December 2011 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-months period then ended and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The Directors are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Independent Review Report

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34.

ANDA CPA Limited

Certified Public Accountants

Sze Lin Tang

Practising Certificate Number P03614

Hong Kong

29 February 2012



Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2011

	Notes	Six months ended 31 December	
		2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
Turnover	3 & 5	24,179	68,811
Cost of sales		(7,167)	(46,444)
Gross profit		17,012	22,367
Other income	4	4,067	2,731
Impairment loss on an intangible asset	11	(16,636)	–
Impairment loss on goodwill	12	(1,954)	–
Selling expenses		(1,715)	(2,055)
Administrative expenses		(25,600)	(10,174)
(Loss)/profit before tax		(24,826)	12,869
Income tax credit/(expense)	6	2,144	(2,782)
(Loss)/profit for the period	7	(22,682)	10,087
Other comprehensive (loss)/income after tax:			
Exchange differences on translating foreign operations		2,245	1,003
Fair value changes of available-for-sale financial assets		(2,294)	–
Other comprehensive (loss)/income for the period, net of tax		(49)	1,003
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		(22,731)	11,090



Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2011

	Six months ended	
	31 December	
	2011	2010
	HK\$'000	HK\$'000
Notes	(Unaudited)	(Unaudited)
(Loss)/profit for the period attributable to:		
Owners of the Company	(17,899)	9,873
Non-controlling interests	(4,783)	214
	(22,682)	10,087
Total comprehensive (loss)/income for the period attributable to:		
Owners of the Company	(18,354)	10,681
Non-controlling interests	(4,377)	409
	(22,731)	11,090
(Loss)/earnings per share		
	9	
Basic and diluted (HK cents per share)	(0.15)	0.08



Condensed Consolidated Statement of Financial Position

At 31 December 2011

		31 December 2011 HK\$'000 (Unaudited)	30 June 2011 HK\$'000 (Audited)
	Notes		
Non-current assets			
Property, plant and equipment	10	52,599	32,081
Intangible assets	11	86,540	100,270
Goodwill	12	–	1,954
		139,139	134,305
Current assets			
Inventories	13	142	118
Prepayments, deposits and other receivables		16,810	21,654
Available-for-sale financial assets	14	96,866	77,235
Trade receivables	15	4,649	11,672
Bank and cash balances		187,440	222,267
		305,907	332,946
Current liabilities			
Trade payables	16	796	1,301
Accruals and other payables		12,346	7,251
Current tax liabilities		111	1,890
		13,253	10,442
Net current assets		292,654	322,504
Total assets less current liabilities		431,793	456,809
Non-current liabilities			
Deferred tax liabilities		687	2,972
NET ASSETS		431,106	453,837
Capital and reserves			
Share capital	17	121,645	121,645
Reserves		296,525	314,879
Equity attributable to owners of the Company		418,170	436,524
Non-controlling interests		12,936	17,313
TOTAL EQUITY		431,106	453,837

Approved and authorised for issue by the board of Directors on 29 February 2012.



Jiang Nian
Director

Lee Nga Yan
Director

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2011

	(Unaudited)								
	Attributable to owners of the Company								
	Share capital	Share premium account	Investment revaluation reserve	Statutory reserve	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2010	121,645	726,123	–	–	208	(418,834)	429,142	465	429,607
Acquisition of a subsidiary	–	–	–	–	–	–	–	7,041	7,041
Further capital injection by a non-controlling interest	–	–	–	–	–	–	–	9,781	9,781
Total comprehensive income for the period	–	–	–	–	808	9,873	10,681	409	11,090
At 31 December 2010	121,645	726,123	–	–	1,016	(408,961)	439,823	17,696	457,519
At 1 July 2011	121,645	726,123	508	1,319	1,835	(414,906)	436,524	17,313	453,837
Total comprehensive loss for the period	–	–	(2,294)	–	1,839	(17,899)	(18,354)	(4,377)	(22,731)
At 31 December 2011	121,645	726,123	(1,786)	1,319	3,674	(432,805)	418,170	12,936	431,106



Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2011

	Six months ended	
	31 December	
	2011	2010
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	9,355	58,988
Net cash used in investing activities	(45,344)	(103,507)
Net cash generated from financing activities	–	9,718
Net decrease in cash and cash equivalents	(35,989)	(34,801)
Effect of foreign exchange rate changes	1,162	406
Cash and cash equivalents at beginning of period	222,267	344,224
Cash and cash equivalents at end of period	187,440	309,829
Analysis of cash and cash equivalents		
Bank and cash balances	187,440	309,829



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 December 2011

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Listing Rules.

These unaudited condensed consolidated interim financial statements should be read in conjunction with the 2011 annual financial statements of the Company. The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended 30 June 2011 except as stated below.

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

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 July 2011. HKFRSs comprise HKFRS, HKAS and Interpretations. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current and prior periods except as stated below.

Related Party Disclosures

HKAS 24 (Revised) “Related Party Disclosures” revises the definition of a related party and provides a partial exemption of disclosing related party transactions for government-related entities.

A related party is a person or entity that is related to the Group.



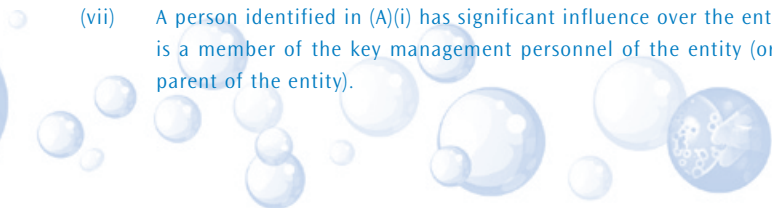
Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 December 2011

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

Related Party Disclosures *(Continued)*

- (A) A person or a close member of that person's family is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Company or of a parent of the Company.
- (B) An entity is related to the Group (reporting entity) if any of the following conditions apply:
- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (A).
 - (vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 December 2011

2. **ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS** *(Continued)*

Related Party Disclosures *(Continued)*

HKAS 24 (Revised) exempts an entity from the disclosure requirements in relation to related party transactions and outstanding balances, including commitments, with:

- a government that has control, joint control or significant influence over the entity; and
- another entity that is a related party because the same government has control, joint control or significant influence over both entities.

The entity that applies the exemption is required to disclose the followings:

- the name of the government and the nature of its relationship with the entity (i.e. control, joint control or significant influence); and
- the following information in sufficient detail to enable users of the entity's financial statements to understand the effect of related party transactions on its financial statements:
 - i. the nature and amount of each individually significant transaction; and
 - ii. for other transactions that are collectively, but not individually, significant, a qualitative or quantitative indication of their extent.

HKAS 24 (Revised) has been applied retrospectively and did not result in any significant changes in the consolidated amounts disclosed in the unaudited condensed consolidated interim financial statements.

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



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 December 2011

3. TURNOVER

	Six months ended	
	31 December	
	2011	2010
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Distribution of:–		
Gene testing services	22,692	58,493
Bio-industrial products	377	10,318
Provision of health care management services	1,110	–
	24,179	68,811

4. OTHER INCOME

	Six months ended	
	31 December	
	2011	2010
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest income	1,217	972
Net gain on available-for-sale financial assets	1,917	–
Government grant from the PRC for a health care management services project	911	1,737
Sundry income	22	22
	4,067	2,731



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 December 2011

5. SEGMENT INFORMATION

The Group has three reportable segments as follows:

- (a) distribution of gene testing services
- (b) distribution of bio-industrial products
- (c) provision of health care management services

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

	Distribution of gene testing services		Distribution of bio-industrial products		Provision of health care management services		Total	
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Six months ended								
31 December 2011								
and 2010								
Revenue from external customers	22,692	58,493	377	10,318	1,110	–	24,179	68,811
Segment profit/(loss) after tax	3,549	8,182	(17,898)	763	(11,089)	–	(25,438)	8,945
	HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)
At 31 December and								
30 June 2011								
Segment assets	114,917	140,778	43,645	63,315	43,001	20,942	201,563	225,035



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 December 2011

5. SEGMENT INFORMATION (Continued)

	Six months ended	
	31 December	
	2011	2010
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Reconciliation of reportable segment (loss)/profit:		
Total (loss)/profit of reportable segments	(25,438)	8,945
Loss on the segment of distribution of pharmaceutical products	–	(92)
Corporate and other expenses	(4,127)	(3,715)
Elimination of inter-companies expenses	5,698	3,987
Unallocated income:		
Other income	1,185	962
Consolidated (loss)/profit	(22,682)	10,087

6. INCOME TAX CREDIT/(EXPENSE)

	Six months ended	
	31 December	
	2011	2010
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax provision for the period		
Hong Kong Profits Tax	(111)	–
Overseas	(88)	(2,782)
Deferred tax (note)	2,343	–
	2,144	(2,782)



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 December 2011

6. INCOME TAX CREDIT/(EXPENSE) (Continued)

Hong Kong Profits Tax has been provided at a rate of 16.5% based on estimated assessable profit arising in Hong Kong for the six months ended 31 December 2011. No provision for Hong Kong Profits Tax has been made for the six months ended 31 December 2010 as the Group does not generate any assessable profit arising in Hong Kong during the period.

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.

Note: The deferred tax for the six months ended 31 December 2011 included a credit amount of approximately HK\$2,250,000 arising from the reversal of a deferred tax liability, which was previously recognised by the Group due to revaluation gain of the exclusive rights for the distribution of bio-industrial products during the year ended 30 June 2011. Since the Group assessed the fair value of such rights and made an impairment loss, the corresponding deferred tax liability was reversed accordingly in the Interim Period.

7. (LOSS)/PROFIT FOR THE PERIOD

The Group's (loss)/profit for the period is stated after charging the following:

	Six months ended	
	31 December	
	2011	2010
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Amortisation of intangible assets	990	584
Depreciation	1,997	324
Loss on disposals of property, plant and equipment	1,542	–
Impairment loss on an intangible asset	16,636	–
Impairment loss on goodwill	1,954	–
Directors' emoluments	550	660
Operating lease charges of land and buildings	5,615	1,605
Cost of inventories sold	1,712	8,240
Staff costs including Directors' emoluments	8,983	3,748

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 December 2011

8. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 31 December 2011 (2010: Nil).

9. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share attributable to owners of the Company is based on the unaudited (loss)/profit for the period attributable to owners of the Company of approximately HK\$(17,899,000) (2010: approximately HK\$9,873,000) and the weighted average number of ordinary shares of 12,164,508,062 in issue during the Interim Period.

Diluted (loss)/earnings per share

No diluted (loss)/earnings per share is presented as the Company did not have any dilutive potential ordinary shares during the six months period ended 31 December 2011 and 31 December 2010.

10. PROPERTY, PLANT AND EQUIPMENT

During the Interim Period, the Group acquired approximately HK\$27,116,000 (2010: approximately HK\$6,832,000) for the additions to property, plant and equipment, of which, approximately HK\$19,596,000 and approximately HK\$5,173,000 were incurred for the provision of health care management services and construction in progress for the production plant of bio-industrial products business respectively.



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 December 2011

11. INTANGIBLE ASSETS

	Permanent exclusive and 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				
At 1 July 2011 (audited)	79,718	18,519	3,269	101,506
Additions during the period	–	–	3,496	3,496
Exchange difference	–	477	90	567
At 31 December 2011 (unaudited)	79,718	18,996	6,855	105,569
Accumulated amortisation and impairment				
At 1 July 2011 (audited)	–	1,236	–	1,236
Amortisation for the period	–	650	340	990
Impairment for the period	–	16,636	–	16,636
Exchange difference	–	164	3	167
At 31 December 2011 (unaudited)	–	18,686	343	19,029
Carrying amounts				
At 31 December 2011 (unaudited)	79,718	310	6,512	86,540
At 30 June 2011 (audited)	79,718	17,283	3,269	100,270



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 December 2011

11. INTANGIBLE ASSETS *(Continued)*

Notes:

- (a) On 13 December 2010, the Group obtained the permanent exclusive rights for the distribution of gene testing services in the regions of the PRC, Hong Kong and Macau, and 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 calculations.

The key assumptions for the value in use calculations 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 cash flow forecasts from these permanent exclusive and non-exclusive rights is 18.68%.



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 December 2011

11. INTANGIBLE ASSETS (Continued)

Notes: (Continued)

- (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 the 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 to be 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 amortised under the term of 14.5 years. As at 31 December 2011, the Group reviewed the fair value of the exclusive distribution rights for the bio-industrial products. The fair value was assessed to be approximately HK\$310,000 according to the valuation report of LCH (Asia-Pacific) Surveyors Limited, an independent valuer to the Group. Accordingly, the Group made an impairment loss on an intangible asset of approximately HK\$16,636,000 for the six months ended 31 December 2011.
- (c) Research and development refers to the costs of staff, rental and management expenses and testing materials specifically attributable to a health care management services project which would generate probable future economic benefits for a term of five years. The research and development cost was amortised from October 2011 on a straight-line basis accordingly.



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 December 2011

12. GOODWILL

	31 December 2011 HK\$'000 (Unaudited)	30 June 2011 HK\$'000 (Audited)
Arising from the acquisition of CNL (Pinghu)	–	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 that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated to the exclusive distribution rights for the bio-industrial products.

As mentioned in note 11(b) to these unaudited condensed consolidated interim financial statements, the Group assessed the fair value of the exclusive distribution rights for the bio-industrial products to be approximately HK\$310,000 as at 31 December 2011. The goodwill allocated to such exclusive distribution rights was therefore impaired in full for the six months ended 31 December 2011.

13. INVENTORIES

	31 December 2011 HK\$'000 (Unaudited)	30 June 2011 HK\$'000 (Audited)
Merchandises	142	118



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 December 2011

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	31 December	30 June
	2011	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Bonds at fair value		
Listed in Hong Kong	8,100	5,071
Listed outside Hong Kong	88,766	72,164
	96,866	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.



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 December 2011

15. TRADE RECEIVABLES

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

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

	31 December	30 June
	2011	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
30 days or less	147	10,470
31 to 60 days	1,295	1,202
61 to 180 days	493	–
Over 180 days	2,714	–
	4,649	11,672

Trade receivables that were past due over 180 days are not impaired as the Group has received bills honoured by the bank. Accordingly, no allowance was made for the trade receivables at 31 December and 30 June 2011.

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

Renminbi ("RMB")	4,649	11,616
Hong Kong Dollars	–	56
	4,649	11,672



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 December 2011

16. TRADE PAYABLES

The aging analysis of trade payables, based on the date of receipt of goods/the date of receipt of services, is as follows:

	31 December 2011 HK\$'000 (Unaudited)	30 June 2011 HK\$'000 (Audited)
30 days or less	492	1,301
31 to 60 days	301	–
61 to 180 days	3	–
	796	1,301

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

RMB	495	442
Hong Kong dollars	301	859
	796	1,301

17. SHARE CAPITAL

	31 December 2011 HK\$'000 (Unaudited)	30 June 2011 HK\$'000 (Audited)
Authorised:		
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



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 December 2011

18. CONTINGENT LIABILITIES

The Directors were not aware of any significant contingent liabilities of the Group as at 31 December 2011 (30 June 2011: Nil).

19. COMMITMENTS

(a) Lease commitments

At 31 December 2011, the total future minimum lease payments of the Group under non-cancellable operating leases were payable as follows:

	31 December 2011 HK\$'000 (Unaudited)	30 June 2011 HK\$'000 (Audited)
Future aggregate minimum lease payments under operating leases in respect of land and buildings		
– within one year	12,528	13,134
– in the second to fifth years inclusive	44,768	47,123
– over fifth years	1,866	7,036
	59,162	67,293

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

(b) Capital commitments

The Group's capital commitments for property, plant and equipment contracted but not provided for amounted to approximately HK\$11,441,000 at 31 December 2011 (30 June 2011: approximately HK\$12,346,000).



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 December 2011

20. RELATED PARTY TRANSACTIONS

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

	Six months ended	
	31 December	
	2011	2010
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Management service income received from a holding company	22	22
Payment of gene testing services cost to the related parties	2,689	1,062
Receipt of gene testing services income from the related parties	345	–
Payment of service fee to the substantial shareholder	225	150



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 December 2011

20. RELATED PARTY TRANSACTIONS *(Continued)*

The Group had the following balances with related parties:

	31 December	30 June
	2011	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Trade payable for gene testing services cost to the related parties	301	1,301
Trade receivable for gene testing services income from a related party	123	56

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

21. EVENTS AFTER THE REPORTING PERIOD

Deemed disposal of 20% equity interest of a subsidiary

On 13 January 2012, the Group entered into the Injection Agreement with Jilin Extrawell. Pursuant to the Injection Agreement, Jilin Extrawell agreed to inject RMB2.5 million by cash for 20% of the registered capital of a subsidiary of the Group, Longmark (Shanghai) as enlarged after the Injection of Capital within three months after signing of the Injection Agreement. Longmark (Shanghai) is engaged in the provision of health care management services. The Injection of Capital constitutes a deemed disposal by the Group of 20% equity interest of Longmark (Shanghai) within the meaning of Rule 14.29 of the Listing Rules. The completion of the Injection Agreement shall take place after all registrations with the relevant government bodies be completed.

22. APPROVAL OF UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements were approved and authorised for issue by the board of Directors on 29 February 2012.

