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

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

(Stock Code: 399)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

The board (the "Board") of directors (the "Directors") of United Gene High-Tech Group Limited (the "Company", together with its subsidiaries, the "Group") hereby announces the unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2014 (the "Financial Period") together with the comparative figures for the six months ended 30 September 2013 (the "Previous Financial Period") as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2014

		Six months ended 30 September	
	Notes	**2014** ***HK$'000*** **(unaudited)**	2013 *HK$'000* (unaudited)
Continuing operations			
Revenue	*3*	**18,185**	12,881
Cost of sales and services		**(17,845)**	(13,362)
Gross profit (loss)		**340**	(481)
Other income		**1,754**	2,698
Other gains and losses, net	*4*	**(313,905)**	(1,649)
Selling expenses		**(727)**	(1,486)
Administrative expenses		**(16,324)**	(19,649)
Impairment loss on intangible assets		**–**	(2,274)
Other expenses		**(4,050)**	(5,675)
Share of results of associates		**(755)**	–
Finance costs	*5*	**(15,974)**	(412)
Loss before tax		**(349,641)**	(28,928)
Income tax		**–**	–
Loss for the period from continuing operations	*6*	**(349,641)**	(28,928)

	Six months ended 30 September	
	2014	2013
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Discontinued operation		
Loss for the period from discontinued operation	**–**	(34,509)
Loss for the period	**(349,641)**	(63,437)
Other comprehensive (expense) income		
Items that may be subsequently reclassified to profit or loss:		
Fair value changes of available-for-sale financial assets	**163**	(1,584)
Reclassification adjustments for the cumulated gain upon disposal of available-for-sale financial assets	**(1,274)**	104
Exchange difference on translation of foreign operations	**10**	196
	(1,101)	(1,284)
Items that will not be reclassified subsequently to profit or loss:		
Gain on revaluation on land and buildings	**–**	1,992
Deferred taxation arising on revaluation of land and buildings	**–**	(492)
	–	1,500
Other comprehensive (expense) income for the period	**(1,101)**	216
Total comprehensive expense for the period	**(350,742)**	(63,221)
Loss for the period attributable to owners of the Company		
– from continuing operations	**(348,990)**	(27,611)
– from discontinued operation	**–**	(21,578)
Loss for the period attributable to owners of the Company	**(348,990)**	(49,189)
Loss for the period attributable to non-controlling interests		
– from continuing operations	**(651)**	(1,317)
– from discontinued operation	**–**	(12,931)
Loss for the period attributable to non-controlling interests	**(651)**	(14,248)
	(349,641)	(63,437)

	Note	Six months ended 30 September **2014** *HK$'000* **(unaudited)**	2013 *HK$'000* (unaudited)
Total comprehensive expense for the period attributable to:			
Owners of the Company		**(350,091)**	(48,973)
Non-controlling interests		**(651)**	(14,248)
		(350,742)	(63,221)
Loss per share	*8*		
From continuing and discontinued operations			
Basic		**HK(28.56) cents**	HK(5.39) cents
Diluted		**HK(28.56) cents**	HK(5.39) cents
From continuing operations			
Basic		**HK(28.56) cents**	HK(3.03) cents
Diluted		**HK(28.56) cents**	HK(3.03) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2014

	Notes	At 30 September 2014 HK$'000 (unaudited)	At 31 March 2014 HK$'000 (audited)
Non-current assets			
Property, plant and equipment		**36,102**	37,259
Interests in associates	*9*	**64,075**	184,500
Investments in convertible bonds	*10*	**250,288**	208,940
Intangible assets	*16*	**1,449,152**	–
		1,799,617	430,699
Current assets			
Inventories – finished goods		**61**	61
Trade receivables	*11*	**8,875**	11,411
Prepayments, deposits and other receivables		**24,412**	1,125
Available-for-sale financial assets		**–**	105,871
Bank and cash balances		**205,326**	192,351
		238,674	310,819
Current liabilities			
Trade payables	*12*	**5,553**	4,817
Accruals and other payables		**13,356**	10,318
Amount due to an associate		**22,167**	–
Amounts due to non-controlling interests		**22,872**	–
Amounts due to former non-controlling interests		**860**	–
Derivative financial instruments	*10*	**91,021**	–
		155,829	15,135
Net current assets		**82,845**	295,684
Total assets less current liabilities		**1,882,462**	726,383

	Note	At 30 September 2014 *HK$'000* (unaudited)	At 31 March 2014 *HK$'000* (audited)
Non-current liabilities			
Convertible bonds	*13*	**307,441**	52,228
Deferred tax liabilities		**1,934**	1,934
		309,375	54,162
NET ASSETS		**1,573,087**	672,221
Capital and reserves			
Share capital		**13,042**	11,362
Reserves		**694,168**	651,010
Equity attributable to owners of the Company		**707,210**	662,372
Non-controlling interests		**865,877**	9,849
TOTAL EQUITY		**1,573,087**	672,221

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 September 2014

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2014.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Internally-generated intangible assets – 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 development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;

- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. 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.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

Application of new Interpretation and amendments to Hong Kong Financial Reporting Standards ("HKFRSs")

In the current interim period, the Group has applied, for the first time, the following new interpretation and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") in the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities;
Amendments to HKAS 32	Offsetting financial assets and financial liabilities;
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets;
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting; and
HK(IFRIC) – INT 21	Levies

The application of the above new Interpretation and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Upon the acquisition of Smart Ascent Limited as set out in note 14, the Group has a new reportable and operating segment of "Research and development" below during the current period. The Group has five reportable and operating segments as follows:

(a) provision of genetic testing services in the PRC and Hong Kong("Provision of genetic testing services")

(b) distribution of bio-industrial products in the PRC ("Distribution of bio-industrial products")

(c) trading of beauty equipment and products in Hong Kong ("Trading of beauty equipment and products")

(d) securities investment in Hong Kong and outside Hong Kong ("Securities investment")

(e) research, development and commercialisation of products ("Research and development")

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

An operating segment regarding the provision of health care management services was discontinued in November 2013. The segment information reported below does not include any amounts for this discontinued operation.

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

Continuing operations

	Provision of genetic testing services		**Distribution of bio-industrial products**		**Trading of beauty equipment and products**		**Securities investment**		**Research and development**		**Total**	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Six months ended 30 September												
Revenue from external customers	**1**	91	**–**	–	**18,184**	12,790	**–**	–	**–**	N/A	**18,185**	12,881
Segment (loss)/profit after tax	**(5,026)**	(17,476)	**(1,462)**	(1,495)	**381**	(757)	**1,150**	1,633	**(535)**	N/A	**(5,492)**	(18,095)

	Six months ended 30 September	
	2014	2013
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Reconciliation of reportable segment loss after tax:		
Total segment loss	**(5,492)**	(18,095)
Corporate and other expenses	**(29,970)**	(11,794)
Share of results of associates	**(755)**	–
Unallocated other income, gains and losses, net	**(313,424)**	961
Consolidated loss for the period from continuing operations	**(349,641)**	(28,928)

Segment assets and liabilities

The following is an analysis of the Group's segment assets and liabilities by reportable segment:

	Segment assets		Segment liabilities	
	30.9.2014	31.3.2014	**30.9.2014**	31.3.2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Provision of genetic testing services	**98**	1,148	**260**	241
Distribution of bio-industrial products	**36,138**	36,660	**9,166**	9,190
Trading of beauty equipment and products	**8,876**	11,392	**5,661**	4,885
Security investment	**–**	105,871	**–**	–
Research and development	**1,462,812**	N/A	**49,550**	N/A
Segment total	**1,507,924**	155,071	**64,637**	14,316
Unallocated:				
Interests in associates	**64,075**	184,500	**–**	–
Investments in convertible bonds	**250,288**	208,940	**–**	–
Derivative financial instruments	**–**	–	**91,021**	–
Convertible bonds	**–**	–	**307,441**	52,228
Corporate and other assets/liabilities	**216,004**	193,007	**2,105**	2,753
Total	**2,038,291**	741,518	**465,204**	69,297

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than corporate assets, interests in associates, investments in convertible bonds, bank balances and cash; and

- all liabilities are allocated to operating segments other than corporate liabilities, derivative financial instruments and convertible bonds.

4. OTHER GAINS AND LOSSES, NET

	Six months ended 30 September	
	2014	2013
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Continuing operations		
Loss on deemed disposal of subsidiaries	**(184)**	–
Change in fair value of derivative components of investments in convertible bonds	**(33,780)**	–
Change in fair value of derivative financial instruments	**(91,021)**	–
Loss on acquisition of investments in convertible bonds	**(190,194)**	–
Gain (loss) on sale of available-for-sale financial assets	**1,274**	(104)
Loss on written off/disposals of property, plant and equipment	**–**	(1,545)
	(313,905)	(1,649)

5. FINANCE COSTS

	Six months ended 30 September	
	2014	2013
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Continuing operations		
Effective interest expense on convertible bonds	**15,974**	412

6. LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS

Loss for the period from continuing operations has been arrived at after charging the following:

	Six months ended 30 September	
	2014	2013
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Depreciation of property, plant and equipment	**1,288**	1,225
Operating lease charges of land and buildings	**1,268**	3,455
Cost of inventories recognised as an expense	**17,845**	13,362
Staff costs including directors' emoluments	**4,865**	5,136

7. DIVIDENDS

No dividends were paid, declared or proposed during the interim period. The directors have determined that no dividend will be paid in respect of the interim period (2013: nil).

8. LOSS PER SHARE

From continuing and discontinued operations

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

	Six months ended 30 September	
	2014	2013
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss		
Loss for the purposes of basic and diluted loss per share (loss for the period attributable to owners of the Company)	**(348,990)**	(49,189)

	Six months ended 30 September	
	2014	2013
	Number of shares	Number of shares
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**1,222,002**	912,671

The computation of diluted loss per share for the six months ended 30 September 2014 and 2013 does not assume the conversion of the Company's outstanding convertible bonds since their assumed conversion would result in a decrease the loss per share.

From continuing operations

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

	Six months ended 30 September	
	2014	2013
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss figures are calculated as follow:		
Loss for the period attributable to the owners of the Company	**(348,990)**	(49,189)
Less: Loss for the period from discontinued operation	**–**	21,578
Loss for the purposes of basic and diluted loss per share from continuing operations	**(348,990)**	(27,611)

The denominators used are the same as those detailed above for both basic and diluted loss per share.

From discontinued operation

Basic and diluted loss per share from discontinued operation for the six months ended 30 September 2013 is HK2.36 cents per share, which is based on the loss for the prior period from discontinued operation of HK$21,578,000 and the denominators detailed above for both basic and diluted loss per share.

9. INTERESTS IN ASSOCIATES

On 27 April 2013, the Company entered into the conditional sale and purchase agreement to acquire 450,000,000 ordinary shares of Extrawell Pharmaceutical Holdings Limited ("Extrawell"), a listed company in Hong Kong, of par value HK$0.01 each from JNJ Investments Limited, at a consideration of HK$288,000,000, which is satisfied by issuance of convertible bonds in the principle amount of HK$288,000,000 by the Company. The acquisition of the associate was completed on 25 October 2013, of which 370,000,000 ordinary shares of Extrawell was acquired by issuance of convertible bonds in the principle amount of HK$236,800,000, and the remaining 80,000,000 ordinary shares of Extrawell was acquired on 27 December 2013 by issuance of convertible bonds in the principle amount of HK$51,200,000.

On 25 November 2013, the shareholders of Longmark (Shanghai) HealthCare Limited ("Longmark (Shanghai)") passed a resolution for the change of the composition of the board of directors for which the Group can appoint one out of the three directors with effect from 29 November 2013, hence the Group controls 33.33% of the voting power in the board of directors' meeting. All the decisions made in the board of directors' meeting require more than 51% votes. As a result of the change in the composition of the board of directors, the Group is no longer in a position to exercise control over Longmark (Shanghai). Since then, Longmark (Shanghai) and its wholly-owned subsidiary 上海龍冠門診部有限公司 ("Longguan"), ceased to be subsidiaries of the Group and became associates.

	At 30 September 2014 *HK$'000* **(unaudited)**	At 31 March 2014 *HK$'000* (audited)
Cost of investments in associates		
Listed in Hong Kong	**476,732**	474,302
Unlisted	**–**	–
Adjustments to the carrying amounts of associates		
Share of post-acquisition profits (losses) and other comprehensive expenses	**51,131**	(3,987)
Impairment loss on interests in associates	**(285,815)**	(285,815)
Reclassification to non-controlling interests *(Note)*	**(122,100)**	–
Unrealised gain *(Note)*	**(55,873)**	–
Carrying value of interests in associates	**64,075**	184,500

Note: During the period, the Group has purchased 51% equity interest in Smart Ascent Limited ("Smart Ascent") from Extrawell (BVI) Limited, a wholly-owned subsidiary of Extrawell (the "Extrawell (BVI)") of which details are set out in note 14. The reclassification represented the interest in Smart Ascent that is held by Extrawell while Smart Ascent is a subsidiary and consolidated by the Group.

As at 30 September 2014, the Group had interests in the following associates:

Name of entity	Place of incorporation/ registration	Principal place of operation	Class of shares held	Proportion nominal of value of issued capital held by the Group		Proportion of voting power held		Principal activity
				30.9.2014	31.3.2014	30.9.2014	31.3.2014	
Extrawell	Bermuda	PRC	Ordinary shares	19.13% *(note a)*	18.83%	19.13%	18.83%	Development, manufacture and sales of pharmaceutical products
Longmark (Shanghai)	PRC	PRC	Registered capital	49.78% *(note b)*	50.02%	33.33%	33.35%	Provision of health care management services

Notes:

(a) During the six months ended 30 September 2014, additional 0.3% equity interest of this associate were acquired from stock market.

(b) During the six months ended 30 September 2014, 0.24% equity interest of the associates were diluted by capital injection by another shareholder.

10. INVESTMENTS IN CONVERTIBLE BONDS

On 27 April 2013, the Company entered into the conditional sale and purchase agreement to acquire (i) convertible bonds issued by Extrawell in an aggregate principal amount of HK$320,650,000 ("Sale CB-I") from Dr. Mao Yumin ("Dr. Mao"), the ultimate controlling shareholder of the Company at an aggregate consideration of HK$320,000,000 ("Consideration I"); and (ii) convertible bonds issued by Extrawell in an aggregate principal amount up to HK$256,200,000 ("Sale CB-II") from Dr. Mao at an aggregate consideration up to a maximum amount of HK$256,000,000 ("Consideration II"). Consideration I is satisfied by cash consideration of HK$120,000,000 and issuance of convertible bonds in the principle amount of HK$200,000,000 by the Company. Consideration II will be satisfied by issuance of convertible bonds in the principle amount of HK$256,000,000 in four batches by the Company.

The Sale CB-I and Sale CB-II (collectively referred to as "Sale CBs") are zero coupon convertible bonds, with a maturity date of twentieth anniversary of the issue date and are denominated in HK$. The Sale CBs entitle the bond holders to convert them into shares of Extrawell at any time during the period commencing from the date of issuance up to the seventh business day prior to the maturity of the Sale CBs, at the conversion price per share of HK$0.6413, subject to anti-dilutive clauses.

The acquisition of first batch and second batch Sale CB-II were completed on 24 April 2014 and 30 August 2014, respectively. On initial recognition, the fair value of the liability component of HK$2,572,000 and HK$2,628,000 are determined using the prevailing market interest rate of similar non-convertible debts and is carried at amortised cost subsequently. The fair value of the embedded conversion option at the acquisition date and 30 September 2014 are calculated using the Binomial Model and taking into account the dilution effect of the conversion of the convertible bonds. The inputs into the model were as follows:

	24 April 2014	**30 August 2014**	**30 September 2014**
Stock price	HK$0.4	HK$0.335	HK$0.355
Exercise price	HK$0.6413	HK$0.6413	HK$0.6413
Discount rate	18.21%	18.44%	18.32%
Risk-free rate *(note a)*	2.70%	2.28%	2.41%
Expected volatility *(note b)*	63.71%	62.61%	62.74%
Expected dividend yield *(note c)*	0.00%	0.00%	0.00%

Notes:

(a) The rate was determined with reference to the yields of Hong Kong government bonds and treasury bills as at the date of valuation.

(b) Based on the historical price volatility of Extrawell over the bond period.

(c) Estimated regarding the historical dividend payout of Extrawell.

The forward contracts to acquire the third batch of Sale CB-II and to issue the convertible bonds as consideration by the Company are considered as derivative financial instruments upon completion of the first batch of Sale CB-II and the fair value as at 30 September 2014 is HK$91,021,000.

During the period ended 30 September 2014, the Group recognised (i) loss on acquisition of investments in convertible bonds of approximately HK$190,194,000 in profit or loss which is resulted from differences between the fair value of Consideration II of first batch and second batch of Sale CB-II of HK$263,975,000 and the aggregate amount of fair value of Sale CB-II of HK$40,143,000 and HK$33,638,000 as at 24 April 2014 and 30 August 2014 respectively; (ii) fair value loss of aforesaid forward contracts of HK$91,021,000; and (iii) subsequent decrease in fair value changes on the derivative components of investments in convertible bonds of HK$33,780,000 as at 30 September 2014.

As at 30 September 2014, the carrying amounts of the debt and the derivative components of the investments in convertible bonds are HK$19,792,000 and HK$230,496,000 respectively.

11. TRADE RECEIVABLES

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

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

	At 30 September 2014 *HK$'000* **(unaudited)**	At 31 March 2014 *HK$'000* (audited)
30 days or less	**2,889**	3,138
31 to 60 days	**2,942**	1,894
61 to 180 days	**3,044**	6,359
Over 180 days	**–**	20
	8,875	11,411

12. TRADE PAYABLES

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

	At 30 September 2014 *HK$'000* **(unaudited)**	At 31 March 2014 *HK$'000* (audited)
30 days or less	**2,697**	3,047
31 to 60 days	**2,856**	1,770
	5,553	4,817

13. CONVERTIBLE BONDS

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

The Convertible Bonds entitle the bond holders to convert them into shares of the Company at any time within 10 years from the date of issue of the Convertible Bonds, at the conversion price per share of HK$0.4, subject to anti-dilution clauses.

If the Convertible Bonds have not been converted, they will be redeemed at par on the tenth anniversary of the date of issue. The Company is allowed at any time since the date of issue to the maturity date, to redeem all or part of the outstanding Convertible Bonds at par any time from the date of issuance together with interest accrued to the date fixed for redemption by giving not less than 14 business days' notices to the bond holders.

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

During the period ended 30 September 2014, Convertible Bonds with aggregate principal amounts of HK$6,800,000 were converted into ordinary shares of the Company.

The movement of liability component of Convertible Bonds for the period is set out below:

	Principal amount *HK$'000*	**Carrying amount** *HK$'000*
As at 1 April 2014 (audited)	**6,800**	**853**
Interest charge *(Note 5)*	**–**	**65**
Conversion to ordinary shares	**(6,800)**	**(918)**
30 September 2014 (unaudited)	**–**	**–**

The Company issued convertible bonds in an aggregate principle amount of HK$436,800,000 and HK$51,200,000 respectively on 25 October 2013 and 27 December 2013 (collectively referred to as "Convertible Bonds I") for the acquisition of Sale CB-I and 450,000,000 ordinary shares of Extrawell. The Convertible Bonds I with zero coupon rate maturing on the tenth anniversary of the date of issue.

The Convertible Bonds I entitle the bond holders to convert them into shares of the Company at any time within 10 years from the date of issue of the Convertible Bonds I, at the conversion price per share of HK$0.4, subject to anti-dilution clauses.

If the Convertible Bonds I have not been converted, they will be redeemed at par on the tenth anniversary of the date of issue.

The Convertible Bonds I are issued in HK$. The fair value of the liability component were HK$42,886,000 and HK$4,981,000 for the Convertible Bonds I issued by the Company at 25 October 2013 and 27 December 2013 respectively, which has been determined by the discounted cash flow approach using the prevailing market interest rate of similar non-convertible bonds and taking into account the credit risk of the Company. The fair values of the conversion option of HK$671,267,000 and HK$82,161,000 classified as equity component for Convertible Bond I issued by the Company at 25 October 2013 and 27 December 2013 respectively, are calculated using Binomial Model.

During the period ended 30 September 2014, Convertible Bonds I with aggregate principal amounts of HK$60,400,000 were converted into ordinary shares of the Company.

The movement of liability component of Convertible Bonds I for the period is set out below:

	Principal amount *HK$'000*	Carrying amount *HK$'000*
As at 1 April 2014 (audited)	**476,000**	**51,375**
Interest charge *(Note 5)*	**–**	**5,915**
Conversion to ordinary shares	**(60,400)**	**(6,928)**
30 September 2014 (unaudited)	**415,600**	**50,362**

The Company issued convertible bonds in an aggregate principle amount of HK$64,000,000 and HK$64,000,000 respectively on 24 April 2014 and 30 August 2014 (collectively referred to as "Convertible Bonds II") for the acquisition of Sale CB-II first batch and second batch. The Convertible Bonds II with zero coupon rate maturing on the tenth anniversary of the date of issue.

The Convertible Bonds II entitle the bond holders to convert them into shares of the Company at any time within 10 years from the date of issue of the Convertible Bonds II, at the conversion price per share of HK$0.4, subject to anti-dilution clauses.

If the Convertible Bonds II have not been converted, they will be redeemed at par on the tenth anniversary of the date of issue.

The Convertible Bonds II are issued in HK$. The fair values of the liability component were HK$6,622,000 and HK$6,916,000 for the Convertible Bonds II issued by the Company at 24 April 2014 and 30 August 2014 respectively, which has been determined by the discounted cash flow approach using the prevailing market interest rate of similar non-convertible bonds and taking into account the credit risk of the Company. The fair values of the conversion option of HK$131,454,000 and HK$118,983,000 classified as equity component for the Convertible Bonds II issued by the Company at 24 April 2014 and 30 August 2014 respectively are calculated using Binomial Model. The inputs into the model were as follows:

	Date of issue of principal amount of HK$64,000,000	**Date of issue of principal amount of HK$64,000,000**
Stock price	HK$1.42	HK$1.19
Exercise price	HK$0.40	HK$0.40
Discount rate	25.46%	24.92%
Risk-free rate *(note a)*	2.20%	1.84%
Expected volatility *(note b)*	84.57%	82.53%
Expected dividend yield *(note c)*	0.00%	0.00%

Notes:

(a) The rate was determined with reference to the yields of Hong Kong government bonds and treasury bills as at the date of valuation.

(b) Based on the historical price volatility of the Company over the bond period.

(c) Estimated regarding the historical dividend payout of the Company.

During the period ended 30 September 2014, no Convertible Bonds II was converted into ordinary shares of the Company.

The movement of liability component of Convertible Bond II for the period is set out below:

	Principal amount *HK$'000*	**Carrying amount** *HK$'000*
As at 1 April 2014 (audited)	**–**	**–**
Issuance of Convertible Bonds II	**128,000**	**13,538**
Interest charge *(Note 5)*	**–**	**826**
30 September 2014 (unaudited)	**128,000**	**14,364**

During the Financial Period, the Company issued convertible bonds in an aggregate principle amount of HK$715,000,000 on 28 July 2014 (collectively referred to as "Convertible Bonds III") for the acquisition of 51% equity interest in Smart Ascent Limited. The Convertible Bonds III with a coupon rate of 3.5% per annum mature on the seventh anniversary of the date of issue.

The Convertible Bonds III entitle the bond holders to convert them into shares of the Company at any time within 7 years from the date of issue of the Convertible Bonds III, at the conversion price per share of HK$2.5, subject to anti-dilution clauses.

If the Convertible Bonds III have not been converted, they will be redeemed at par on the seventh anniversary of the date of issue.

The Convertible Bonds III are issued in HK$. The fair values of the liability component was HK$233,547,000 for the Convertible Bonds III issued by the Company at 28 July 2014, which has been determined by the discounted cash flow approach using the prevailing market interest rate of similar non-convertible bonds and taking into account the credit risk of the Company. The fair values of the conversion option of HK$136,646,000 classified as equity component for the Convertible Bonds III issued by the Company at 28 July 2014 is calculated using Binomial Model. The inputs into the model were as follows:

	Date of issue of principal amount of HK$715,000,000
Stock price	HK$1.27
Exercise price	HK$2.5
Discount rate	24.67%
Risk-free rate *(note a)*	1.63%
Expected volatility *(note b)*	80.04%
Expected dividend yield *(note c)*	0.00%

Notes:

(a) The rate was determined with reference to the yields of Hong Kong government bonds and treasury bills as at the date of valuation.

(b) Based on the historical price volatility of the Company over the bond period.

(c) Estimated regarding the historical dividend payout of the Company.

During the period ended 30 September 2014, no Convertible Bonds III was converted into ordinary shares of the Company.

The movement of liability component of Convertible Bond III for the period is set out below:

	Principal amount *HK$'000*	**Carrying amount** *HK$'000*
As at 1 April 2014 (audited)	–	–
Issuance of Convertible Bonds III	**715,000**	**233,547**
Interest charge *(Note 5)*	–	**9,168**
30 September 2014 (unaudited)	**715,000**	**242,715**

14. ACQUISITION OF SUBSIDIARIES

On 17 March 2014, Clear Rich International Limited ("Clear Rich"), a wholly-owned subsidiary of the Company, and Extrawell (BVI) entered into an acquisition agreement pursuant to which Clear Rich purchased 51% equity interest in Smart Ascent from Extrawell (BVI) at a consideration of HK$780,000,000, which was satisfied by the issuance of convertible bonds by the Company in the principal amount of HK$715,000,000 and cash consideration of HK$65,000,000. Smart Ascent, together with its wholly-owned subsidiaries, are engaged in businesses relating to the health care, pharmaceutical and biotechnology industries including research and development of a technology allowing the oral administration of insulin. The transaction was completed on 28 July 2014.

The net assets acquired in the transaction are as follows:

	HK$'000
Net assets acquired:	
Intangible assets	1,449,152
Amount due from a non-controlling interest	37
Prepayments, deposits and other receivables	12,417
Bank and cash balances	353
Accruals and other payables	(3,300)
Amounts due to non-controlling interests	(43,827)
Amounts due to former non-controlling interests	(860)
	1,413,972
Non-controlling interests	(978,779)
	435,193
Total consideration satisfied by:	
Cash consideration	65,000
Issuance of convertible bonds (at fair value)	370,193
	435,193
Net cash outflow arising on acquisition:	
Cash consideration	65,000
Less: bank and cash acquired	(353)
	64,647

15. CONTINGENT LIABILITIES AND LITIGATION

Litigation concerning 中荷(平湖)生物技術有限公司 (CNL (Pinghu) Biotech Co. Ltd. "CNL (Pinghu)") in the PRC

On 17 April 2012, a writ of summons was issued by 江蘇瑞峰建設集團有限公司 (Jiangsu Ruifeng Construction Group Co., Limited) ("Jiangsu Ruifeng") in the PRC as the plaintiff against CNL (Pinghu), an indirect non-wholly owned subsidiary of the Company, as the defendant in relation to the disputes arising from the consideration and completion of construction services under the construction contracting services agreement dated 8 October 2010, the construction agreement dated 17 December 2010 and the supplemental agreement dated 8 March 2011 (collectively referred to as the "Construction Agreements") entered into between CNL (Pinghu) and Jiangsu Ruifeng, to claim the outstanding construction cost of RMB13,150,000, the related interests and litigation costs of the case. Pursuant to the Construction Agreements, the total construction costs was RMB16,675,000. Jiangsu Ruifeng had issued invoices amounting to RMB29,126,000 in relation to the construction work they performed. The aggregated invoice amount was substantially different from the contracted amount. CNL (Pinghu) only settled the amount of RMB16,601,000 and was recorded as the cost of buildings as at 30 June 2012. On 24 April 2012, Jiangsu Ruifeng obtained a civil ruling against CNL (Pinghu), pursuant to which a bank deposit of RMB15,000,000 or equivalent amount of assets of CNL (Pinghu) were to be frozen, but the actual amount frozen was HK$222,000 as at 30 June 2012, which was significantly lower than the amount stated in the civil ruling. The frozen balance was released during the year ended 30 June 2013. On 14 January 2013, an independent construction consulting company, which was appointed by Pinghu District Court, issued a statement certifying the total construction cost incurred would be in a range between RMB15,093,000 (equivalent to approximately HK$19,142,000) and RMB18,766,000 (equivalent to approximately HK$23,801,000). According to the relevant legal opinion dated on 29 July 2013, the possibility for Pinghu District Court for adopting the construction cost of RMB18,766,000 is higher. On 20 December 2013, the 浙江省平湖市人民法院 (People's Court of Pinghu City, Zhejiang Province) delivered a further civil ruling, pursuant to which, CNL (Pinghu) shall, after the said civil ruling came into force, pay to Jiangsu Ruifeng, among other things, a fee of RMB4,008,000 (equivalent to approximately HK$5,062,000) for the construction services rendered. CNL (Pinghu) filed an application to appeal to 浙江省嘉興市中級人民法院 (the Intermediate People's Court of Jiaxing City, Zhejiang Province). On 25 April 2014, 浙江省嘉興市中級人民法院 delivered a civil judgement in relation to the appeal pursuant to which the appeal was rejected and remained the original judgement of 浙江省平湖市人民法院. As at 30 September 2014, the total amount of construction costs, including interests and legal fee required to be paid by the Group was RMB4,223,000 (equivalent to approximately HK$5,326,000), provision has been made by the Group in this regard. As at the date of this announcement, the Group paid RMB1,260,000 (equivalent to approximately HK$1,589,000) in respect of this litigation.

16. INTANGIBLE ASSETS

In acquiring Smart Ascent, the Group recognized intangible assets of HK$1,449 million related to the oral insulin technology held by the Smart Ascent. Details of the acquisition are set out in note 14.

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP RESULTS

Revenue from continuing operations for the Financial Period amounted to HK$18.2 million, representing an improvement from the total revenue of HK$12.9 million recorded in the Previous Financial Period, which was primarily due to greater trading activity. Loss attributable to the owners of the Company for the Financial Period was HK$349.0 million, representing an increase from the loss of HK$49.2 million for the Previous Financial Period. The increase in loss was primarily caused by the accounting effects of the Group's investments in Extrawell, such investments consisting of convertible bonds and shares, which amounted to approximately HK$315.0 million.

BUSINESS REVIEW

Distribution of genetic testing services

Since 2010, the Group has held the permanent and exclusive distribution rights for genetic testing services in the regions of the PRC, Hong Kong and Macau, permanent non-exclusive distribution rights for genetic testing services in other regions, and the right to use certain logos on genetic testing products and for genetic testing services that are distributed by the Group. The Group has franchised the distribution rights of the genetic testing products and services and expects to generate greater business activity going forward. During the Financial Period, revenue arising from the provision of genetic testing services decreased to HK$1,130 from HK$91,000 in the Previous Financial Period.

Distribution of bio-industrial products

The Group has held the exclusive distribution rights for the distribution of bone chips and fat in the PRC from 1 January 2010 for a term of 5 years. Upon its expiry, these rights will automatically be renewed, subject to any objection raised by any relevant party on or before 31 December 2014, for an additional 10 years. There was no revenue arising from the distribution of bio-industrial products during both the Financial Period and Previous Financial Period.

Trading of beauty equipment and products

The Group commenced the trading of beauty equipment and products since June 2013. During the Financial Period, revenue arising from the trading of beauty equipment and products amounted to HK$18.2 million, representing an improvement of 42% over the revenue of HK$12.8 million recorded for the Previous Financial Period.

Investments in Extrawell

In April 2013, the Company entered into a conditional sale and purchase agreement through which the Group would acquire shares and convertible bonds issued by Extrawell. Extrawell is a company of which shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Group's investment in Extrawell is therefore sensitive to share price fluctuations of Extrawell's publicly traded shares and subject to impairment assessment in accordance with Hong Kong Accounting Standards.

Research and development

In July 2014, the Company completed the acquisition of a majority stake in Smart Ascent (together with its subsidiaries, the "SAL Group"), representing 51% of the issued share capital of Smart Ascent. Upon completion of such acquisition, Smart Ascent became owned as to 51% by the Company and the companies of the SAL Group became non wholly owned subsidiaries of the Company. SAL Group is principally engaged in the research and development of a technology that would allow insulin to be administered orally. Research and development expenditures incurred by the Group during the Financial Period amounted to approximately HK$535,000.

PROSPECTS

Distribution of genetic testing services

In October 2014, the Group franchised the genetic testing distribution rights to two related parties who began providing genetic testing services and selling genetic testing products in the PRC. The Group anticipates an improvement in the genetic testing segment but is of the view that the continuing challenging regulatory environment in the PRC may have an adverse impact upon the prospects of genetic testing in the PRC in the long run.

Distribution of bio-industrial products

CNL (Pinghu) Biotech Co. Ltd., a non-wholly owned subsidiary of the Company, ("CNL (Pinghu)") commenced the construction of the production plant, research and development workshop and office in 2010. Since 2012, CNL (Pinghu) has been a defendant to a civil litigation suit in the PRC regarding the construction costs of the production plant. A verdict on the civil litigation suit was reached in April 2014 pursuant to which it was ruled that the Group is liable to pay approximately RMB4.2 million to the plaintiffs. As at the date of this announcement, the Group continues to actively seek legal remedies and resolution and has initiated further legal action. Further announcement will be made by the Company as appropriate pursuant to the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Trading of beauty equipment and products

Trading segment of the Group represents the major component contributing to the Group's revenues. The major trading products of the Group are beauty equipment and beauty products. It is expected that the rising GDPs and average incomes in many Asian developing countries will continue to create greater demand for this segment. Revenues and profit margins of the Group from the trading segment have been relatively stable in the past and the Group aims to increase trading volume and thereby improve profits in the long run.

Securities investment

The Group holds the view that the global and Asian economic outlooks will continue to improve. The management of the Group continues to actively review the performance of the Group's portfolio and source new investment products. During the Financial Period, the Group gained access to a greater number of investment products. The Group is actively reviewing the products and anticipates investing in the products in the near future.

Research and development

The Group operates SAL Group with the intention of completing the research and development of the technology that would allow insulin to be administered orally.

During the Financial Period, the Group explored potential opportunities with investors and potential partners. As at the date of this announcement, the Group has yet to encounter a suitable business partner. The Group will continue to evaluate potential products that would be used to bolster the Group's pipeline.

FINANCIAL REVIEW

Capital structure

	30.9.2014	31.3.2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Authorised:		
50,000,000,000 ordinary shares of HK$0.01 each (the "Shares")	**500,000**	500,000
Issued and fully paid:		
1,304,193,024 Shares (As at 31 March 2014: 1,136,193,024 Shares)	**13,042**	11,362

	Number of shares issued	**Share capital**
		HK$'000
As at 31 March 2014	1,136,193,024	11,362
Conversion of Convertible Bonds (note a)	17,000,000	170
Conversion of Convertible Bonds I (note b)	151,000,000	1,510
As at 30 September 2014	**1,304,193,024**	**13,042**

Notes:

(a) During the period ended 30 September 2014, 17,000,000 new Shares were issued by the Company upon the conversion of its convertible bonds in an aggregate principal amount of HK$6,800,000 (the "Convertible Bonds") at a conversion price of HK$0.4 per Share.

(b) During the period ended 30 September 2014, 151,000,000 new Shares were issued upon the conversion of its convertible bonds in an aggregate principal amount of HK$60,400,000 (the "Convertible Bonds I") at a conversion price of HK$0.4 per Share.

Liquidity and financial resources

As at 30 September 2014, the Group had bank and cash balances of approximately HK$205.3 million (31 March 2014: approximately HK$192.4 million).

As at 30 September 2014, total borrowings of the Group were approximately HK$307.4 million (31 March 2014: HK$52.2 million) which entirely reflected the debt value of the Company's unconverted Convertible Bonds.

The ratio of current assets to current liabilities of the Group was 1.53 as at 30 September 2014 as compared to 20.54 as at 31 March 2014. The Group's gearing ratio as at 30 September 2014 was 0.22 (31 March 2014: 0.09) which is calculated based on the Group's total liabilities of approximately HK$465.2 million (31 March 2014: approximately HK$69.3 million) and the Group's total assets of approximately HK$2.1 Billion (31 March 2014: approximately HK$741.5 million).

During the Financial Period, the Group liquidated its holdings of time deposits and listed bonds with the aim to invest in equity securities. The Group places importance on security, short-term commitment and availability of the surplus cash and cash equivalents.

Significant acquisition and investments

On 17 March 2014, Clear Rich, a wholly-owned subsidiary of the Company as the purchaser and Extrawell (BVI) Limited (the "Vendor"), as vendor, entered into an acquisition agreement, pursuant to which Clear Rich agreed to acquire and the Vendor agreed to sell 51% interest in the share capital of SAL Group for a consideration of HK$780,000,000 upon the satisfaction of certain conditions precedent.

As additional time was required for the fulfillment of the conditions precedent, on 17 July 2014, Clear Rich and the Vendor entered into a confirmation letter pursuant to which Clear Rich and the Vendor agreed to extend the long stop date to 31 July 2014 or such other date as Clear Rich and Vendor may agree in writing.

Completion of this acquisition took place on 28 July 2014 when 5,100 ordinary shares representing 51% of the issued share capital of SAL Group was transferred to Clear Rich by the Vendor and the consideration in the sum of HK$780,000,000 was settled by Clear Rich with the Vendor in the following manner (i) a cash sum of HK$65,000,000 paid by Clear Rich to Extrawell as nominated by the Vendor in writing; and (ii) the issuance of convertible bonds of an aggregate principal amount of HK$715,000,000 by the Company to Extrawell as nominated by the Vendor in writing. Upon completion of the above acquisition, SAL Group became owned as to 51% by the Company and an indirect non-wholly owned subsidiary of the Company. The Group will continue to maintain SAL Group's existing research and development budgets, and has worked to integrate SAL Group into the Group.

On 24 April 2014 and 30 August 2014, the Group further acquired two tranches of convertible bonds issued by Extrawell with a principal amount of HK$64.13 million for each tranche from Dr. Mao pursuant to the conditional sale and purchase agreement entered into between among others, the Company and Dr. Mao dated 27 April 2013 (hereinafter referred to as "Transaction II"). The Company issued two tranches of convertible bonds with a principal amount of HK$64 million for each tranche as consideration for the above transaction.

Dr. Mao is a controlling shareholder of the Company. Accordingly, Dr. Mao is considered as a connected person of the Company and Extrawell under Chapter 14A of the Listing Rules. As such, the above transactions constitute connected transactions of the Company under Chapter 14A of the Listing Rules and shall be aggregated pursuant to Rule 14A.81 of the Listing Rules.

In completing the first and second batches of Transaction II, the conditions necessary for the third batch of Transaction II were met and therefore the Group recognized the forward contract in relation to the third batch of Transaction II in accordance with Hong Kong Accounting Standards. The fourth batch, which is also the final batch of Transaction II, is not subject to forward contract treatment because the Company and Dr. Mao both have the option to not complete the fourth batch and therefore the conditions necessary to satisfy the fourth batch have not yet been fulfilled as at the date of this announcement.

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

Significant loss on acquisition of convertible bonds

During the Financial Period, the Group acquired two tranches of convertible bonds issued by Extrawell with principal amounts of HK$64.13 million and HK$64.13 million, respectively. For accounting purposes, the acquisition of the two tranches of convertible bonds also created a forward contract because the conditions necessary to acquire the third tranche of convertible bond issued by Extrawell of a principal amount of HK$64.13 million was met. The difference between the fair value of the considerations exchanged and the implicit forward contract that was recognized during the Financial Period created an accounting loss of approximately HK$281.2 million.

Charges on the Group's assets

As at 30 September 2014, the Group and the Company did not have any charges on their assets (31 March 2014: Nil).

Contingent liabilities

Details of litigation and contingent liabilities are set out in note 15 to the condensed consolidated financial statements in this announcement.

Foreign exchange exposure

The monetary assets and liabilities and businesses of the Group are mainly carried out and conducted in Hong Kong Dollars, Renminbi and United States Dollars. The Group maintains a prudent strategy in its foreign exchange risk management, with the foreign exchange risk being minimised through balancing the foreign currency monetary assets against foreign currency monetary liabilities, and foreign currency revenue against foreign currency expenditure. The Group did not use any financial instrument to hedge against foreign currency risk. The Group will monitor its foreign currency exposure closely and consider hedging foreign currency exposure should the need arise.

Number and remuneration of employees

As at 30 September 2014, the Group had 42 (31 March 2014: 67) full-time employees, most of whom were working in the Company's subsidiaries in the PRC. The decrease in staff is due to increases in the efficiency of human resources of the Group and subsequent redundancies. It is the Group's policy that remuneration of the employees and Directors is in line with the market and commensurate 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 Financial Period amounted to approximately HK$4.9 million (Previous Financial Period: approximately HK$5.1 million).

Segment information

Details of the segment information is set out in note 3 to the condensed consolidated financial statements in this announcement.

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

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to striving good corporate governance practices and emphasising on transparency and accountability to its shareholders and stakeholders for enhancing investor confidence. Throughout the Financial Period, the Company has adopted and complied with all the code provisions as set out in the Corporate Governance Code ("CG Code") as set forth in Appendix 14 to the Listing Rules, save and except for the deviations from code provisions A.2.1 and A.4.1.

Code provision A.2.1

Code provision A.2.1 stipulates that, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Ms. Jiang Nian is the chairman of the Group. As at the date of this announcement, the role of chief executive officer remains vacant. The Company is continually 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 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 was unable to fully comply with code provision A.4.1 of the CG Code during the Financial Period.

The Directors believe that, despite the absence of specified terms for non-executive Directors, sufficient measures have been taken to serve the purpose of this code provision and that 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. Upon specific enquiries being made with all the Directors, each of them have confirmed that they have fully complied with the required standards set out in the Model Code throughout the Financial Period in relation to their securities dealings, if any.

AUDIT COMMITTEE

The Company has established an audit committee of the Company (the "Audit Committee") with written terms of reference in compliance with Rules 3.21 and 3.22 of the Listing Rules and code provision C.3 of the CG Code. The Audit Committee consists of three independent non-executive Directors. The Audit Committee reviews with the management of the accounting policies and practices adopted by the Group and discusses the auditing, internal control and financial reporting matters. The Group's unaudited interim financial statements for the Financial Period have been reviewed by the Audit Committee.

CHANGE OF FINANCIAL YEAR

To align the Company's financial year end date with that of the Company's principal listed associate which is the Group's substantial investment. During the Financial Period, the Board has proposed and changed its financial year end date from 30 June to 31 March. The Board does not foresee any material financial implications on the Group as a result of the change in financial year end date of the Company nor is there any other matter of significance that needs to be brought to the attention of the shareholders of the Company in this regard.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

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

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

Hong Kong, 28 November 2014

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