

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.



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)

(A) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION IN RELATION TO

**(I) PROPOSED ACQUISITION OF
19.65% ISSUED SHARE CAPITAL OF
EXTRAWELL PHARMACEUTICAL HOLDINGS LIMITED (STOCK CODE: 858)
INVOLVING PROPOSED ISSUANCE OF
CONVERTIBLE BONDS UNDER SPECIFIC MANDATE**

AND

**(II) PROPOSED ACQUISITION OF AN AGGREGATE OF
HK\$320,650,000 CONVERTIBLE BONDS TO BE ISSUED BY
EXTRAWELL PHARMACEUTICAL HOLDINGS LIMITED (STOCK CODE: 858)
INVOLVING PROPOSED ISSUANCE OF
CONVERTIBLE BONDS UNDER SPECIFIC MANDATE**

AND

**(III) PROPOSED ACQUISITION OF AN AGGREGATE UP TO
HK\$256,520,000 CONVERTIBLE BONDS TO BE ISSUED BY
EXTRAWELL PHARMACEUTICAL HOLDINGS LIMITED (STOCK CODE: 858)
INVOLVING PROPOSED ISSUANCE OF
CONVERTIBLE BONDS UNDER SPECIFIC MANDATE**

AND

(B) RESUMPTION OF TRADING

Financial Adviser to the Company



**WALLBANCK BROTHERS
Securities (Hong Kong) Limited**

THE S&P AGREEMENT

The Board is pleased to announce that on 27 April 2013 (after trading hours), the Company and the Vendors entered into the S&P Agreement, pursuant to which the Company has conditionally agreed to acquire, and (i) Vendor A and Vendor B have conditionally agreed to sell the Sale CB-I in an aggregate principle amount of HK\$320,650,000 and 450,000,000 Sale Shares respectively, at an aggregate Consideration I of HK\$608,000,000; and (ii) Vendor A has conditionally agreed to sell the Sale CB-II in an aggregate principle amount up to HK\$256,520,000, at an aggregate Consideration II up to a maximum HK\$256,000,000, in four batches.

Upon completion of Transaction I, the Target Company will be accounted for as an associate in the financial statement of the Group. Upon completion of each of the Transaction II, the conversion of Sale CB-I or the conversion of Sale CB-II or all the aforesaid, the Target Company will continue to be an associate of the Group.

(A) Transaction I – Sale and Purchase of the Sale Shares and Sale CB-I

(i) Payment Mechanism of Consideration I

Consideration I as HK\$608,000,000 shall be satisfied by the Company in the following manner:

- (i) an aggregate sum of HK\$120,000,000 shall be payable in cash by the Company to Vendor A upon Completion I;
- (ii) an aggregate sum of HK\$200,000,000 shall be payable by issue of the relevant Convertible Bonds I in the principle amount of HK\$200,000,000 by the Company to Vendor A or his nominee(s) (as he may direct in writing) upon Completion I; and
- (iii) an aggregate sum of HK\$288,000,000 shall be payable by issue of the relevant Convertible Bonds I in the principle amount of HK\$288,000,000 by the Company to Vendor B or its nominee(s) (as it may direct in writing) upon Completion I.

Based on the initial Conversion Price of HK\$0.40, a maximum number of 1,220,000,000 Conversion Shares I will be allotted and issued upon exercised in full of the conversion rights attaching to the Convertible Bonds I, which represent:

- (i) approximately 154.30% of the total issued share capital of the Company as at the date of this announcement;
- (ii) approximately 60.68% of the total issued share capital of the Company as enlarged by the allotment and issue of Conversion Shares I upon exercise in full of the conversion rights attaching to Convertible Bonds I; and
- (iii) approximately 46.03% of the total issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon exercise in full of the conversion rights attaching to Convertible Bonds.

(ii) Completion I

Completion I is subject to the fulfillment of the conditions precedent under the section headed “Transaction I – Conditions precedent” of this announcement.

(B) Transaction II – Sale and Purchase of the Sale CB-II

(i) Payment Mechanism of Consideration II

Consideration II as up to a maximum HK\$256,000,000 shall be satisfied by the Company upon Completion II in the following manner:

- (i) an aggregate sum of HK\$64,000,000 shall be payable by issue of relevant Convertible Bonds II in the principle amount of HK\$64,000,000 by the Company to Vendor A or his nominee(s) (as he may direct in writing) upon Completion II – First Batch (or such other date as Vendor A and the Company may agree in writing);
- (ii) an aggregate sum of HK\$64,000,000 shall be payable by issue of relevant Convertible Bonds II in the principle amount of HK\$64,000,000 by the Company to Vendor A or his nominee(s) (as he may direct in writing) upon Completion Date II – Second Batch (or such other date as Vendor A and the Company may agree in writing);

- (iii) an aggregate sum of HK\$64,000,000 shall be payable by issue of relevant Convertible Bonds II in the principle amount of HK\$64,000,000 by the Company to Vendor A or his nominee(s) (as he may direct in writing) upon Completion Date II – Third Batch (or such other date as Vendor A and the Company may agree in writing); and
- (iv) an aggregate sum of HK\$64,000,000 shall be payable by issue of the relevant Convertible Bonds II in the principle amount of HK\$64,000,000 by the Company to Vendor A or his nominee(s) (as he may direct in writing) upon Completion Date II – Fourth Batch (or such other date as Vendor A and the Company may agree in writing).

Based on the initial Conversion Price of HK\$0.40, a maximum number of 640,000,000 Conversion Shares II will be allotted and issued upon exercised in full of the conversion rights attaching to Convertible Bonds II, which represent:

- (i) approximately 80.94% of the total issued share capital of the Company as at the date of this announcement;
 - (ii) approximately 44.73% of the total issued share capital of the Company as enlarged by the allotment and issue of Conversion Shares II upon exercise in full of the conversion rights attaching to Convertible Bonds II; and
 - (iii) approximately 24.14% of the total issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon exercise in full of the conversion rights attaching to Convertible Bonds.
- (ii) *Completion II*

Completion II is subject to the fulfillment of the conditions precedent under the section headed “Transaction II – Conditions Precedent” of this announcement.

SPECIFIC MANDATE

The Conversion Shares upon exercise of the conversion rights attaching to the Convertible Bonds shall be allotted and issued under the Specific Mandate to be granted to the Directors by the Independent Shareholders at the SGM.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Vendor A and together with his associates are beneficially interested in 280,501,350 Shares, representing approximately 35.48% of the total issued share capital of the Company.

As at the date of this announcement, Vendor B is ultimately and beneficially owned as to 33.33% by Vendor A.

Accordingly, Vendor A is a connected person of the Company by virtue of being a controlling shareholder of the Company. Vendor B is connected person of the Company by virtue of its beneficial owner being Vendor A. As such, the Transactions constitute connected transactions for the Company under Rule 14A.13(1)(a) of the Listing Rules and shall be aggregated pursuant to Rule 14A.25 of the Listing Rules.

As one or more of the relevant percentage ratios for the Transactions exceeds 100%, the entering into of the S&P Agreement constitutes a very substantial acquisition of the Company under Chapter 14 of the Listing Rules. Accordingly, the S&P Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and the Independent Shareholders' approval at the SGM under the Listing Rules.

In accordance with the Listing Rules, the Vendors and their respective associates shall abstain from voting on the relevant resolution(s) to approve the S&P Agreement and the transactions contemplated thereunder, including but not limited to the issue of the Convertible Bonds and the grant of the Specific Mandate for the allotment and issue of the Conversion Shares upon exercise in full of the conversion rights attaching to the Convertible Bonds.

None of the Directors has a material interest in the S&P Agreement and the transactions contemplated thereunder, including but not limited to the issue of the Convertible Bonds and the grant of the Specific Mandate for the allotment and issue of the Conversion Shares upon exercise of the conversion rights attaching to the Convertible Bonds and is required to abstain, or has abstained, from voting on the relevant Board resolutions to approve the S&P Agreement and the transactions contemplated thereunder, including but not limited to the issue of the Convertible Bonds and the grant of the Specific Mandate for the allotment and issue of the Conversion Shares upon exercise of the conversion rights attaching to the Convertible Bonds.

GENERAL

The SGM will be held and convened for the purpose of considering and, if thought fit, approving (i) the S&P Agreement and the transactions contemplated thereunder, including but not limited to the issue of the Convertible Bonds and the grant of the Specific Mandate for the allotment and issue of the Conversion Shares upon exercise of the conversion rights attaching to the Convertible Bonds; and (ii) the exercise of the conversion rights attaching to the Sale CBs.

The Independent Board Committee (comprising all of the three independent non-executive Directors, namely, Ms. Chen Weijun, Dr. Zhang Zhihong and Mr. Wang Rongliang) has been established to advise the Independent Shareholders on the S&P Agreement and the transactions contemplated thereunder, including but not limited to the issue of the Convertible Bonds and the grant of the Specific Mandate for the allotment and issue of the Conversion Shares upon exercise of the conversion rights attaching to the Convertible Bonds. The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details of the S&P Agreements and the transactions contemplated thereunder; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) a letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; (iv) financial information of the Group; (v) financial information of the Target Group; (vi) unaudited pro forma financial statement of the enlarged group; and (vii) a notice convening the SGM, will be despatched to the Shareholders on or before 2 August 2013 as additional time be required for preparing the information to be contained in the said circular.

RESUMPTION OF TRADING

Trading in the Shares was suspended at the request of the Company with effect from 9:00 a.m. on 29 April 2013 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the trading in the Shares to resume from 9:00 a.m. on 16 May 2013 following the publication of this announcement.

Completion of the Transactions is subject to fulfillment of the conditions precedent as set out in the sections headed “Transaction I – Conditions precedent” and “Transaction II – Conditions precedent” respectively below of this announcement. As the Transactions may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

THE S&P AGREEMENT

The Board is pleased to announce that on 27 April 2013 (after trading hours), the Company and the Vendors entered into the S&P Agreement, pursuant to which the Company has conditionally agreed to acquire, and (i) Vendor A and Vendor B have conditionally agreed to sell the Sale CB-I in an aggregate principle amount of HK\$320,650,000 and 450,000,000 Sale Shares respectively, at an aggregate Consideration I of HK\$608,000,000; and (ii) Vendor A has conditionally agreed to sell the Sale CB-II in an aggregate principle amount up to HK\$256,520,000, at an aggregate Consideration II up to a maximum HK\$256,000,000, in four batches.

Upon completion of Transaction I, the Target Company will be accounted for as an associate in the financial statement of the Group. Upon completion of each of the Transaction II, the conversion of Sale CB-I or the conversion of Sale CB-II or all the aforesaid, the Target Company will continue to be an associate of the Group.

The terms and conditions of the S&P Agreement are summarised as below:

Date

27 April 2013 (as supplemented and amended by a supplemental agreement dated 7 May 2013)

Parties

- (i) Purchaser: The Company;
- (ii) Vendor A: Dr. Mao Yumin; and
- (iii) Vendor B: JNJ Investments Limited

As at the date of this announcement, Vendor A and together with his associates are beneficially interested in 280,501,350 Shares, representing approximately 35.48% of the total issued share capital of the Company and therefore a connected person of the Company.

As at the date of this announcement, Vendor B is ultimately and beneficially owned as to 33.33% by Vendor A.

Accordingly, Vendor A is a connected person of the Company by virtue of being a controlling shareholder of the Company. Vendor B is connected person of the Company by virtue of its beneficial owner being Vendor A.

(A) Transaction I – Sale and Purchase of the Sale Shares and Sale CB-I

(i) Transaction I – Assets to be acquired

Pursuant to the S&P Agreement, the Company has conditionally agreed to acquire, and Vendor A and Vendor B have conditionally agreed to sell the Sale CB-I in an aggregate principle amount of HK\$320,650,000 and 450,000,000 Sale Shares respectively.

The 450,000,000 Sales Shares represent (i) approximately 19.65% of the total issued share capital of the Target Company as at the date of this announcement; (ii) approximately 16.13% of the total issued share capital of the Target Company as enlarged by the allotment and issue of 500,000,000 Sale CBs Conversion Shares under Sale CB-I; and (iii) approximately 14.11% of the total issued share capital of the Target Company as enlarged by the allotment and issue of an aggregate of 900,000,000 Sale CBs Conversion Shares under Sale CB-I and Sale CB-II.

Assuming exercise in full of the conversion rights attaching to the Sale CB-I at the Sale CBs Conversion Price of HK\$0.6413, a maximum of 500,000,000 Sale CBs Conversion Shares will be allotted and issued, representing (i) approximately 21.83% of the total issued share capital of the Target Company as at the date of this announcement; (ii) approximately 17.92% of the total issued share capital of the Target Company as enlarged by the allotment and issue of 500,000,000 Sale CBs Conversion Shares under Sale CB-I; and (iii) approximately 15.67% of the total issued share capital of the Target Company as enlarged by the allotment and issue of an aggregate of 900,000,000 Sale CBs Conversion Shares under Sale CB-I and Sale CB-II.

(ii) Transaction I – Payment Mechanism of Consideration I

Consideration I as HK\$608,000,000 shall be satisfied by the Company upon Completion I in the following manner:

- (i) an aggregate sum of HK\$120,000,000 shall be payable in cash by the Company to Vendor A upon Completion I;
- (ii) an aggregate sum of HK\$200,000,000 shall be payable by issue of the relevant Convertible Bonds I in the principle amount of HK\$200,000,000 to Vendor A or his nominee(s) (as he may direct in writing) upon Completion I; and
- (iii) an aggregate sum of HK\$288,000,000 shall be payable by issue of the relevant Convertible Bonds I in the principle amount of 288,000,000 to Vendor B or its nominee(s) (as it may direct in writing) upon Completion I.

Part of Consideration I, as HK\$320,000,000, is allocated to Vendor A for the sale and purchase of the Sale CB-I while the remaining part of Consideration I, as HK\$288,000,000, is allocated to Vendor B for the sale and purchase of the Sale Shares.

On the basis that part of Consideration I, as HK\$288,000,000, is allocated for the sale and purchase of the Sale Shares, as 450,000,000 Target Company Shares, the consideration per Sale Share is HK\$0.64.

The said consideration per Sale Share of HK\$0.64 represents:

- (i) a discount of approximately 8.57% to the closing price of HK\$0.70 per Target Company Share as quoted on the Stock Exchange as at the date of this announcement;

- (ii) a discount of approximately 13.51% to the closing price of HK\$0.740 per Target Company Share as quoted on the Stock Exchange on the last trading date of signing of the S&P Agreement;
- (iii) a discount of approximately 14.44% to the average closing price of HK\$0.748 per Target Company Share as quoted on the Stock Exchange for the last 5 consecutive trading days immediately prior to the date of signing of the S&P Agreement; and
- (iv) a discount of approximately 12.69% to the average closing price of approximately HK\$0.733 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days immediately prior to the date of signing of the S&P Agreement.

The cash portion of Consideration I is expected to be financed by internal resources of the Group.

(iii) Transactions I – Conditions precedent

Completion I shall be conditional upon, among other things, the fulfillment of all of the followings:

- (i) the completion of the Placing Agreement, the Subscription Agreement and the transactions contemplated thereunder;
- (ii) the completion of the Acquisition Agreement and the transactions contemplated thereunder;
- (iii) no takeover implication or obligation having been triggered under the Takeovers Code;
- (iv) no “reverse takeover” (as defined under the Listing Rules) having been triggered or ruled by the Listing Committee/Division of the Stock Exchange;
- (v) the passing of the necessary resolution(s) by the Independent Shareholders at the SGM approving the entering into of the S&P Agreement by the Company, the issue of Convertible Bonds I by the Company, the allotment and issue of Conversion Shares I under the Specific Mandate and the transactions contemplated thereunder;

- (vi) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, Conversion Shares I;
- (vii) all necessary governmental and regulatory approvals or consents (or waivers), including but not limited to those from the Stock Exchange, required by the Vendors and the Company or any of them for the consummation of the transactions contemplated under the S&P Agreement having been obtained;
- (viii) all necessary third party approvals or consents (or waivers) required by the Vendors and the Company or any of them for the consummation of the transactions contemplated under the S&P Agreement having been obtained;
- (ix) the Company being satisfied with the results of the due diligence exercise on the Target Company and its subsidiaries, including but not limited to their respective businesses, assets, liabilities, operations or other status which the Company think necessary and appropriate to conduct; and
- (x) the Company being satisfied with the valuation report on the shares and/or the convertible bonds and/or the oral insulin related investments of the Target Company by an independent valuer specified by the Company.

The Company shall use its reasonable endeavours to procure the holding of the SGM for the purpose of fulfilling the conditions precedent set out in (v) above by Long Stop Date I and to ensure that the conditions precedent set out in (i), (vi), (vii) and (viii) above (in so far as obtaining approvals or consents (or waivers) by the Company is concerned) shall be fulfilled by Long Stop Date I. Vendor A shall use its reasonable endeavours to ensure the conditions precedent set out in (ii) above shall be fulfilled by Long Stop Date I. Each of the Vendors and the Company hereby undertakes to provide such information and documents to the other to evidence full satisfaction of the conditions precedent above which it shall use its reasonable endeavours to procure or ensure fulfillment before Long Stop Date I.

If any of the above conditions precedent has not been fulfilled by Long Stop Date I, either the Vendors or the Company shall be entitled to rescind the S&P Agreement by giving written notice to the other whereupon the relevant provisions of the S&P Agreement shall from such date have no further force and effect and no party to the S&P Agreement shall have any liability under them (without prejudice to the rights of the parties to the S&P Agreement in respect of any antecedent breaches).

(iv) Transaction I – Completion I

Subject to the fulfillment of all the conditions precedent to Transaction I, Completion I shall take place on or before 5:00 p.m. of Completion Date I.

(B) Transaction II – Sale and Purchase of the Sale CB-II

(i) Transaction II – Assets to be acquired

Pursuant to the S&P Agreement, the Company has conditionally agreed to acquire, and Vendor A has conditionally agreed to sell the Sale CB-II in an principle amount of up to an aggregate HK\$256,520,000, in four batches.

Assuming exercise in full of the conversion rights attaching to the Sale CB-II at the Sale CBs Conversion Price of HK\$0.6413, a maximum of 400,000,000 Sale CBs Conversion Shares will be allotted and issued, representing approximately 17.47% of the total issued share capital of the Target Company as at the date of this announcement; (ii) approximately 14.87% of the total issued share capital of the Target Company as enlarged by the allotment and issue of 400,000,000 Sale CBs Conversion Shares under Sale CB-II; and (iii) approximately 12.54% of the total issued share capital of the Target Company as enlarged by the allotment and issue of an aggregate of 900,000,000 Sale CBs Conversion Shares under the Sale CBs.

(ii) Transaction II – Payment Mechanism of Consideration II

Consideration II as up to a maximum HK\$256,000,000 shall be satisfied by the Company upon Completion II in the following manner:

- (i) an aggregate sum of HK\$64,000,000 shall be payable by issue of relevant Convertible Bonds II in the principle amount of HK\$64,000,000 by the Company to Vendor A or his nominee(s) (as he may direct in writing) upon Completion II – First Batch (or such other date as Vendor A and the Company may agree in writing);

- (ii) an aggregate sum of HK\$64,000,000 shall be payable by issue of relevant Convertible Bonds II in the principle amount of HK\$64,000,000 by the Company to Vendor A or his nominee(s) (as he may direct in writing) upon Completion Date II – Second Batch (or such other date as Vendor A and the Company may agree in writing);
- (iii) an aggregate sum of HK\$64,000,000 shall be payable by issue of relevant Convertible Bonds II in the principle amount of HK\$64,000,000 by the Company to Vendor A or his nominee(s) (as he may direct in writing) upon Completion Date II – Third Batch (or such other date as Vendor A and the Company may agree in writing); and
- (iv) an aggregate sum of HK\$64,000,000 shall be payable by issue of relevant Convertible Bonds II in the principle amount of HK\$64,000,000 by the Company to Vendor A or his nominee(s) (as he may direct in writing) upon Completion Date II – Fourth Batch (or such other date as Vendor A and the Company may agree in writing).

(iii) Transaction II – Conditions precedent

Completion II is conditional upon, among other things, the fulfillment of all of the following:

- (i) the Completion I having been fulfilled;
- (ii) the completion of the Acquisition Agreement and the transactions contemplated thereunder;
- (iii) the exercise of the Call Option Agreement and the transactions contemplated thereunder;
- (iv) no takeover implication or obligation having been triggered under The Takeovers Code;
- (v) no “reverse takeover” (as defined under the Listing Rules) having been triggered or ruled by the Listing Committee/Division of the Stock Exchange;

- (vi) the passing of the necessary resolution(s) by the Independent Shareholders at the SGM approving the entering into of S&P Agreement by the Company, the issue of Convertible Bonds II by Company, the allotment and issue of Conversion Shares II by the Company and the performance of the transactions contemplated hereunder by the Company;
- (vii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, Conversion Shares II;
- (viii) all necessary governmental and regulatory approvals or consents (or waivers), including but not limited to those from the Stock Exchange, required by Vendor A and the Company or any of them for the consummation of the transactions contemplated under the S&P Agreement having been obtained;
- (ix) all necessary third party approvals or consents (or waivers) required by Vendor A and the Company or any of them for the consummation of the transactions contemplated under the S&P Agreement having been obtained.
- (x) the Company being satisfied with the results of the due diligence exercise on the Target Company and its subsidiaries, including but not limited to their respective businesses, assets, liabilities, operations or other status which the Company think necessary and appropriate to conduct; and
- (xi) the Company being satisfied with the valuation report on the shares and/or the convertible bonds and/or the oral insulin related investments of the Target Company by an independent valuer specified by the Company.

The Company shall use its reasonable endeavours to procure the holding of the SGM for the purpose of fulfilling the conditions precedent set out in (vi) above by Long Stop Date II and to ensure that the conditions precedent set out in (i), (vii), (viii) and (ix) above (in so far as obtaining approvals or consents (or waivers) by the Company is concerned) shall be fulfilled by Long Stop Date II. Vendor A shall use his reasonable endeavours to ensure conditions precedent set out above in (ii) and (iii) shall be fulfilled by Long Stop Date II. Each of Vendor A and the Company hereby undertakes to provide such information and documents to the other to evidence full satisfaction of the above condition(s) precedent which it shall use its reasonable endeavours to procure or ensure fulfillment before Long Stop Date II.

If any of the above conditions precedent has not been fulfilled by Long Stop Date II, either Vendor A or the Company shall be entitled to rescind the S&P Agreement in respect of the Transaction II by giving written notice to the other whereupon the relevant provisions of the S&P Agreement shall from such date have no further force and effect and no party to the S&P Agreement shall have any liability under them (without prejudice to the rights of the parties to the S&P Agreement in respect of any antecedent breaches).

(iv) Transaction II – Completion II

(i) Completion II – First Batch

Subject to the fulfillment of all the conditions precedent to Transaction II, Completion II – First Batch shall take place on or before 5:00 p.m. of Completion Date II – First Batch.

(ii) Completion II – Second Batch

Subject to the fulfillment of all the conditions precedent to Transaction II and Completion II – First Batch having taken place, Completion II – Second Batch shall take place on or before 5:00 p.m. of Completion Date II – Second Batch.

(iii) Completion II – Third Batch

Subject to the fulfillment of all the conditions precedent to Transaction II and Completion II – Second Batch having taken place, Completion II – Third Batch shall take place on or before 5:00 p.m. of Completion Date II – Third Batch.

(iv) Completion II – Fourth Batch

Subject to the fulfillment of all the conditions precedent to Transaction II and Completion II – Third Batch having taken place, Completion II – Fourth Batch shall take place on or before 5:00 p.m. of Completion Date II – Fourth Batch.

Despite Transaction II is conditional on the completion of Transaction I, Transaction I is not conditional on the completion of Transaction II. Therefore, Transaction I and Transaction II are not inter-conditional to each other.

(C) Option not to complete the sales and purchase of the Sale CB-II – Fourth Batch

Vendor A and the Company shall each have the option not complete the sale and purchase of Sale CB-II – Fourth Batch by giving not less than 10 Business Days notice in writing to the other party.

As the said Sale CB-II – Fourth Batch represents approximately 11.11% of the Sale CBs, it is fair and reasonable for the Board to hold the view that the Sale CB-II – Fourth Batch is relatively not substantial to the whole transaction.

As it is uncertain as to whether Vendor A would able to exercise the call option rights under the Call Option Agreement in full, the option not to complete the sale and purchase of Sale CB-II – Fourth Batch under the S&P Agreement provides Vendor A and the Company a contingent measure and the flexibility so as to smooth and expedient the transactions contemplated under the S&P Agreement.

Therefore, it is fair and reasonable for the Board (excluding the independent non-executive Directors whose view will be rendered upon receiving the advice of the independent financial adviser) to hold the view that the said option is in the interest of the Company and the Shareholders as a whole.

(D) Force Majeure

If at any time prior to 4:00 p.m. on the 3rd Business Day after the Completion Date II – Fourth Batch, any of the following happens, which in the reasonable opinion of the Company acting in good faith, the success of the Transaction I or Transaction II would be materially and adversely affected by:

- (i) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Company materially and adversely affect the business or the financial or trading position or prospects of the Target Company and its subsidiaries as a whole; or
- (ii) the occurrence of any local, national or international event or change, whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the S&P Agreement, of a political, financial, economic, currency, market or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets

which may, in the reasonable opinion of the Company materially and adversely affect the business or the financial or trading position or prospects of the Target Company and its subsidiaries as a whole; or

- (iii) any material and adverse change in the business or in the financial or trading position or prospects of the Target Company and its subsidiaries as a whole; or
- (iv) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the reasonable opinion of the Company materially and adversely affect the business or the financial or trading position or prospects of the Target Company and its subsidiaries as a whole,

then and in any such case, the Company may by notice in writing given to the Vendors on or before 4:00 p.m. on 3rd Business Day after the Completion Date II – Fourth Batch terminate the S&P Agreement and thereupon all obligations of the Company thereunder will cease and determine and no party will have any claim against any other parties in respect of any matter or thing arising out of or in connection with the S&P Agreement.

(E) Termination

The S&P Agreement shall be terminated automatically upon occurrence of the followings:

- (i) takeover implication or obligation having been triggered under the Takeovers Code; or
- (ii) “reverse takeover” (as defined under the Listing Rules) having been triggered or ruled by the Listing Committee/Division of the Stock Exchange.

In the event that the S&P Agreement is terminated in accordance with the above, all obligations of each of the parties under the S&P Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the S&P Agreement except for any antecedent breach of any obligation under the S&P Agreement.

BASES FOR DETERMINING THE CONSIDERATION

(a) Bases for determining Consideration I for Transaction I

Consideration I has been arrived at after arm's length negotiations between the Company and the Vendors and was determined with reference to, amongst others:

- (i) the historical financial position and performance of the Target Group;
- (ii) the future prospects of the Target Group;
- (iii) the recent trading price of the Target Company Shares; and
- (iv) on the assumption that upon the exercise in full of the conversion rights attaching to Sale CB-I at the initial conversion price of HK\$0.6413, a maximum of 500,000,000 Sale CBs Conversion Shares will be allotted and issued. Further, upon completion of the sale and purchase of 450,000,000 Sale Shares and subject to the exercise in full of the said conversion rights, the Company will own an aggregate of 950,000,000 new Target Company Shares at Consideration I, as HK\$608,000,000. Accordingly, Consideration I per Target Company Share is HK\$0.64, which represents:
 - a. a discount of approximately 13.51% to the closing price of HK\$0.740 per Target Company Share as quoted on the Stock Exchange on the last trading date of signing of the S&P Agreement;
 - b. a discount of approximately 14.44% to the average closing price of HK\$0.748 per Target Company Share as quoted on the Stock Exchange for the last 5 consecutive trading days immediately prior to the date of signing of the S&P Agreement; and
 - c. a discount of approximately 12.69% to the average closing price of approximately HK\$0.733 per Target Company Share as quoted on the Stock Exchange for the last 10 consecutive trading days immediately prior to the date of signing of the S&P Agreement.

(b) Bases for determining Consideration II for Transaction II

Consideration II has been arrived at after arm's length negotiations between the Company and Vendor A and was determined with reference to, amongst others:

- (i) the historical financial position and performance of the Target Group;
- (ii) the future prospects of the Target Group;
- (iii) the recent trading price of the Target Company Shares; and
- (iv) on the assumption that exercise in full of the conversion rights attaching to Sale CB-II at the initial conversion price of HK\$0.6413, a maximum of 400,000,000 Sale CBs Conversion Shares will be allotted and issued. Further, subject to the exercise in full of the said conversion rights, the Company will own an aggregate of 400,000,000 new Target Company Shares at Consideration II, as HK\$256,000,000. Accordingly, Consideration II per Target Company Share is HK\$0.64, which represents:
 - a. a discount of approximately 13.51% to the closing price of HK\$0.740 per Target Company Share as quoted on the Stock Exchange on the last trading date of signing of the S&P Agreement;
 - b. a discount of approximately 14.44% to the average closing price of HK\$0.748 per Target Company Share as quoted on the Stock Exchange for the last 5 consecutive trading days immediately prior to the date of signing of the S&P Agreement; and
 - c. a discount of approximately 12.69% to the average closing price of approximately HK\$0.733 per Target Company Share as quoted on the Stock Exchange for the last 10 consecutive trading days immediately prior to the date of signing of the S&P Agreement.

It is fair and reasonable for the Board (excluding the independent non-executive Directors whose view will be rendered upon receiving the advice of the independent financial adviser) to hold the view that the entering into the S&P Agreement and the transactions contemplated thereunder (including the basis for determining Consideration I and Consideration II) is on normal commercial terms and ordinary and usual course of business of the Company, and the terms of S&P Agreement and the transactions contemplated thereunder (including the basis for determining Consideration I and Consideration II) are determined on an arm's length basis, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

The principal terms of Convertible Bonds are summarised below:

Principal amount	:	An aggregate principal amount of up to HK\$744,000,000
Maturity date	:	Tenth anniversary of the date of issue (“ Maturity Date ”)
Interest	:	Nil
Conversion Price	:	The Conversion Price is HK\$0.40 per Conversion Share, subject to adjustments as set out and in accordance with the terms and conditions of the Convertible Bonds.

The Conversion Price of HK\$0.40 represents:

- (i) a discount of approximately 8.05% to the closing price of HK\$0.435 per Share as quoted on the Stock Exchange on the last trading date of signing of the S&P Agreement;
- (ii) a discount of approximately 8.05% to the average closing price of HK\$0.435 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days immediately prior to the date of signing of the S&P Agreement;
- (iii) a discount of approximately 9.30% to the average closing price of approximately HK\$0.441 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days immediately prior to the date of signing of the S&P Agreement; and

- (iv) a discount of approximately 17.36% to the net asset price of approximately HK\$0.484 per Share, calculated based on the unaudited consolidated net asset of approximately HK\$382,643,000 as at 31 December 2012 and 790,693,024 Shares in issue as at the date of S&P Agreement.

The Conversion Price for the Convertible Bonds was determined after arm's length negotiations between the Company and the Vendors, with reference to the recent performance of the Shares, the Group's existing financial position and current market conditions.

Adjustment events : The Conversion Price shall from time to time be adjusted upon occurrences of certain events, including but not limited to the followings:

- (i) consolidation or sub-division of Shares;
- (ii) capitalisation of profits;
- (iii) capital distribution;
- (iv) issue of Shares by way of rights, options and warrants;
- (v) issue of any securities if and whenever the Company shall issue wholly for cash which are convertible into, exchangeable for or carry rights of subscription for Shares;
- (vi) modification of rights of conversion or exchange or subscription attaching to any such securities;
- (vii) issue of Shares wholly for cash at more than 20% discount to the market price of such Shares; and
- (viii) issue of Shares for acquisition of asset at more than 20% discount to the market price of such Shares.

- Conversion Shares
- : (a) Based on the initial Conversion Price of HK\$0.40, a maximum number of 1,220,000,000 Conversion Shares I will be allotted and issued upon exercised in full of the conversion rights attaching to Convertible Bonds I, which represent:
 - (i) approximately 154.30% of the total issued share capital of the Company as at the date of this announcement;
 - (ii) approximately 60.68% of the total issued share capital of the Company as enlarged by the allotment and issue of Conversion Shares I upon exercise in full of the conversion rights attaching to Convertible Bonds I; and
 - (iii) approximately 46.03% of the total issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon exercise in full of conversion rights attaching to the Convertible Bonds.
 - (b) Based on the initial Conversion Price of HK\$0.40, a maximum number of 640,000,000 Conversion Shares II will be allotted and issued upon exercised in full of the conversion rights attaching to Convertible Bonds II, which represent:
 - (i) approximately 80.94% of the total issued share capital of the Company as at the date of this announcement;
 - (ii) approximately 44.73% of the total issued share capital of the Company as enlarged by the allotment and issue of Conversion Shares II upon exercise in full of the conversion rights attaching to Convertible Bonds II; and

- (iii) approximately 24.14% of the total issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon exercise in full of the conversion rights attaching to the Convertible Bonds.

The Conversion Shares shall be allotted and issued under the Specific Mandate to be granted to the Directors by the Independent Shareholders at the SGM.

Conversion rights : Each holder of the Convertible Bonds shall have the right, exercisable during the Conversion Period (as defined below) to convert the whole or any part (in multiples of HK\$400,000) of the outstanding principal amount of the Convertible Bonds held by such holder of the Convertible Bonds into such number of Conversion Shares as will be determined by dividing the principal amount of the Convertible Bonds to be converted by the Conversion Price in effect on the date of conversion.

No fraction of a Share shall be issued on conversion of the Convertible Bonds and no cash adjustments will be made.

Conversion Restrictions : Upon exercise of the conversion rights attaching to the Convertible Bonds,

- (i) the holders of Convertible Bonds and their respective associates, together with parties acting in concert (as defined in the Takeovers Code) with them, will not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code; and
- (ii) the public float of the Company will not be unable to meet the relevant requirements under the Listing Rules.

Conversion Period : The period commencing from the date of issue of the Convertible Bonds and ending on the day which falls on the Tenth anniversary of the date of issue of the Convertible Bonds.

Early Redemption : The Company shall not be entitled to redeem all or part of the outstanding Convertible Bonds prior to the Maturity Date.

Further, according to the instrument constituting the Convertible Bonds, the holders of the Convertible Bonds do not have the right to early redemption of all or part of the outstanding Convertible Bonds prior to the Maturity Date.

Ranking : The Conversion Shares shall rank *pari passu* in all respects among themselves and with all other existing Shares outstanding at the date of conversion and all Conversion Shares shall include rights to participate in all dividends and other distributions.

Transferability : Any transfer of the Convertible Bonds shall be in respect of the whole or any part (in multiples of HK\$400,000) of the principal amount of the Convertible Bonds.

Further, according to the instrument constituting the Convertible Bonds, the Convertible Bonds must not be transferred to any person, firm or company which is a connected person (as defined in the Listing Rules) of the Company except in compliance with the applicable requirements under the Listing Rules and the Takeovers Code.

Application for listing : No application will be made by the Company to the Stock Exchange for listing of the Convertible Bonds. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

Notice of conversion by other bondholders : The Company may, upon request by the holders of the Convertible Bonds in writing, notify the holders of the Convertible Bonds about the conversion of the convertible bonds of the Company by other bondholders within 7 Business Days from the date of receipt of the relevant conversion notice.

INFORMATION ON THE GROUP

The Company is an investment holding company and its subsidiaries are principally engaged in the distribution of gene testing services and bio-industrial products and the provision of health care management services.

INFORMATION ON VENDOR A

Dr. Mao Yumin, as Vendor A, is the chief scientific adviser and honorary chairman of the Company.

As at the date of this announcement, Vendor A and together with his associates are beneficially interested in 280,501,350 Shares, representing approximately 35.48% of the total issued share capital of the Company and therefore a connected person of the Company.

INFORMATION ON VENDOR B

JNJ Investments Limited, as Vendor B, is a company incorporated in the BVI with limited liability and principally engaged in investment holding.

As at the date of this announcement, Vendor B legally and beneficially holds 450,000,000 Target Company Shares, representing approximately 19.65% of the total issued capital of the Target Company.

Vendor B is ultimately and beneficially owned as to 33.33% by Vendor A. Accordingly Vendor B is a connected person of the Company by virtue of its beneficial owner being Vendor A.

INFORMATION ON THE TARGET COMPANY

Extrawell Pharmaceutical Holdings Limited, a company whose shares are listed on the main board of the Stock Exchange (stock code: 00858), is an investment holding company and its subsidiaries are principally engaged in marketing and distribution of pharmaceutical products in the PRC; development, manufacturing and sales of pharmaceutical products in the PRC; commercial exploitation and development of genome-related technology; and development and commercialisation of oral insulin products.

Financial information of the Target Company

According to the Target Company's interim report for the six months ended 30 September 2012 as published on 10 December 2012, the Target Group recorded unaudited net assets of approximately HK\$581,678,000 as at 30 September 2012.

The table below sets out the profits before and after taxation and extraordinary items of the Target Group for the two years ended 31 March 2011 and 31 March 2012

	For the year ended	
	31 March	
	2011	2012
	<i>HK\$000</i>	<i>HK\$'000</i>
Net profit before taxation and extraordinary items	5,103	16,863
Net profit after taxation and extraordinary items	10,187	14,804

Note: The financial information is extracted from the audited annual reports of the Target Company for the two years ended 31 March 2011 and 2012 prepared in accordance with the Hong Kong Financial Reporting Standards.

INFORMATION ON THE SALE CBS

(a) The Acquisition Agreement

Reference is made to the announcements of the Target Company dated 1 August 2007, 23 February 2013, 27 February 2013 and circular of the Target Company dated 22 August 2007 in relation to the acquisition of 49% interest in the share capital of Smart Ascent.

Extrawell BVI entered into the Acquisition Agreement on 27 July 2007 (as supplemented and amended by the supplemental agreement dated 23 February 2013) with Mr. Ong for the acquisition of 49% interest in the share capital of Smart Ascent at the aggregate consideration of HK\$660,000,000.

The said consideration of HK\$660,000,000 is to be satisfied in the following manner:

- (i) as to HK\$641,300,000, by the Target Company issuing the convertible bonds of the Target Company in the following manner:
 - (a) as to the principal amount of HK\$320,650,000, to the Mr. Ong; and
 - (b) as to the principal amount of HK\$320,650,000, to Vendor A (at the direction of Mr. Ong, or in such other allottees or denominations of the convertible bonds as Mr. Ong may direct by giving a notice in writing to Extrawell BVI at least 10 business days prior to the relevant completion date); and

- (ii) as to the balance of the said consideration for the amount of HK\$18,700,000, to be paid in cash in the following manner:
 - (a) as to HK\$9,350,000 to the Mr. Ong; and
 - (b) as to HK\$9,350,000 to Vendor A (at the direction of the Mr. Ong or to such other payee(s) as Mr. Ong may direct by giving a notice in writing to Extrawell BVI at least 10 business days prior to the relevant completion date).

Subject to and upon completion of the Acquisition Agreement, it is expected that Vendor A will become the beneficial and legal owner of the convertible bonds to be issued by the Target Company in an aggregate principle amount of HK\$320,650,000.

(b) The Call Option Agreement

Reference is made to the voluntary announcement of the Target Company dated 1 March 2013 in relation to the Call Option Agreement entered into between Mr. Ong and Vendor A, pursuant to which Mr. Ong has granted a call option to Vendor A pursuant to which Vendor A shall have the right, within 12 months after the date of receipt by Mr. Ong of his interests in the convertible bonds to be issued by the Target Company, to acquire from Mr. Ong the said convertible bonds up to the principal amount of HK\$256,520,000 held by Mr. Ong at an aggregate exercise price of HK\$272,000,000 (or a pro rata amount thereof if the said call option is partially exercised).

Under the Call Option Agreement, Vendor A shall pay to Mr. Ong a premium as an aggregate amount of RMB14,900,000, payable as to RMB8,000,000 as deposit within three business days after the signing of the Call Option Agreement, and the balance of RMB6,900,000 within three business days upon notice by Mr. Ong of his receipt of his interests in the said convertible bonds.

Subject to and upon exercise of the Call Option Agreement, it is expected that Vendor A will become the beneficial and legal owner of the said convertible bonds in an aggregate principle amount of up to HK\$256,520,000.

(c) **Principal terms of the Sale CBs**

The principal terms of the Sale CBs are summarized as follows:

- Form and denomination : The Sale CBs shall be issued and in registered form and in denomination of HK\$32,065,000 each
- Interest : Nil
- Maturity : Twentieth anniversary of the issue date (the “**Sale CBs Maturity Date**”)
- Conversion : A bondholder of the Sale CBs shall have the right at any time and from time to time during the period commencing from the date of issue of the Sale CBs up to 4:00 p.m. (Hong Kong time) on the seventh business day prior to the Sale CBs Maturity Date to convert the whole or part of the principal amount of the Sale CBs in amounts of not less than a whole multiple of HK\$32,065,000 on such conversion, save that if at any time the outstanding principal amount of the Sale CBs held by a bondholder of the Sale CBs is less than HK\$32,065,000 or if a bondholder of the Sale CBs intends to exercise the conversion rights attached to the entire principal amount of all the Sale CBs held by him, the bondholder of the Sale CBs may convert the whole (but not part only) of such outstanding principal amount of the Sale CBs; provided that the conversion right attached to the Sale CBs may not be exercised to the extent that following such exercise, (a) the Target Company will be in breach of the minimum public float requirement stipulated under Rule 8.08 of the Listing Rules; or (b) a holder of the Sale CBs and its parties acting in concert, taken together, will directly or indirectly control or be interested in 30% or more of the entire issued Target Company Shares (or such lower percentage as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer).

Sale CBs Conversion price : The Sale CBs Conversion Price per Sale CBs Conversion Share shall initially be HK\$0.6413, subject to adjustment. Events triggering adjustment of the Sale CBs Conversion Price are summarised below:

- (i) alteration of the nominal amount of the Target Company Shares by reason of any consolidation, sub-division or reclassification;
- (ii) issue (other than in lieu of a cash dividend) by the Target Company of any Target Company Shares credited as fully paid by way of capitalization of profits or reserves (including any share premium account or, if any, capital redemption reserve fund);
- (iii) capital distribution made by the Target Company to holders of the Sale CBs (in their capacity as such) of Target Company Shares (whether on a reduction of capital or otherwise), or grant by the Target Company to bondholders of the Sale CBs of rights to acquire for cash assets of the Target Company or any of its subsidiaries; and
- (iv) offer by the Target Company to holders of the Target Company Shares new Target Company Shares for subscription by way of rights, or grant by the Company to holders of the Target Company Shares any options, warrants or other rights to subscribe for or purchase any Target Company Shares.

Ranking : The Sale CBs Conversion Shares will in all respects rank *pari passu* with the Target Company Shares in issue on the relevant conversion date as if the Target Company Shares issued on conversion or subscription had been issued on such date.

- Status : The Sale CBs constitute direct, unconditional, unsubordinated and unsecured obligations of the Target Company and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Target Company under the Sale CBs shall, save for such exceptions as may be provided by mandatory provisions of applicable law, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
- Transferability : The Sale CBs shall be transferable to any person provided that where the Sale CBs are intended to be transferable to a connected person (as defined in the Listing Rules) of the Target Company (other than the associates of the holder of the Sale CBs) such transfer shall comply with the requirements under the Listing Rules and/or requirements imposed by the Stock Exchange (if any) and shall be subject to approval by the directors of the Target Company.
- Application for Listing : No application has been or will be made for the listing of the Sale CBs on the Stock Exchange or any other stock exchange. Application will be made by the Target Company to the listing committee of the Stock Exchange for the listing of, and permission to deal in, the Sale CBs Conversion Shares on the main board of the Stock Exchange.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

Reference is made to the circular of the Company dated 26 April 2013 (the “**Convertible Bonds Circular**”) concerning the placing of convertible bonds in the principal amount up to HK\$74,000,000 and the subscription of convertible bonds in the principal amount of HK\$59,000,000. As indicated in the Convertible Bonds Circular, since 2010, the Company has been in the process of considering and assessing a number of investment opportunities concerning business relating to health care, pharmaceutical and biotechnology, including but not limited to oral insulin.

As both the Company and the Target Company are principally engaged in businesses relating to the health care, pharmaceutical and biotechnology industries, it is fair and reasonable for the Board to hold the view that the business of the Target Company is in line with the business of the Company.

According to the annual report of the Target Company for the year ended 31 March 2012, with the adoption of the Twelfth Five-Year Plan in 2011 and the central government's increasing investment in the nation's healthcare reforms in the PRC, the pharmaceutical industry continued to demonstrate a strong growth momentum supported by robust market demand primarily driven by natural growth, the aging of population, accelerating urbanization and the people's rising living standards.

The Board holds the view that the acquisition of interest in the Target Company, an active market player in the PRC, would enable the Company to expand its portfolio of and business scope in the health care, pharmaceutical and biotechnology businesses as well as to grasp the opportunities arising from the said healthcare reforms in the PRC. The Board further holds the view that synergy effects could be achieved through the linking of similar businesses of the Group and the Target Company.

The Board holds the view that the Transactions will, in due course, generate strong returns for the Company for the benefit of all the Shareholders.

According to the voluntary announcement of the Target Company dated 25 February 2013, in accordance with the Phase III clinical trial protocol (the "**Protocol**") filed with the State Food and Drug Administration ("**SFDA**") of the PRC, the Target Group has recently completed part A of the Protocol relating to the multi-centered, randomized, double-blinded and placebo-controlled clinical trial of its oral insulin enteric-coated soft capsules (the "**Medicine**") on treatment of Type 2 diabetes. With reference to the benchmark indicators, in particular, on the effect of reducing blood glucose level in diabetics through absorption of the Medicine into blood circulation of human body, the statistical outcome of the per-protocol set (PPS) analysis shows that the bio-efficacy of the Medicine in the treatment group (where patients were given the Medicine) was significantly superior to that of the control group (where patients were given placebo).

The Protocol designed by recognized clinical trial bases and led by the Peking University People's Hospital in the PRC consists of two parts. As part A of the Protocol has already been completed with satisfactory results, in order to further validate the efficacy of the use of the Medicine in more diabetic testees, the Group is working with the project team and clinical experts of the Peking University People's Hospital in the PRC to conduct part B of the clinical trial on the Medicine contemplated in the Protocol, among others, in larger scale of participating cases. It is expected that such extended clinical trial will commence in due course.

The Board holds the view that there is substantial demand for the Medicine and accordingly, the Transactions will, in due course, generate strong returns to the Company for the benefit of all the Shareholders.

On the assumption that the Medicine is successfully launched and commercialized, it is fair and reasonable for the Board to hold the view that it would bring positive impact to the Group's financial performance and ultimately increase the share price of the Target Company Share and the value of the Sale CBs.

The acquisition of the Sale CBs also provides the Company with the flexibility to increase or maintain its equity interest in the Target Company, as and when appropriate, so as to create value to its Shareholders.

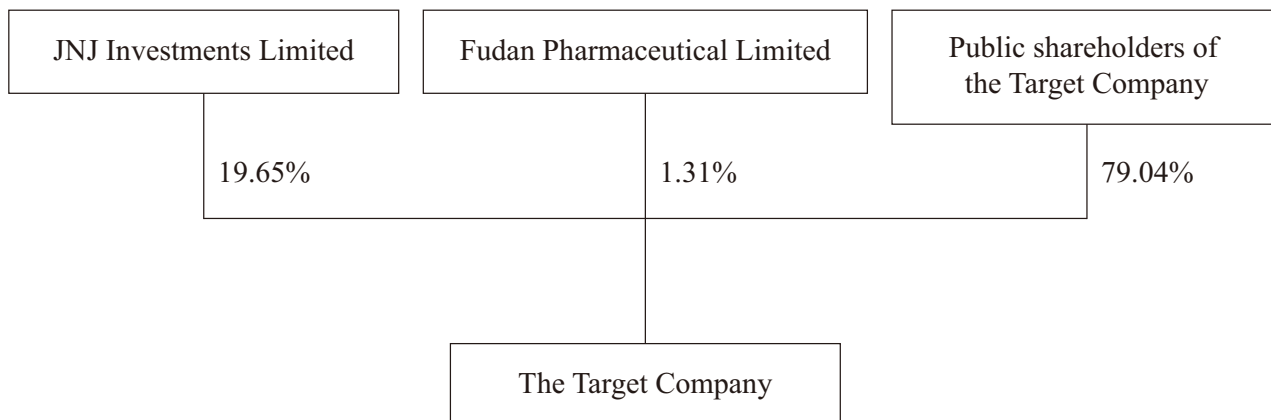
Further, the Sale CBs with a long maturity of 20 years would indicate a high potential for greater fluctuation and volatility as compared to a convertible bonds with shorter maturity. According to the relevant preliminary valuation model, it is fair and reasonable to infer that a higher volatility, while keeping other factors constant, would infer and implicate a higher option value of the Sale CBs.

Therefore, it is fair and reasonable for the Board to hold the view that the acquisition of the Sale CBs is in the interest of the Company and the Shareholders as a whole.

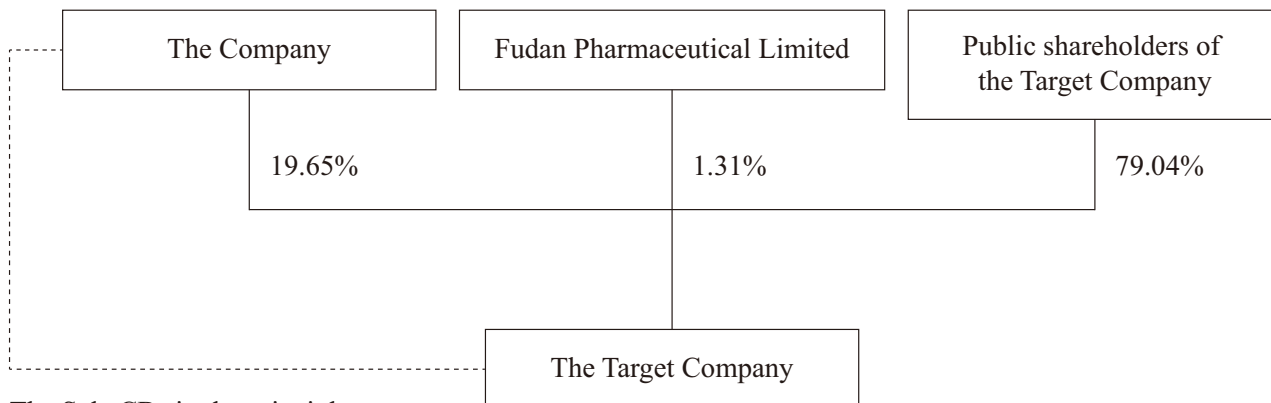
Therefore, it is fair and reasonable for the Board (excluding the independent non-executive Directors whose view will be rendered upon receiving the advice of the independent financial adviser) to hold the view that the entering into the S&P Agreement are on normal commercial terms and ordinary and usual course of business of the Company, and the terms and conditions of the S&P Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

CHANGE IN SHAREHOLDING STRUCTURE OF THE TARGET COMPANY

(a) Shareholding structure of the Target Company before Completion I and Completion II

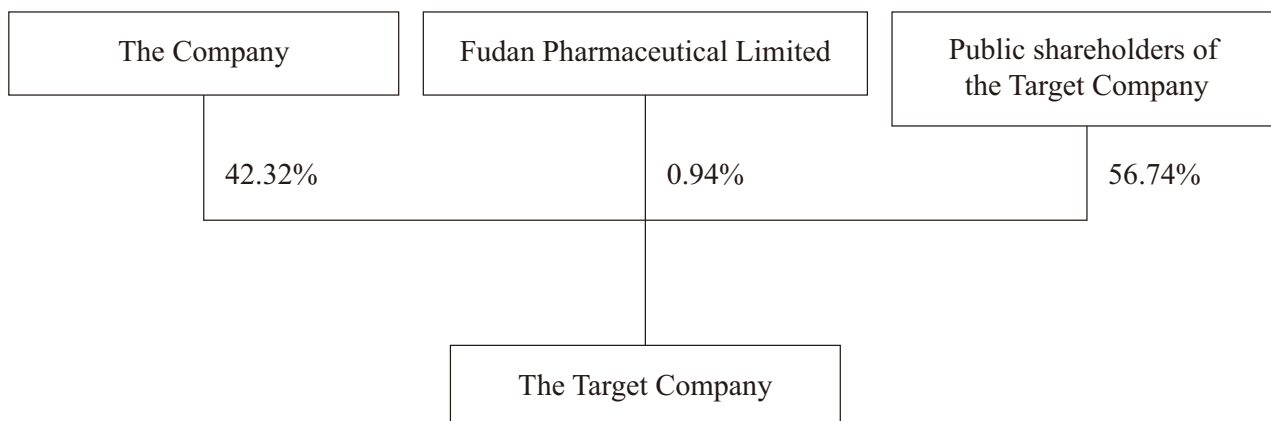


(b) Shareholding structure of the Target Company after Completion I and Completion II

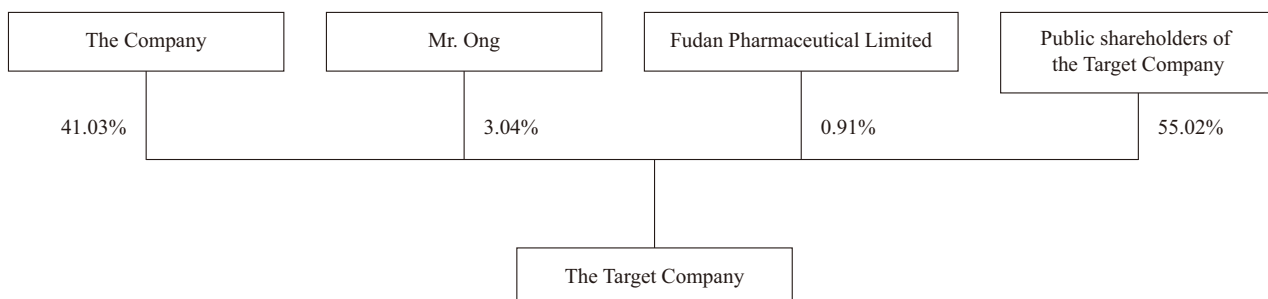


The Sale CBs in the principle amount up to HK\$577,170,000

- (c) **Shareholding structure of the Target Company after Completion I and Completion II (assuming exercise in full of the conversion rights attaching to the Sale CBs at the initial conversion price of HK\$0.6413), for illustration purpose:**



- (d) **Shareholding structure of the Target Company after Completion I and Completion II (assuming (i) exercise in full of the conversion rights attaching to the Sale CBs at the initial conversion price of HK\$0.6413; and (ii) exercise in full of the conversion rights attaching to the convertible bonds of the Target Company to be issued to Mr. Ong at the initial conversion price of HK\$0.6413), for illustration purpose:**



EFFECTS OF THE ACQUISITIONS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the placing and completion of the subscription and assuming exercise in full of the conversion rights attaching to the convertible bonds at the conversion price of HK\$0.40 (subject to adjustments) per Share; (iii) immediately after Completion I but before Completion II (assuming the exercise in full of the conversion rights attaching to Convertible Bonds I at the Conversion Price of HK\$0.40 per Conversion Share); (iv) immediately after Completion I and Completion II (assuming the exercise in full of the conversion rights attaching to Convertible Bonds II at the Conversion Price of HK\$0.40 per Conversion Share, but no exercise of Convertible Bonds I); and (v) immediately after Completion I and Completion II (assuming the exercise in full of the conversion rights attaching to the Convertible Bonds at the Conversion Price of HK\$0.40 per Conversion Share), for illustration purposes only:

	As at the date of this announcement		Immediately after completion of the placing and completion of the subscription and assuming exercise in full of the conversion rights attaching to the convertible bonds at the conversion price of HK\$0.40 (subject to adjustments) per Share		Immediately after Completion I but before Completion II (assuming the exercise in full of the conversion rights attaching to Convertible Bonds I at the Conversion Price of HK\$0.40 per Conversion Share) (Note 5)		Immediately after Completion I and Completion II (assuming the exercise in full of the conversion rights attaching to Convertible Bonds II at the Conversion Price of HK\$0.40 per Conversion Share, but no exercise of Convertible Bonds I) (Note 5)		Immediately after Completion I and Completion II (assuming the exercise in full of the conversion rights attaching to the Convertible Bonds at the Conversion Price of HK\$0.40 per Conversion Share) (Note 5)	
	No. of Shares	Approximate % of issued share capital of the Company	No. of Shares	Approximate % of issued share capital of the Company	No. of Shares	Approximate % of issued share capital of the Company	No. of Shares	Approximate % of issued share capital of the Company	No. of Shares	Approximate % of issued share capital of the Company
Substantial shareholder										
United Gene Holdings Limited (Note 1)	28,000,000	3.54	140,500,000	12.51	28,000,000	1.39	28,000,000	1.96	28,000,000	1.06
Best Champion Holdings Limited (Note 2)	61,650,000	7.80	61,650,000	5.49	61,650,000	3.07	61,650,000	4.31	61,650,000	2.33
China United Gene Investment Holdings Limited (Note 3)	190,851,350	24.14	190,851,350	16.99	190,851,350	9.49	190,851,350	13.34	190,851,350	7.20
Vendor A	-	-	35,000,000	3.12	500,000,000	24.87	640,000,000	44.73	1,140,000,000	43.01
Vendor B	-	-	-	-	720,000,000	35.81	-	-	720,000,000	27.16
Sub-total	280,501,350	35.48	428,001,350	38.11	1,500,501,350	74.63	920,501,350	64.34	2,140,501,350	80.76

	As at the date of this announcement		Immediately after completion of the placing and completion of the subscription and assuming exercise in full of the conversion rights attaching to the convertible bonds at the conversion price of HK\$0.40 (subject to adjustments) per Share		Immediately after Completion I but before Completion II (assuming the exercise in full of the conversion rights attaching to Convertible Bonds I at the Conversion Price of HK\$0.40 per Conversion Share) (Note 5)		Immediately after Completion I and Completion II (assuming the exercise in full of the conversion rights attaching to Convertible Bonds II at the Conversion Price of HK\$0.40 per Conversion Share, but no exercise of Convertible Bonds I) (Note 5)		Immediately after Completion I and Completion II (assuming the exercise in full of the conversion rights attaching to the Convertible Bonds at the Conversion Price of HK\$0.40 per Conversion Share) (Note 5)	
	Approximate % of issued share capital of the	Company	Approximate % of issued share capital of the	Company	Approximate % of issued share capital of the	Company	Approximate % of issued share capital of the	Company	Approximate % of issued share capital of the	Company
	No. of Shares		No. of Shares		No. of Shares		No. of Shares		No. of Shares	
Directors' interests										
Xiao Yan (Note 4)	93,600	0.0118	93,600	0.0083	93,600	0.0047	93,600	0.0065	93,600	0.0035
Wu Yanmin (Note 4)	17,550	0.0022	17,550	0.0016	17,550	0.0009	17,550	0.0012	17,550	0.0007
Public Shareholders										
Other Shareholders	510,080,524	64.51	695,080,524	61.88	510,080,524	25.36	510,080,524	35.65	510,080,524	19.24
Total	790,693,024	100.00	1,123,193,024	100.00	2,010,693,024	100.00	1,430,693,024	100.00	2,650,693,024	100.00

Notes:

1. United Gene Holdings Limited is wholly and beneficially owned by Dr. Mao.
2. Best Champion Holdings Limited, the controlling shareholder of the Company, is owned as to 33.50% by United Gene Holdings Limited.
3. China United Gene Investment Holdings Limited is a non wholly owned subsidiary of Best Champion Holdings Limited which is owned as to 33.50% by United Gene Holdings Limited.
4. Ms. Xiao Yan and Ms. Wu Yanmin are non-executive Directors.
5. **Upon exercise of the conversion rights attaching to the Convertible Bonds, the holders of Convertible Bonds and their respective associates, together with parties acting in concert (as defined in the Takeovers Code) with them, shall not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code; and the public float of the Company shall not be unable to meet the relevant requirements under the Listing Rules.**

SPECIFIC MANDATE

The Conversion Shares upon exercise of the conversion rights attaching to the Convertible Bonds shall be allotted and issued under the Specific Mandate to be granted to the Directors by the Independent Shareholders at the SGM.

RISK FACTORS

Set out below are the potential risks in connection with the Transactions. Additional risks and uncertainties not presently known to the Directors, or not expressed or implied below, or that the Directors currently deem immaterial, may also adversely affect the Target Group's business, operating results and financial condition in a material aspect, which may in turn affect (i) the Target Company's ability to pay the principal of the Sale CBs when due; and (ii) the Company's ability to pay the principal of the Convertible Bonds.

(A) Risks relating to the Target Group's oral insulin business

(i) Final approval for production and distribution not yet obtained

Reference is made to the announcement of the Target Company dated 25 February 2013 in relation to the progress of clinical trial on oral insulin enteric-coated soft capsules. In accordance with the Protocol filed with the SFDA, the Target Group has recently completed part A of the Protocol relating to the multi-centered, randomised, double-blinded and placebo-controlled clinical trial of the Medicine on treatment of Type 2 diabetes. With reference to the benchmark indicators, in particular, on the effect of reducing blood glucose level in diabetics through absorption of the Medicine into blood circulation of human body, the statistical outcome of the per-protocol set (PPS) analysis shows that the bio-efficacy of the Medicine in the treatment group (where patients were given the Medicine) was significantly superior to that of the control group (where patients were given placebo).

The Protocol designed by recognised clinical trial bases and led by the Peking University People's Hospital in the PRC consists of two parts. As part A of the Protocol has already been completed with satisfactory results, in order to further validate the efficacy of the use of the Medicine in more diabetic testees, the Group is working with the project team and clinical experts of the Peking University People's Hospital in the PRC to conduct part B of the clinical trial on the Medicine contemplated in the Protocol, among others, in larger scale of participating cases. It is expected that such extended clinical trial will commence in due course.

Despite completion of part A of the Protocol, it is still possible that the Medicine will fail to obtain SFDA approval. Alternatively, SFDA may impose additional requirements or raise queries on the clinical trial, which may create further hurdles for the final approval. Additionally, the timing of final approval is difficult to assess.

The Target Group is also required to obtain a number of licences, certificates and permits from the relevant regulatory authorities in the PRC before formal production and distribution of the Medicine can begin. These include, among others, the Certificate of New Medicine (新藥證書) and the Good Manufacturing Practice certificate. These licences, certificates and permits may also be subject to periodic renewal requirements.

Should the Target Group fail to obtain all necessary approvals from the relevant authorities, it may not be able to commence the production and distribution of the Medicine in the PRC, which would have a material and adverse impact on the Target Group's business and financial results. The Target Group may also have to write-off or suffer impairment on the carrying values of the technological know-how in relation to the research and development of the use of the oral insulin product and the exclusive right for commercialisation of the said oral insulin product owned by the Target Group.

(ii) Additional funding requirement

It is expected that an additional amount would be incurred in relation to the research and development of the next phase of the clinical trial for the Medicine, and a further amount would be incurred for pre-marketing efforts before the commencement of commercial production and distribution of the Medicine. Should the actual development and pre-marketing expenses turn out to be higher than expected and the Target Group is unable to inject sufficient funding to support further development of the Medicine due to working capital needs from its existing operations, the oral insulin project may not be able to be completed and commercialised successfully.

(iii) Market acceptance and competition

In assessing the acceptance of the new Medicine to be launched to the market, diabetic patients may make reference to the pricing of the Medicine as compared to other existing insulin products. If the pricing assumption made by the Target Group proves too optimistic, target diabetics may decide to continue using their existing insulin product without switching to the Medicine.

Complications can occur regarding the effectiveness of the drug and the emergence of side effects when it comes into wide use. There are precedent cases of seemingly promising new drugs which failed to become established. Exubera, which was inhalable insulin introduced by Pfizer Incorporated and available in the United States from 2006 to 2007, was withdrawn from the market after it failed to gain acceptance among diabetic patients.

If the Medicine is approved and introduced successfully, there appears to be a large potential market of diabetes sufferers in the PRC. Nevertheless, rival products could emerge and, as noted above, the sales price is yet to be tested in the market. Competition from existing insulin products in the PRC market may also create uncertainty as to the profitability of the Medicine. Although the Target Company considers that the Medicine is likely to be the first oral insulin to be distributed in the PRC upon successful commercialisation, potential customers might still consider different factors when choosing among diabetic drugs available in the market, which include pricing, branding and reputation, availability, convenience of use and certain other factors. Besides, the possibility of oral insulin with similar technologies or insulin with other delivery methods being developed, or existing oral anti-diabetic drugs available in the PRC market being sold more aggressively by competitors, may also impact the financial results of the Target Group.

(iv) Expiry of patent of the relevant technologies in relation to the research and development of the use of oral insulin products

According to the circular of the Target Company dated 21 May 2009 in respect of the ratification actions for the acquisition of 51% interest in Smart Ascent in 2004, the patent issued by the PRC authorities for the relevant technologies in relation to the research and development of the use of oral insulin products will expire in April 2021, after which the Medicine could become “generic”, and there is no assurance that other market competitors may manufacture and sell the Medicine on their own. Intensifying competition in the market may have negative impact on the pricing and the profit margin of the Medicine and may thereby have adverse effect on the profitability of the Target Group.

(v) Product liability

The Target Group could face material claims arising from any alleged harmful effect of the Medicine. There is no assurance that any product liability claim brought against the Target Group in respect of the Medicine would not have an adverse effect on the Target Group’s business operations and financial results and position.

(B) Risks relating to the Target Group conducting business in the PRC

Adverse changes in economic policies of the PRC government could have a material adverse effect on the overall economic growth of the PRC, which could materially and adversely affect the Target Group's business

According to the annual report for the year ended 31 March 2012 of the Target Company, over 90% of the Group's revenue is derived from customers based in the PRC, and over 90% of the Group's assets and capital expenditures are located in the PRC. Accordingly, its business, financial condition, results of operations and prospects may be influenced to a significant degree by political, economic and social conditions in the PRC generally, including the overall economic growth in the PRC.

The PRC economy differs from the economies of most developed countries in many respects, including the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the PRC government has implemented measures since the late 1970s emphasising the utilisation of market forces in the economic reform, the reduction of state ownership of productive assets and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the PRC government. In addition, the PRC government continues to play a significant role in regulating industry development by imposing industrial policies. The PRC government also exercises significant control over the PRC's economic growth through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies.

While the PRC economy has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy, but may have a negative effect on the Target Group. For example, the Target Group's operating results and financial condition may be adversely affected by changes in tax regulations that are applicable to it.

In addition, any future calamities, including natural disasters, outbreaks of contagious diseases and political or social unrest may adversely affect the economic growth in the PRC and therefore the business and financial performance of the Target Group.

(C) Risks relating to the Sale CBs

(i) Credit and default risk

There is a risk that the Target Company may default on its obligation to pay the principal of Sale CBs when due. In the event of any default on the Sale CBs, the Company is entitled to demand for immediate repayment of the principal amount outstanding under the Sale CBs.

(ii) The Sale CBs are not secured by any asset

The Sale CBs are not secured by any asset. Accordingly, the Company may sustain a loss up to the principal amount of the Sale CBs if the Target Company defaults on its obligations under the instruments creating the Sale CBs.

(iii) Liquidity risk

There will be no public market for the Sale CBs as no application will be made by the Target Company for the listing of, or permission to deal in, the Sale CBs on the Stock Exchange or any other stock exchange. The Company may have difficulty in disposing of the Sale CBs when a need to liquidate their assets arises.

The operation of the Target Group is subject to the regulatory requirements of the PRC government. Similar to other industry players in the PRC, the Target Group is subject to the full regulations under the relevant PRC national, provincial and local government regulations, policies and measures in relation to the operations of its subsidiaries.

Any changes in the relevant regulatory requirements may cause significant adverse impact on the liabilities, costs and/or duties of the Target Group, which in turn affect the Target Company's ability to pay the principal of the Sale CBs when due. In the event that the Target Group fails to comply with the relevant laws and regulations, the operations of the Target Group may be suspended and/or the Target Group may be subject to fines and/or punishment imposed by the relevant authorities. Any form of such punishment could materially and adversely affect the business, operations and financial position of the Target Group and its ability to pay the principal of the Sale CBs when due.

There is no guarantee that the relevant PRC authorities will not amend the existing laws and regulations. Furthermore, there is no guarantee that the relevant PRC authorities will not impose any further stringent laws and regulations. Compliance of such laws and regulations may cause substantial capital commitment on the part of the Target Group and will cause uncertainty to the business prospect of the Target Group which may adversely affect its ability to pay the principal of the Sale CBs when due.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Vendor A and together with his associates are beneficially interested in 280,501,350 Shares, representing approximately 35.48% of the total issued share capital of the Company.

As at the date of this announcement, Vendor B is ultimately and beneficially owned as to 33.33% by Vendor A.

Accordingly, Vendor A is a connected person of the Company by virtue of being a controlling shareholder of the Company. Vendor B is connected person of the Company by virtue of its beneficial owner, being Vendor A. As such, the Transactions constitute connected transactions of the Company under Rule 14A.13(1)(a) of the Listing Rules and shall be aggregated pursuant to Rule 14A.25 of the Listing Rules.

As one or more of the relevant percentage ratios for the Transactions exceeds 100%, the entering into of the S&P Agreement constitutes a very substantial acquisition of the Company under Chapter 14 of the Listing Rules. Accordingly, the S&P Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and the Independent Shareholders' approval at the SGM under the Listing Rules.

In accordance with the Listing Rules, the Vendors and their respective associates shall abstain from voting on the relevant resolution(s) to approve the S&P Agreement and the transactions contemplated thereunder, including but not limited to the issue of the Convertible Bonds and the grant of the Specific Mandate for the allotment and issue of the Conversion Shares upon exercise in full of the conversion rights attaching to the Convertible Bonds.

None of the Directors has a material interest in the S&P Agreement and the transactions contemplated thereunder, including but not limited to the issue of the Convertible Bonds and the grant of the Specific Mandate for the allotment and issue of the Conversion Shares upon exercise in full of the conversion rights attaching to the Convertible Bonds and is required to abstain, or has abstained, from voting on the relevant Board resolutions to approve the S&P Agreement and the transactions contemplated thereunder, including but not limited to the issue of the Convertible Bonds and the grant of the Specific Mandate for the allotment and issue of the Conversion Shares upon exercise in full of the conversion rights attaching to the Convertible Bonds.

GENERAL

The SGM will be held and convened for the purpose of considering and, if thought fit, approving (i) the S&P Agreement and the transactions contemplated thereunder, including but not limited to the issue of the Convertible Bonds and the grant of the Specific Mandate for the allotment and issue of the Conversion Shares upon exercise of the conversion rights attaching to the Convertible Bonds; and (ii) the exercise of the conversion rights attaching to the Sale CBs.

The Independent Board Committee (comprising all of the three independent non-executive Directors, namely, Ms. Chen Weijun, Dr. Zhang Zhihong and Mr. Wang Rongliang) has been established to advise the Independent Shareholders on (i) the S&P Agreement and the transactions contemplated thereunder, including but not limited to the issue of the Convertible Bonds and the grant of the Specific Mandate for the allotment and issue of the Conversion Shares upon exercise of the conversion rights attaching to the Convertible Bonds. The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details of the S&P Agreement and the transactions contemplated thereunder; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) a letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; (iv) financial information of the Group; (v) financial information of the Target Group; (vi) unaudited pro forma financial statement of the enlarged group; and (vii) a notice convening the SGM, will be despatched to the Shareholders on or before 2 August 2013 as additional time be required for preparing the information to be contained in the said circular.

RESUMPTION OF TRADING

Trading in the Shares was suspended at the request of the Company with effect from 9:00 a.m. on 29 April 2013 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the trading in the Shares to resume from 9:00 a.m. on 16 May 2013 following the publication of this announcement.

Completion of the Transactions is subject to fulfillment of the conditions precedent as set out in the sections headed “Transaction I – Conditions precedent” and “Transaction II – Conditions precedent” respectively under the S&P Agreement. As the Acquisitions may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Acquisition Agreement”	the conditional sale and purchase agreement dated 27 July 2007 (as supplemented and amended by a supplemental agreement dated 23 February 2013) between Mr. Ong as vendor and Extrawell BVI, as purchaser for the acquisition of an aggregate of 4,900 ordinary shares of HK\$1.00 each in the issued share capital of Smart Ascent, representing approximately 49% of the total issued capital of Smart Ascent
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday and other general holidays in Hong Kong and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “ black ” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business
“BVI”	British Virgin Islands
“Call Option Agreement”	a subscription agreement dated 28 February 2013 entered into between Vendor A and Mr. Ong in relation to a call option granted by Mr. Ong to Vendor A, to acquire from Mr. Ong the convertible bonds to be issued by the Target Company of up to the principal amount of HK\$256,520,000 held by Mr. Ong

“Company”	United Gene High-Tech Group Limited (聯合基因科技集團有限公司), a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“Completion I”	completion of the Transaction I in accordance with the terms and conditions of the S&P Agreement
“Completion II”	collectively Completion II – First Batch, Completion II – Second Batch, Completion II – Third Batch and Completion II – Fourth Batch
“Completion II – First Batch”	completion of the proposed acquisition of the Sale CB-II – First Batch in accordance with the terms and conditions of the S&P Agreement
“Completion II – Second Batch”	completion of the proposed acquisition of the Sale CB-II – Second Batch in accordance with the terms and conditions of the S&P Agreement
“Completion II – Third Batch”	completion of the proposed acquisition of the Sale CB-II – Third Batch in accordance with the terms and conditions of the S&P Agreement
“Completion II – Fourth Batch”	completion of the proposed acquisition of Sale CB-II – Fourth Batch in accordance with the terms and conditions of the S&P Agreement
“Completion Date I”	Within 7 Business Days after the fulfillment of all conditions precedents under the sub-section headed “Transaction I – Conditions precedent” of this announcement or such other date as the Vendors and the Company may agree in writing
“Completion Date II – First Batch”	Within 7 Business Days after the fulfillment of all conditions precedents under the sub-section headed “Transaction II – Conditions precedent” of this announcement or such other date as Vendor A and the Company may agree in writing

“Completion Date II – Second Batch”	Within 7 Business Days following four (4) months from the fulfillment of all conditions precedents under the sub-section headed “Transaction II – Conditions precedent” of this announcement or such other date as Vendor A and the Company may agree in writing
“Completion Date II – Third Batch”	Within 7 Business Days following eight (8) months from the fulfillment of all conditions precedents under the sub-section headed “Transaction II – Conditions precedent” of this announcement or such other date as Vendor A and the Company may agree in writing
“Completion Date II – Fourth Batch”	Within 7 Business Days following twelve (12) months from the fulfillment of all conditions precedents under the sub-section headed “Transaction II – Conditions precedent” of this announcement or such other date as Vendor A and the Company may agree in writing
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration I”	an aggregate of a maximum HK\$608,000,000 for the Transaction I
“Consideration II”	an aggregate of up to a maximum HK\$256,000,000 for the Transaction II
“Consideration II – First Batch”	an aggregate up to a maximum HK\$64,000,000 for the proposed acquisition of the Sale CB-II – First Batch
“Consideration II – Second Batch”	an aggregate up to a maximum HK\$64,000,000 for the proposed acquisition of the Sale CB-II – Second Batch
“Consideration II – Third Batch”	an aggregate up to a maximum HK\$64,000,000 for the proposed acquisition of the Sale CB-II – Third Batch
“Consideration II – Fourth Batch”	an aggregate up to a maximum HK\$64,000,000 for the proposed acquisition of the Sale CB-II – Fourth Batch
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules

“Conversion Price”	HK\$0.40 per Conversion Share, subject to adjustments as set out and in accordance with the terms and conditions of the Convertible Bonds
“Conversion Shares”	collectively Conversion Shares I and Conversion Shares II
“Conversion Shares I”	new Shares to be issued and allotted by the Company upon the exercise of the conversion rights attaching to the Convertible Bonds I at the Conversion Price
“Conversion Shares II”	new Shares to be issued and allotted by the Company upon the exercise of the conversion rights attaching to the Convertible Bonds II at the Conversion Price
“Convertible Bonds”	collectively, Convertible Bonds I and Convertible Bonds II
“Convertible Bonds I”	the convertible bonds in an aggregate principal amount of HK\$488,000,000 to be issued by the Company in favour of the Vendors or their nominee(s) (as they may direct in writing) upon Completion I with nil interest for a conversion period of 10 years from the date of issue
“Convertible Bonds II”	the convertible bonds in an aggregate principal amount up to HK\$256,000,000 to be issued by the Company in favour of Vendor A or his nominee(s) (as he may direct in writing) upon Completion II with nil interest for a conversion period of 10 years from the date of issue
“Extrawell BVI”	Extrawell (BVI) Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Target Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholders other than the Vendors and their respective associates

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date I”	30 August 2013 or such other date as the Vendors and the Company may agree in writing
“Long Stop Date II”	30 October 2013 or such other date as Vendor A and the Company may agree in writing
“Mr. Ong”	Mr. Ong Cheng Heang, the minority shareholder of Smart Ascent
“Placing Agreement”	the conditional placing agreement dated 18 February 2013 (as supplemental and amended by a supplemental agreement dated 19 April 2013) entered into between the Company and Grand Vinco Capital Limited in relation to the placing of the 10-year, 0.1% convertible bonds in an aggregate principal amount up to HK\$74,000,000 to be issued by the Company
“PRC”	the People’s Republic of China which, for the purpose of this announcement only, does not include Hong Kong, the Macau Special Administrative Region and Taiwan
“Sale CB-I”	the convertible bonds in an aggregate principal amount of HK\$320,650,000 to be issued by the Target Company with the conversion rights to convert into 500,000,000 Sale CBs Conversion Shares at the Sale CBs Conversion Price with nil interest for a conversion period of 20 years
“Sale CB-II”	collectively Sale CB-II – First Batch, Sale CB-II – Second Batch, Sale CB-II – Third Batch and Sale CB-II – Fourth Batch
“Sale CB-II – First Batch”	the convertible bonds in an aggregate principal amount up to HK\$64,130,000 to be issued by the Target Company with the conversion rights to convert into 100,000,000 Sale CBs Conversion Shares at the Sale CBs Conversion Price with nil interest for a conversion period of 20 years from the date of issue

“Sale CB-II – Second Batch”	the convertible bonds in an aggregate principal amount up to HK\$64,130,000 to be issued by the Target Company with the conversion rights to convert into 100,000,000 Sale CBs Conversion Shares at the Sale CBs Conversion Price with nil interest for a conversion period of 20 years from the date of issue
“Sale CB-II – Third Batch”	the convertible bonds in an aggregate principal amount up to HK\$64,130,000 to be issued by the Target Company with the conversion rights to convert into 100,000,000 Sale CBs Conversion Shares at the Sale CBs Conversion Price with nil interest for a conversion period of 20 years from the date of issue
“Sale CB-II – Fourth Batch”	the convertible bonds in an aggregate principal amount up to HK\$64,130,000 to be issued by the Target Company with the conversion rights to convertible into 100,000,000 Sale CBs Conversion Shares at the Sale CBs Conversion Price with nil interest for a conversion period of 20 years from the date of issue
“Sale CBs”	collectively, Sale CB-I and Sale CB-II
“Sale CBs Conversion Price”	HK\$0.6413, subject to adjustments as set out and in accordance with the terms and conditions of the Sale CBs
“Sale CBs Conversion Shares”	new Target Company Shares to be issued and allotted by the Target Company upon the exercise of the conversion rights attaching to the Sale CBs at the Sale CBs Conversion Price
“Sale Shares”	450,000,000 Target Company Shares
“SGM”	an special general meeting of the Company to be held and convened to consider and, if though fit, to approve by the Independent Shareholders, among other, (i) the S&P Agreement and the transactions contemplated thereunder, including but not limited to the issue of the Convertible Bonds and the grant of the Specific Mandate for the allotment and issue of the Conversion Shares; and (ii) the exercise of the conversion rights attaching to the Sale CBs

“Share(s)”	ordinary share(s) of par value HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	The registered holder(s) of the Shares
“Smart Ascent”	Smart Ascent Limited, a company incorporated in Hong Kong with limited liability, the entire issued capital of which is owned as to 51% by Extrawell BVI and as to 49% by Mr. Ong
“Specific Mandate”	the specific mandate for the allotment and issue of the Conversion Shares to be granted to the Directors by the Independent Shareholders at the SGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	Vendor A and United Gene Holdings Limited, a company incorporated in the BVI with limited liability of which the entire issued share capital is owned by Vendor A
“Subscription Agreement”	the conditional subscription agreement dated 18 February 2013 (as supplemental and amended by a supplemental agreement dated 19 April 2013) entered into between the Company and the Subscribers in relation to the subscription of the 10-year, 0.1% convertible bonds in an aggregate principal amount of HK\$59,000,000 to be issued by the Company
“S&P Agreement”	the conditional sale and purchase agreement dated 27 April 2013 (as supplemented and amended by a supplemental agreement dated 7 May 2013) entered into between the Company and the Vendors in relation to the Transactions
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Repurchases issued by the Securities and Futures Commission of Hong Kong

“Target Company”	Extrawell Pharmaceutical Holdings Limited (stock code: 00858), a company incorporated in Bermuda with limited liability and issued shares of which are listed on the main board of the Stock Exchange.
“Target Group”	the Target Company and its subsidiaries
“Target Company Share(s)”	ordinary share(s) of par value HK\$0.01 each in the issued share capital of the Target Company
“Transaction I”	the proposed sale and purchase of the Sale CB-I and the Sale Shares by the Company from Vendor A and Vendor B respectively pursuant to the S&P Agreement
“Transaction II”	the proposed sale and purchase of the Sale CB-II by the Company from Vendor A pursuant to the S&P Agreement
“Transactions”	collectively, the Transaction I and the Transaction II
“Vendor A”	Dr. Mao Yumin is (i) the honourary chairman, chief scientific adviser and controlling shareholder of the Company; (ii) the executive director of the Target Company; (iii) the beneficial owner of 33.33% equity interest in Vendor B; and (iv) one of the Subscribers under the Subscription Agreement
“Vendor B”	JNJ Investments Limited, a company incorporated in the BVI with limited liability and the legal and beneficial owner of the Sale Shares
“Vendors”	collectively Vendor A and Vendor B
“%”	per cent.

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

Hong Kong, 15 May 2013

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