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**UNITED GENE HIGH-TECH GROUP LIMITED**

**聯合基因科技集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 399)**

**PROPOSED RIGHTS ISSUE  
IN THE PROPORTION OF ONE RIGHTS SHARE  
FOR EVERY EXISTING SHARE HELD ON THE RECORD DATE**

**Financial adviser to the Company**



**Grand Vinco Capital Limited**

*(A wholly-owned subsidiary of Vinco Financial Group Limited)*

**PROPOSED RIGHTS ISSUE**

The Company proposes to issue 6,082,254,031 Rights Shares at the Subscription Price of HK\$0.052 per Rights Share on the basis of one Rights Share for every existing Share in issue on the Record Date. The proposed Rights Issue is intended to raise funds of about HK\$316.28 million (before expenses). The Rights Issue is only available to Qualifying Shareholders and will not be extended to Non-Qualifying Shareholders.

It is a term of the Underwriting Agreement that Best Champion has to give the Irrevocable Undertaking to the Company and the Underwriters, among other matters, that (i) it will accept and procure its associates to accept all the Rights Shares to be provisionally allotted to it and its associates pursuant to the Rights Issue in respect of the Shares held by it and its associates as at the Record Date; and (ii) it and its associates will not, during the period from immediately after the execution of the Underwriting Agreement and prior to or on the date the Underwriting Agreement becoming unconditional, transfer or otherwise dispose of any of the Shares held by it and its associates such that after such transfer or disposal it and its associates will hold less than 50% of the Shares in issue.

The Rights Issue will be fully underwritten by the Underwriters. Pursuant to the Underwriting Agreement, Best Champion has conditionally agreed to underwrite the Best Champion Commitment and Grand Investment has conditionally agreed to underwrite the Grand Investment Commitment. Grand Investment will receive underwriting commission at 5% of the aggregate Subscription Price of the maximum Grand Investment Commitment. Best Champion will not receive any underwriting commission and will bear its own costs and expenses in connection with the Right Issue. Details of the major terms and conditions of the Underwriting Agreement are set out in the section headed “Underwriting Arrangements” in this announcement.

*The Rights Issue is conditional upon, inter alia, the fulfillment or waiver of the conditions set out below under the paragraph headed “Conditions of the Rights Issue” under the section headed “Underwriting Arrangements” in this announcement. In particular, it is subject to the Underwriting Agreement not being terminated in accordance with its terms thereof (a summary of which is set out under the paragraph headed “Termination of the Underwriting Agreement” under the section headed “Underwriting Arrangements” in this announcement).*

*If the Underwriting Agreement is terminated, or the conditions of the Rights Issue are not fulfilled or waived, the Rights Issue will not proceed.*

The last day of dealings in the Shares on the Stock Exchange on a cum-rights basis will be Monday, 19 April 2010. The Shares will be dealt in on an ex-rights basis on the Stock Exchange from Tuesday, 20 April 2010. To qualify for the Rights Issue, a Qualifying Shareholder’s name must appear on the registers of members of the Company on the Record Date, which is currently expected to be Tuesday, 27 April 2010. In order to be registered as Shareholders on the Record Date, any transfers of Shares (with the relevant share certificates) must be lodged for registration with the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong by 4:30 p.m. on Wednesday, 21 April 2010.

*Any persons contemplating buying or selling Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled or waived, and any dealings in the Rights Shares in their nil-paid form between Monday, 3 May 2010 to Monday, 10 May 2010 (both days inclusive), bear the risk that the Rights Issue may not become unconditional or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares, and if they are in doubt about their position, they should consult their professional advisers.*

## **GENERAL**

The Rights Issue is conditional on, among other matters, the approval of the Rights Issue by the Independent Shareholders at the EGM. As at the date of this announcement, Best Champion is beneficially interested in 3,500,006,154 Shares, representing approximately 57.54% of the existing issued share capital of the Company. Pursuant to Rule 7.19(6)(a) of the Listing Rules, Best Champion and its associates shall abstain from voting in favour of the resolution approving the Rights Issue to be proposed at the EGM. A circular containing, among other matters, details of the Rights Issue and (i) a letter from the Independent Board Committee to the Independent Shareholders setting out their advice and recommendations in relation to the Rights Issue; (ii) a letter from the independent financial adviser appointed to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue; together with (iii) the notice of EGM, will be despatched to the Shareholders as soon as practicable.

Subject to the Rights Issue being approved by the Independent Shareholders at the EGM, the Prospectus

Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders as soon as practicable. The Prospectus, without the Provisional Allotment Letter, will be sent to the Non-Qualifying Shareholders (if any) for their information only.

## **PROPOSED RIGHTS ISSUE**

### **Issue statistics**

Basis of the Rights Issue	:	One Rights Share for every existing Share held on the Record Date and payable in full upon application
Number of existing shares in issue as at the date of this announcement	:	6,082,254,031 Shares
Number of Rights Shares	:	6,082,254,031 Rights Shares
Subscription Price	:	HK\$0.052 per Rights Share
Enlarged issued share capital immediately upon completion of the Rights Issue	:	12,164,508,062 Shares

As at the date of this announcement, there were no outstanding derivatives, options, warrants or convertible securities which may confer any right to the holder thereof to subscribe for, convert or exchange into new Shares. Assuming the completion of the Rights Issue, an aggregate 6,082,254,031 Rights Shares would be allotted and issued under the Rights Issue, representing 100% of the existing issued share capital of the Company as at the date of this announcement and 50% of the enlarged issued share capital of the Company immediately upon completion of the Rights Issue. The aggregate nominal value of the Rights Shares is HK\$60,822,540.31.

Pursuant to the Underwriting Agreement, the Company has undertaken that it shall not, without the prior consent of Grand Investment (for and on behalf of the Underwriters), issue any Share or issue or grant any share options or other securities convertible into, exchangeable for or which carry right to acquire Shares (other than the Rights Shares) from the date of the Underwriting Agreement until after the Latest Acceptance Time.

### **Subscription Price**

The Subscription Price is HK\$0.052 per Rights Share, payable in cash in full when a Qualifying Shareholder accepts its provisional allotment under the Rights Issue. Such Subscription Price represents:

- (i) a discount of approximately 89.17% to the closing price per Shares of HK\$0.48 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 89.34% to the average closing price of HK\$0.488 per Share for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 89.33% to the average closing price of HK\$0.4875 per Share for the last ten consecutive trading days up to and including the Last Trading Day; and

- (iv) a discount of approximately 80.45% to the theoretical ex-rights price of HK\$0.266 per Share based on the closing price of HK\$0.48 per Share as quoted on the Stock Exchange on the Last Trading Day.

The Subscription Price was arrived at after arm's length negotiation between the Company and Grand Investment (for and on behalf of the Underwriters) with reference to the prevailing market conditions and recent financial conditions of the Group. The Directors (excluding the independent non-executive Directors whose views will be set out in their letter to be included in the circular to be despatched to the Shareholders in connection with the Rights Issue) consider that the terms of the Rights Issue, including the determination of the Subscription Price, are fair and reasonable and could enhance the attractiveness of the Rights Issue, so as to encourage Shareholders to participate in the Rights Issue without exerting excessive financial burden on the part of the Shareholders. The Rights Issue also offers an opportunity for each Qualifying Shareholder to maintain their respective pro rata shareholdings in the Company.

In light of the above, the Directors consider that it is in the interests of the Company and the Shareholders as a whole to raise capital through the Rights Issue. The net price per Rights Share upon full acceptance of the relevant provisional allotment of the Rights Shares will be approximately HK\$0.051.

### **Fractions of the Rights Issue**

On the basis of provisional allotment of one Rights Share for every existing Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

### **Odd lot arrangement**

Given that there will not have odd lots as a result of the Rights Issue, there will be no odd lots arrangement.

### **Status of the Rights Shares**

The Rights Shares, when allotted, issued and fully-paid, will rank pari passu with the then existing Shares in issue on the date of allotment of the Rights Shares. Holders of such Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid with a record date which falls on or after the date of allotment and issue of the Rights Shares. Dealings in the Rights Shares will be subject to payment of stamp duty in Hong Kong, Stock Exchange trading fees, Securities and Futures Commission transaction levy and other applicable fees and charges in Hong Kong.

### **No application for excess Rights Shares**

There is no arrangement for application of Rights Shares by Qualifying Shareholders in excess of their entitlements. Considering that each Qualifying Shareholder will be given an equal and fair opportunity to participate in the Company's future development by subscribing for his/her/its proportionate entitlement under the Rights Issue and there will be dealing of nil-paid Rights Shares on the Stock Exchange, if application for excess Rights Shares is arranged, the Company will be required to put in additional effort and costs to administer the excess application procedures, which is not cost-effective from the viewpoint of the Company. Any Rights Shares not taken up by the Qualifying Shareholders will be taken by the Underwriters and/or subscribers procured by the Underwriters. The absence of excess application and the alternative arrangement for the disposal of the Rights Shares not taken up must be specifically approved

by the Independent Shareholders at the EGM by way of poll for the purpose of compliance with Rule 7.21(2) of the Listing Rules.

### **Share certificate for the Rights Shares**

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for the Rights Shares are expected to be posted by ordinary mail to Qualifying Shareholders who have validly accepted and applied for (where appropriate), and paid for the Rights Shares on Thursday, 20 May 2010 at their own risk.

### **Qualifying Shareholders**

The Company will send (i) the Prospectus Documents to the Qualifying Shareholders; and (ii) the Prospectus, but without the related Provisional Allotment Letter, to the Non-Qualifying Shareholders for information only.

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and not be a Non-Qualifying Shareholder.

In order to be registered as a member of the Company on the Record Date, Shareholders must lodge any transfers of Shares (with the relevant share certificate(s)) with the Company's branch share registrar in Hong Kong by 4:30 p.m. on Wednesday, 21 April 2010. The last day of dealings in Shares on a cum-rights basis is therefore expected to be Monday, 19 April 2010. The Shares will be dealt with on an ex-rights basis from Tuesday, 20 April 2010. The Company's branch share registrar in Hong Kong is Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

### **Non-Qualifying Shareholders**

If there are any Overseas Shareholders at the close of business on the Record Date, such Overseas Shareholders may or may not be eligible to take part in the Rights Issue.

The Directors will comply with Rule 13.36(2)(a) of the Listing Rules and make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders taking into consideration the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange for the issue of Rights Shares to the Overseas Shareholders.

If, after making such enquiry, the Directors are of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any applicable requirements of the relevant regulatory body or stock exchange in that place, not to offer the Rights Shares to such Overseas Shareholders, the Rights Issue will not be extended to the Overseas Shareholders who will become the Non-Qualifying Shareholders.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Non-qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expense) can be obtained. The proceeds of such sale, less expenses, of more than HK\$100 will be paid pro-rata to the Non-Qualifying Shareholders. The Company will retain individual amounts of HK\$100 or less for the benefit of the Company.

The Prospectus Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong.

## **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. None of the securities of the Company is listed or dealt in on any other stock exchange other than the Stock Exchange and no such listing or permission to deal is proposed to be sought.

Subject to the grant of listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

## **Notice of book closure period**

In accordance with Rule 13.66 of the Listing Rules, the Company announces that its register of members will be closed from Thursday, 22 April 2010 to Tuesday, 27 April 2010 (both days inclusive) for the purpose of, among other things, establishing entitlements to the Rights Issue. No transfer of Shares will be registered during this book closure period.

*Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholding in the Company will be diluted.*

## **UNDERWRITING ARRANGEMENTS**

### **Underwriting Agreement**

Issuer	:	the Company
Underwriters	:	Best Champion and Grand Investment
Number of Underwritten Shares	:	not more than 3,041,127,015 Rights Shares, being all the Rights Shares to be issued in the Rights Issue less the Undertaken Shares. The underwriting of the Underwritten Shares by Best Champion and Grand Investment under the Underwriting Agreement will be on a several (not joint) and pro-rata basis; the Undertaken Shares will be taken up by Best Champion and Grand Investment in the ratio of the Best Champion Commitment to the Grand Investment Commitment.
Commission	:	(for Grand Investment only) five per cent. of the aggregate Subscription Price of the maximum Grand Investment Commitment.

Best Champion will not receive any underwriting commission.

The Rights Issue is fully underwritten. The underwriting commission was arrived at after arm's length negotiations between the Company and Grand Investment. The Directors (excluding the independent non-executive Directors whose views will be set out in their letter to be included in the circular to be

despatched to the Shareholders in connection with the Rights Issue) are of the opinion that the terms of the Underwriting Agreement and the amount of commission given to Grand Investment is fair and commercially reasonable as agreed between the Company and Grand Investment in view of the volatility in the Share price during the past few months and the financial position of the Group for the past three years.

As at the date of this announcement, Grand Investment was not beneficially interested in any Shares. To the best of the Directors' knowledge and information, Grand Investment and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

### **Irrevocable Undertaking**

As at the date of this announcement, Best Champion is beneficially interested in 3,500,006,154 Shares, representing approximately 57.54% of the existing issued share capital of the Company.

It is a term of the Underwriting Agreement that Best Champion has to give the Irrevocable Undertaking to the Company and the Underwriters, among other matters, that: (i) it will accept and procure its associates to accept all the Rights Shares to be provisionally allotted to it and its associates pursuant to the Rights Issue in respect of the Shares held by it and its associates as at the Record Date; and (ii) it and its associates will not, during the period from immediately after the execution of the Underwriting Agreement and prior to or on the date the Underwriting Agreement becoming unconditional, transfer or otherwise dispose of any of the Shares held by it and its associates such that after such transfer or disposal it and its associates will hold less than 50% of the Shares in issue.

### **Conditions of the Rights Issue**

The Rights Issue is conditional upon the following conditions being fulfilled:

- (1) the Company despatching the circular to the Shareholders containing, among other matters, details of the Rights Issue together with proxy form and the notice of EGM;
- (2) the passing by the Independent Shareholders at the EGM of ordinary resolutions to approve the Rights Issue;
- (3) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms);
- (4) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies Ordinance not later than the Prospectus Posting Date;
- (5) the posting of the Prospectus Documents to the Qualifying Shareholders on or before the Prospectus Posting Date;
- (6) compliance with and performance of all the undertakings and obligations of the Company and the Underwriters under the terms of the Underwriting Agreement; and

- (7) compliance with and performance by Best Champion of all of its obligations and undertakings under the Irrevocable Undertaking.

None of the parties to the Underwriting Agreement may waive conditions (1) to (5) above (both inclusive). Grand Investment (for and on behalf of the Underwriters) may waive condition (6) above (so far as it relates to the Company) and condition (7) above in whole or in part by written notice to the Company. If any of the conditions of the Rights Issue are not fulfilled (or in respect of condition (6), waived in whole or in part by Grand Investment (for and on behalf of the Underwriters) on or before the Latest Acceptance Time (or such later time and/or date as the Company and Grand Investment (for and on behalf of the Underwriters) may agree in writing), the Underwriting Agreement shall terminate (save in respect of any rights and obligations which may accrue under the Underwriting Agreement prior to such termination) and neither the Company nor Grand Investment (for and on behalf of the Underwriters) shall have any claim against the other party for costs, damages, compensation or otherwise save for any antecedent breach and the Rights Issue will not proceed.

### **Termination of the Underwriting Agreement**

Under the Underwriting Agreement, Grand Investment (for and on behalf of the Underwriters) shall be entitled by notice in writing to the Company terminate the Underwriting Agreement on or before the Latest Time for Termination if prior to the Latest Time for Termination, any of the following happens, which in the reasonable opinion of Grand Investment (for and on behalf of the Underwriters) acting in good faith, the success of the Rights Issue would be materially and adversely affected by:

- (1) 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 Grand Investment (for and on behalf of the Underwriters) materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (2) 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 Underwriting 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 Grand Investment (for and on behalf of the Underwriters) materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (3) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or
- (4) 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 Grand Investment (for and on behalf of the Underwriters) materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole,

If the Underwriting Agreement is terminated by Grand Investment (for and on behalf of the Underwriters) on or before the Latest Time for Termination or does not become unconditional, the Underwriting Agreement shall terminate (save in respect of any rights and obligations which may accrue under the Underwriting Agreement prior to such termination) and the Rights Issue will not proceed and neither the Company nor Grand Investment (for and on behalf of the Underwriters) shall have any claim against the other party for costs, damages, compensation or otherwise in connection with the Underwriting Agreement.



## **Information of the Underwriters**

Grand Investment is a company incorporated in Hong Kong and is a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). To the best of the Directors' knowledge and information, Grand Investment and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

Best Champion is a company incorporated in the British Virgin Islands with limited liability and the controlling shareholder (as defined in the Listing Rules) of the Company. As at the date of this announcement, Best Champion is beneficially interested in 3,500,006,154 Shares, representing approximately 57.54% of the existing issued share capital of the Company. Best Champion is wholly-owned by United Gene Holdings Limited, whose entire issued share capital is wholly and beneficially owned by Dr. Mao Yumin. As such, Dr. Mao is deemed to be interested in the 3,500,006,154 Shares held by Best Champion. The ordinary course of business of Best Champion is investment holding and does not include underwriting.

## **WARNING OF THE RISK OF DEALING IN THE SHARES**

**The Rights Issue is conditional upon, inter alia, the fulfillment or waiver of the conditions set out under the paragraph headed "Conditions of the Rights Issue" under the section headed "Underwriting Arrangements" in this announcement. In particular, it is subject to the Underwriting Agreement not being terminated in accordance with its terms thereof (a summary of which is set out under the paragraph headed "Termination of the Underwriting Agreement" under the section headed "Underwriting Arrangements" in this announcement above). The Rights Issue may or may not proceed.**

**Any persons contemplating buying or selling Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled or waived, and any dealings in the Rights Shares in their nil-paid form between Monday, 3 May 2010 to Monday, 10 May 2010 (both days inclusive), bear the risk that the Rights Issue may not become unconditional or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares, and if they are in doubt about their position, they should consult their professional advisers.**

**If the Underwriting Agreement is terminated on or before the aforesaid deadline or does not become unconditional, the Rights Issue will not proceed.**

## CHANGES IN SHAREHOLDING STRUCTURE

Set out below are tables showing the changes in shareholding structure of the Company arising from the Rights Issue:

Name of Shareholder	As at the date of this announcement		Upon completion of the Rights Issue			
	No. of Shares	Approximate %	Assuming there is no change in the shareholding of Best Champion from the date of this announcement up to the Record Date and no Shareholders (other than Best Champion and its associates, where applicable) have taken up any of their entitlements under the Rights Issue and all the Rights Shares are taken up by the Underwriters		Assuming there is no change in the shareholding of Best Champion from the date of this announcement up to the Record Date and all Shareholders have taken up their entitlements under the Rights Issue	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Best Champion (and its associates, where applicable) (Note 1)	3,500,006,154	57.54%	7,860,761,600	64.62%	7,000,012,308	57.54%
Grand Investment	-	-	1,721,498,585	14.15%	-	-
Public (Note 2)	2,582,247,877	42.46%	2,582,247,877	21.23%	5,164,495,754	42.46%
<b>Total</b>	<b>6,082,254,031</b>	<b>100%</b>	<b>12,164,508,062</b>	<b>100%</b>	<b>12,164,508,062</b>	<b>100%</b>

Notes:

- (1) Best Champion is the controlling shareholder (as defined in the Listing Rules) of the Company. Best Champion is a wholly-owned subsidiary of United Gene Holdings Limited, the entire issued share capital of which is wholly and beneficiary owned by Dr. Mao Yumin. As such, Dr. Mao is deemed to be interested in the 3,500,006,154 Shares held by Best Champion.
- (2) Pursuant to the terms of the Underwriting Agreement, Grand Investment (for and on behalf of the Underwriters) has undertaken to the Company that if there is an indication that the shareholding of the Company held by the public Shareholders will become less than 25% of the then issued share capital of the Company upon completion of the Rights Issue, Grand Investment (for and on behalf of the Underwriters) will procure subscribers (who are independent third parties not connected with the Directors, chief executive and substantial shareholders of the Company or its subsidiaries

*or any of their respective associates) to subscribe or procure places to place down the Shares which has been taken up by itself to maintain or restore the minimum public float requirement of the Company in compliance with the Listing Rules.*

Shareholders and public investors should note that the above shareholding structure changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the shareholding of Best Champion and its associates as at the Record Date and the results of acceptance of the Rights Issue. Further announcement(s) will be made by the Company in accordance with the Listing Rules following the conclusion of the EGM and the completion of the Rights Issue.

## **REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS**

The proposed Rights Issue is intended to raise funds of about HK\$316.28 million (before expenses). The net proceeds from the Rights Issue after deducting for expenses are estimated to be approximately HK\$310.08 million. The Company intends to use the net proceeds as to approximately 90% for future business development including but not limited to investing in health care centers in Guangzhou, Beijing, Shanghai and other cities in the People's Republic of China and investing in the business of health care and pharmaceutical products such as oral insulin, etc and as to approximately 10% for general working capital purposes of the Group. No definitive or legally binding agreement or contract relating to the above possible investments has been signed by the Group up to the date of this announcement.

The Board considers that the Right Issue will enable the Group to strengthen its capital base and to enhance its financial position for future strategic investments as and when opportunities arise. The Right Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future developments of the Group. Accordingly, the Board considers that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

## **EXPECTED TIMETABLE FOR THE RIGHTS ISSUE**

The expected timetable for the Rights Issue set out below is indicative only and it has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled and/or waived (where appropriate).

Dates or deadlines specified in this announcement for events in the timetable below are indicative only and may be extended or varied. Any consequential changes to the anticipated timetable will be announced as and when appropriate.

*2010  
Hong Kong time*

Despatch of circular containing notice and proxy form of the EGM..... Friday, 9 April 2010

Last day of dealings in Shares on cum-rights basis ..... Monday, 19 April 2010

First day of dealing in Shares on ex-rights basis. .... Tuesday, 20 April 2010

Latest time for lodging transfers of Shares  
in order to qualify for the Rights Issue ..... 4:30 p.m. on Wednesday, 21 April 2010

Register of members of the Company closes (both days inclusive) . . . . .	Thursday, 22 April 2010 to Tuesday, 27 April 2010
Latest time for return of proxy form for the EGM . . . . .	10:30 a.m. on Sunday, 25 April 2010
Record Date. . . . .	Tuesday, 27 April 2010
EGM. . . . .	10:30 a.m. on Tuesday, 27 April 2010
Poll results announcement of the EGM. . . . .	Tuesday, 27 April 2010
Register of members of the Company reopens . . . . .	Wednesday, 28 April 2010
Despatch of the Prospectus Documents. . . . .	Thursday, 29 April 2010
First day of dealing in nil-paid Rights Shares. . . . .	Monday, 3 May 2010
Latest time for splitting of nil-paid Rights Shares. . . . .	4:30 p.m. on Wednesday, 5 May 2010
Last day of dealing in nil-paid Rights Shares. . . . .	Monday, 10 May 2010
Latest time for acceptance of and payment for Rights Shares . . . . .	4:00 p.m. on Thursday, 13 May 2010
Latest time for the Rights Issue to become unconditional. . . . .	4:00 p.m. on Tuesday, 18 May 2010
Announcement of results of acceptance of the Rights Issue . . . . .	Tuesday, 18 May 2010
Despatch of share certificates for fully-paid Rights Shares . . . . .	Thursday, 20 May 2010
Commencement of dealings in fully-paid Rights Shares . . . . .	Tuesday, 25 May 2010

**FUND-RAISING EXERCISE OF THE COMPANY DURING THE PAST TWELVE MONTHS**

The Company has not conducted any equity fund raising exercise in the twelve months immediately preceding the date of this announcement.

**EGM**

The EGM will be held to consider and, if thought fit, passing the necessary resolutions to approve the Rights Issue and transactions contemplated thereunder.

Best Champion and its associates will abstain from voting in favour of the resolutions to approve the Rights Issue and transactions contemplated thereunder at the EGM in accordance with Rule 7.19(6)(a) of the Listing Rules.

## GENERAL

The Group is principally engaged in distribution of gene testing services and pharmaceutical products.

The Company has established the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations from the independent financial adviser appointed to the Independent Board Committee. In this connection, the Company has appointed Ample Capital Limited as the independent financial adviser (which appointment has been approved by the Independent Board Committee) to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote.

A circular containing, among other matters, details of the Rights Issue and (i) a letter from the Independent Board Committee to the Independent Shareholders setting out their advice and recommendations in relation to the Rights Issue; (ii) a letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue; together with (iii) the notice of EGM, will be despatched to the Shareholders as soon as practicable.

## DEFINITIONS

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

“associate”	has the same meaning ascribed to it under the Listing Rules
“Best Champion”	Best Champion Holdings Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of United Gene Holdings Limited, which is a company incorporated in the British Virgin Islands and whose entire issued share capital is wholly and beneficially owned by Dr. Mao Yumin. Best Champion is the controlling shareholder (as defined in the Listing Rules) of the Company and one of the Underwriters pursuant to the Underwriting Agreement
“Best Champion Commitment”	up to 1,319,628,430 Rights Shares to be underwritten by Best Champion, being the Untaken Shares less the Grand Investment Commitment
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday or a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.) on which banks generally are open for business in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

“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 the issued Shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at which resolution(s) will be proposed to consider, and, if thought fit, approve the Rights Issue
“Grand Investment”	Grand Investment (Securities) Limited, a licensed corporation to carry on type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), acting as one of the Underwriters pursuant to the Underwriting Agreement
“Grand Investment Commitment”	<p>up to 1,721,498,585 Rights Shares to be underwritten by Grand Investment and determined in accordance with the following formula:</p> <p>Untaken Shares x A%</p> <p>where, A% = 1,721,498,585 / (6,082,254,031 - number of Undertaken Shares) x 100%</p> <p>provided that if A% is equal to or exceeds 100%, Grand Investment will underwrite the entire amount of the Untaken Shares under the Grand Investment Commitment</p>
“Group”	the Company and its subsidiaries from time to time
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	a committee of the Board (comprising Dr. Zhang Huiming, Dr. Zhu Lijun and Ms. Chen Weijun, all being independent non-executive Directors) constituted to advise the Independent Shareholders on the Rights Issue
“Independent Shareholders”	Shareholders other than Best Champion, United Gene Holdings Limited, Dr. Mao Yumin and their respective associates
“Irrevocable Undertaking”	the irrevocable undertaking given by Best Champion in favour of the Company and the Underwriters
“Last Trading Day”	Friday, 19 March 2010, being the last day on which the Shares were traded on the Stock Exchange immediately preceding the publication of this announcement

“Latest Acceptance Time”	4: 00 p.m. on Thursday, 13 May 2010 or such later time as may be agreed between the Company and Grand Investment (for and on behalf of the Underwriters), being the latest time for acceptance of provisional allotments of the Rights Shares in nil-paid form
“Latest Time for Termination”	4:00 p.m. on the third Business Day after the Latest Acceptance Time, being the latest time by which Grand Investment (for and on behalf of the Underwriters) may terminate the Underwriting Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-Qualifying Shareholders”	Overseas Shareholders to whom the Board (based on legal opinions provided by legal advisers if the Board considers it necessary) considers it necessary or expedient not to offer the Rights Shares on account either of legal restrictions under the laws of relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Overseas Shareholder(s)”	Shareholders with registered addresses (as shown in the register of members of the Company on the Record Date) which are outside Hong Kong
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue
“Prospectus Documents”	the Prospectus and the Provisional Allotment Letter
“Prospectus Posting Date”	Thursday, 29 April 2010
“Provisional Allotment Letter”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in respect of their assured entitlements under the Rights Issue
“Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company at the close of business on the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	Tuesday, 27 April 2010 or such other date as may be agreed between the Company and Grand Investment (for and on behalf of the Underwriters)
“Rights Share(s)”	6,082,254,031 new Shares to be issued by the Company pursuant to the Rights Issue
“Rights Issue”	the proposed issue of Rights Shares by the Company on the basis of one Rights Share for every existing Share to the Qualifying Shareholders at the Subscription Price, pursuant to the terms and conditions of the issue

“Share(s)”	the ordinary shares with par value of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.052 per Rights Share
“Undertaken Shares”	Rights Shares to be provisionally allotted to Best Champion and its associates on an assured basis which have been undertaken to be accepted and subscribed by Best Champion and its associates, being not less than 3,041,127,016 Rights Shares
“Underwriters”	Best Champion and Grand Investment
“Underwriting Agreement”	the underwriting agreement dated 19 March 2010 entered into among the Company, Best Champion and the Underwriters in relation to the Rights Issue
“Underwritten Shares”	not more than 3,041,127,015 Rights Shares, being all the Rights Shares to be issued in the Rights Issue less the Undertaken Shares
“Untaken Shares”	the Rights Shares (including Rights Shares which would have been provisionally allotted to Non-Qualifying Shareholders) in respect of which valid acceptances of provisional allotments, accompanied by remittances for the respective amounts payable on acceptance or application, have not been received by the Company by the latest time for acceptance of and payment for Rights Shares
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

On behalf of the Board  
**United Gene High-Tech Group Limited**  
*Qin Yilong*  
*Chairman*

Hong Kong, 19 March 2010

*As at date of this announcement, the Board comprises three executive directors, namely Mr. Qin Yilong (the Chairman), Mr. Shen Xiaodong and Mr. Jiang Jian; and three independent non-executive directors, namely Dr. Zhang Huiming, Dr. Zhu Lijun and Ms. Chen Weijun.*