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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 OF 3,649,352,418 RIGHTS SHARES
ON THE BASIS OF THREE RIGHTS SHARES
FOR EVERY TEN EXISTING SHARES HELD ON THE RECORD DATE**

Underwriter of the Rights Issue



GRAND INVESTMENT (SECURITIES) LIMITED

PROPOSED RIGHTS ISSUE

The Company proposes to raise approximately HK\$80,285,753, before expenses, by way of a rights issue of 3,649,352,418 Rights Shares on the basis of three (3) Rights Shares for every ten (10) existing Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price of HK\$0.022 per Rights Share.

Pursuant to the terms of the Rights Issue, the Qualifying Shareholders will be provisionally allotted three (3) Rights Shares in nil-paid form for every ten (10) existing Shares held on the Record Date. Fractional entitlements will not be allotted but will be dealt with as Rights Shares not accepted and to be underwritten by the Underwriter in accordance with the Underwriting Agreement. The Rights Issue is only available to the Qualifying Shareholders and will not be available to the Excluded Shareholders.

The net proceeds of the Rights Issue are estimated to be approximately HK\$75,000,000, after the deduction of all estimated expenses. The Company intends to apply the net proceeds of the Rights Issue for financing of potential new investment as and when appropriate and investing in the business related to health care, pharmaceutical and biotechnology including oral insulin, and in high-tech material fibers manufacturing and general working capital purposes of the Group.

The Rights Shares (other than those that the Undertaking Shareholder has, pursuant to the Irrevocable Undertaking executed by him, irrevocably undertaken to partially take up by way of his rights entitlements under the Rights Issue) will be fully underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement.

IRREVOCABLE UNDERTAKING OF THE UNDERTAKING SHAREHOLDER

As at the date of this announcement, the Undertaking Shareholder beneficially own, in aggregate, 5,591,020,000 Shares, which amount to approximately 45.96% of the issued share capital of the Company. As at the date of this announcement, the Undertaking Shareholder and its associates will be provisionally allotted 1,677,306,000 Rights Shares pursuant to the Rights Issue in respect of the Shares which are beneficially owned by it and its associates.

The Undertaking Shareholder has provided the Irrevocable Undertaking to the Company and the Underwriter, among other things, by no later than 4:00 p.m. on the Final Acceptance Date to accept (or procure the acceptance of) 1,000,000,000 Rights Shares.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

The Underwriting Agreement contains provisions granting the Underwriter a right to terminate its obligations under the Underwriting Agreement upon the occurrence of certain events. Please refer to the section headed “Termination of the Underwriting Agreement (force majeure)” below for further details. The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. If the conditions of the Rights Issue are not fulfilled or waived, the Rights Issue will not proceed, in which case a further announcement will be made by the Company at the relevant time.

The Shares are expected to be dealt in on an ex-rights basis from Friday, 29 June 2012. Dealings in the Rights Shares in nil-paid form are expected to take place from Friday, 13 July 2012 to Friday, 20 July 2012 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (including the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

TRADING ARRANGEMENTS

The last day of dealings in the Shares on a cum-rights basis is Thursday, 28 June 2012. The Shares will be dealt with on an ex-rights basis from Friday, 29 June 2012. The Rights Shares are expected to be dealt with in their nil-paid form from Friday, 13 July 2012 to Friday, 20 July 2012 (both days inclusive).

To qualify for the Rights Issue, a Shareholder must (a) be registered as a member of the Company on the Record Date and (b) not be an Excluded Shareholder. In order to be registered as members of the Company on the Record Date, all transfer documents of the Shares must be lodged (together with the relevant share certificate(s)) with the 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. (Hong Kong time) on Tuesday, 3 July 2012. The register of members of the Company will be closed from Wednesday, 4 July 2012 to Friday, 6 July 2012 (both days inclusive) for determining the entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

The latest time for acceptance of and payment for the Rights Shares is expected to be 4:00 p.m. (Hong Kong time) on the Final Acceptance Date, which is expected to be on Wednesday, 25 July 2012 or such other date as the Company and the Underwriter may agree in writing. 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. For details of the trading arrangements, please refer to the section headed "Expected Timetable for the Rights Issue" below.

SHAREHOLDERS' APPROVAL NOT REQUIRED

There is no requirement under the Listing Rules for the Rights Issue to be approved by the Shareholders in general meeting.

GENERAL

The Rights Issue Documents containing, among other things, further details of the Rights Issue is expected be despatched by the Company to the Qualifying Shareholders on or before Wednesday, 11 July 2012. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company will send copies of the Prospectus to the Excluded Shareholders for their information only but will not send the Provisional Allotment Letter to them.

PROPOSED RIGHTS ISSUE

Issue statistics

| | |
|---|--|
| Basis of the Rights Issue | : Three (3) Rights Shares for every ten (10) existing Shares held on the Record Date |
| Number of Shares in issue | : 12,164,508,062 Shares as at the date of this announcement |
| Number of Rights Shares | : 3,649,352,418 Rights Shares |
| Subscription Price | : HK\$0.022 per Rights Share |
| Aggregate nominal value of the Rights Shares | : HK\$36,493,524.18 |
| Underwriter | : Grand Investment (Securities) Limited |
| Enlarged issued share capital upon completion of the Rights Issue (assuming no new shares (other than the Rights Shares) are allotted and issued before the completion of the Rights Issue) | : 15,813,860,480 Shares |

As at the date of this announcement, the Company has no outstanding convertible securities or options in issue or other similar rights which may confer any right to the holder thereof to subscribe for, convert or exchange into new Shares.

The aggregate number of nil-paid Rights Shares proposed to be provisionally allotted pursuant to the terms of the Rights Issue represent approximately 30.00% of the Company's issued share capital as at the date of this announcement and approximately 23.08% of the Company's issued share capital as enlarged by the Rights Shares.

Pursuant to the Underwriting Agreement, the Company has undertaken that it shall not, without the prior consent of the Underwriter, 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 Final Acceptance Date.

Subscription Price

The Subscription Price of HK\$0.022 per Rights Share is payable in full by the Qualifying Shareholder upon acceptance of the provisional allotment of the Rights Shares under the Rights Issue or, where applicable, when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price of HK\$0.022 per Rights Share represents:

- (i) a discount of approximately 29.03% to the closing price per Share of HK\$0.031 as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 38.89% to the average of closing prices per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.036;
- (iii) a discount of approximately 38.89% to the average of closing prices per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day of approximately HK\$0.036;
- (iv) a discount of approximately 24.14% to the theoretical ex-rights price of approximately HK\$0.029 per Share based on the closing price of HK\$0.031 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (v) a discount of approximately 35.29% to the unaudited consolidated net asset value attributable to the Shareholders as at 31 December 2011 of approximately HK\$0.034 per Share, calculated based on the unaudited consolidated net asset value attributable to the owners of the Company as at 31 December 2011 and the number of Shares in issue as at 31 December 2011.

Each Rights Share will have a par value of HK\$0.01.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to the prevailing market conditions and recent financial condition of the Group. The Directors (including the independent non-executive Directors) hold the view that the terms of the Rights Issue, including the Subscription Price (and the discounts to the relative values indicated above), are fair and reasonable to, and in the interests of the Company and the Shareholders as a whole 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.

Basis of provisional allotment

Three (3) Rights Shares (in nil-paid form) for every ten (10) existing Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price of HK\$0.022. Acceptance of all or any part of the Qualifying Shareholder's provisional allotment should be made by completing a Provisional Allotment Letter and lodging the same with a remittance for the Rights Shares with the Registrar on or before the Final Acceptance Date.

Status of the Rights Shares

The Rights Shares (when issued and fully paid) shall rank *pari passu* in all respects with the then existing Shares in all respects. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the Rights Shares in their fully-paid form.

Certificates for the Rights Shares

Subject to the fulfillment of the conditions of the Rights Issue as set out in the section headed “Conditions of the Rights Issue and the Underwriting Agreement” below, certificates for all fully-paid Rights Shares are expected to be sent by ordinary post on or around Thursday, 2 August 2012 to those Qualifying Shareholders who have applied and paid for the Rights Shares at their own risk.

Fractional entitlements to the Rights Shares

The Company will not provisionally allot and will not accept applications for any fraction of the Rights Shares. No odd lot matching services will be provided. All fractions of the Rights Shares will be aggregated (rounded down to the nearest whole number). All nil-paid Rights Shares arising from such aggregation of the fractional entitlements will be dealt with as Rights Shares not accepted and to be underwritten by the Underwriter in accordance with the Underwriting Agreement.

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. Any Rights Shares not taken up by the Qualifying Shareholders will be taken by the Underwriter and/or subscribers procured by the Underwriter.

Application for listing and dealings

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. Nil-paid Rights Shares are expected to be traded in board lots of 10,000 (as the Shares are currently traded on the Stock Exchange in board lots of 10,000). No part of the securities of the Company in issue or for which listing or permission to deal is being or is proposed to be sought is listed in or on any other stock exchange.

Stamp duty and other applicable fees and charges

Dealings in the Rights Shares (in both nil-paid and fully-paid forms) will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, investor compensation levy and other applicable fees and charges in Hong Kong.

Rights Shares will be eligible for admission into CCASS

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 form 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. Shareholders should seek advice from their licensed securities dealers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must (a) be registered as a member of the Company on the Record Date and (b) not be an Excluded Shareholder.

In order to be registered as members of the Company on the Record Date, all transfer documents of the Shares must be lodged (together with the relevant share certificate) with the Registrar for registration no later than 4:30 p.m. (Hong Kong time) on Tuesday, 3 July 2012. The last day of dealings in the Shares on a cum-rights basis is Thursday, 28 June 2012. The Shares will be dealt with on an ex-rights basis from Friday, 29 June 2012. The particulars of the Registrar are as follows:

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

The Company will send the Rights Issue Documents to the Qualifying Shareholders on the Posting Date. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company will send copies of the Prospectus to the Excluded Shareholders for their information only but will not send any Provisional Allotment Letters to them.

The Final Acceptance Date and payment for the Rights Shares is expected to be 4:00 p.m. (Hong Kong time) on Wednesday, 25 July 2012.

Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution to their interests in the Company. If the Qualifying Shareholder does not take up any of his or her entitlement in full under the Rights Issue, his or her proportionate shareholding in the Company will be diluted.

Excluded Shareholders

If there are Overseas Shareholders on the Record Date, the Overseas Shareholders may not be eligible to take part in the Rights Issue as the Rights Issue Documents will not be registered and/or filed under the applicable securities legislation of any jurisdictions other than Hong Kong. The Board will seek legal advice pursuant to Rule 13.36(2)(a) of the Listing Rules as to the applicable securities legislation of the relevant overseas jurisdictions or the requirements of any relevant regulatory body or stock exchange for the issue of the Rights Shares to the Overseas Shareholders and the results of the enquiries will be included in the Prospectus. If, after seeking such legal advice, the Board is of the opinion that it

would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant jurisdiction or any requirement of the relevant regulatory body or stock exchange in that jurisdiction, not to offer the Rights Shares to the Overseas Shareholders, no provisional allotment of nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to the Overseas Shareholders. Accordingly, the Rights Issue will not be extended to the Excluded Shareholders and no Rights Shares will be provisionally allotted to them.

The Company will, to the extent reasonably practicable, send the Prospectus to the Excluded Shareholders for their information only on the Posting Date but will not send the Provisional Allotment Letters to them. The Rights Issue Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. The basis of exclusion of the Excluded Shareholders, if any, from the Rights Issue will be disclosed in the Prospectus.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders to be sold in the market, by nominees of nil-paid Rights Shares as procured by the Company, in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence on the Stock Exchange and in any event before the last day for dealings in nil-paid Rights Shares at a net premium. If and to the extent that such nil-paid rights of the Excluded Shareholders can be sold, the nominee shall account to the Company for the net proceeds of sale (after deducting the expenses of sale, if any), on the basis that the net proceeds after deducting the expenses of sale (if any) attributable to the sale of the nil-paid Rights Shares that would otherwise have been allotted to the Excluded Shareholders shall be distributed pro rata (but rounded down to the nearest cent) to the Excluded Shareholders provided that individual amounts of HK\$100 or less shall be retained by the Company for its own benefit.

Any of such nil-paid Rights Shares which are not sold will be dealt with as Rights Shares not accepted and to be underwritten by the Underwriter pursuant to the Underwriting Agreement.

Overseas Shareholders and investors whose Shares are deposited in CCASS and who resides outside of Hong Kong should note that they may or may not be entitled to the Rights Issue subject to the legal advice sought by the Board pursuant to Rule 13.36(2)(a) of the Listing Rules. The Company reserves the right to treat as invalid any acceptances of or applications for the Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, such Overseas Shareholders and investors should exercise caution when dealing in the Shares.

Closure of register of members

The register of members of the Company will be closed from Wednesday, 4 July 2012 to Friday, 6 July 2012, for the purpose of establishing entitlements to the Rights Issue. No transfer of the Shares will be registered during this period.

UNDERWRITING ARRANGEMENT

Underwriting Agreement

| | |
|--------------------------------|---|
| Date: | 25 June 2012 |
| Issuer: | the Company |
| Underwriter: | Grand Investment (Securities) Limited, a company incorporated in Hong Kong with limited liability and is a corporation licensed under the Securities and Futures Ordinance (SFO) to carry on business in Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities (Chapter 571 of the Laws of Hong Kong). |
| Number of Underwritten Shares: | 2,649,352,418 Rights Shares, being all the Rights Shares to be issued in the Rights Issue less 1,000,000,000 Rights Shares agreed and undertaken to be taken up by the Undertaking Shareholder pursuant to the Underwriting Agreement |
| Commission: | 5% of the aggregate Subscription Price of the Underwritten Shares |

The Rights Issue, except for the Rights Shares undertaken by the Undertaking Shareholders, is fully underwritten by the Underwriter. The underwriting commission was arrived at after arm's length negotiations between the Company and the Underwriter with reference to the existing financial position of the Group, the size of the Rights Issue, and the current and expected market condition. The Directors (including the independent non-executive Directors) hold the view that the terms of the Underwriting Agreement and the amount of commission given to the Underwriter are fair and commercially reasonable as agreed between the Company and the Underwriter.

Subject to the fulfillment of the conditions (or any waiver, as the case may be, by the Underwriter) contained in the Underwriting Agreement and provided that the Underwriting Agreement is not terminated prior to the Latest Time for Termination in accordance with the terms thereof, the Underwriter has agreed to subscribe or procure the subscription for all Underwritten Shares, that are not taken up by the Qualifying Shareholders.

As at the date of this announcement, the Underwriter is not beneficially interested in any Shares. To the best of the Directors' knowledge and information and belief, and having made all reasonable enquiries, the Underwriter and its ultimate beneficial owners are Independent Third Parties.

Conditions of the Rights Issue and the Underwriting Agreement

The Rights Issue is conditional upon, amongst other things, each of the following conditions being fulfilled and/or waived:

- (i) 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);
- (ii) 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 Rights Issue 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 Posting Date;
- (iii) the posting of the Rights Issue Documents to the Qualifying Shareholders on or before the Posting Date;
- (iv) compliance with and performance of all the undertakings and obligations of the Company and the Underwriter under the terms of the Underwriting Agreement; and
- (v) the Undertaking Shareholder having delivered the original executed Irrevocable Undertaking to the Company on the date of the Underwriting Agreement and having honoured its obligations under the Irrevocable Undertaking.

None of the parties to the Underwriting Agreement may waive conditions (i), (ii), (iii) and (v) above. The Underwriter may waive condition (iv) above (so far as it relates to the Company) by written notice to the Company. If any of the conditions of the Rights Issue are not fulfilled (or in respect of condition (iv), waived by the Underwriter) on or before the Final Acceptance Date (or such later time and/or date as the Company and the Underwriter 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 the Underwriter 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. Both the Company and the Underwriter agreed to use their best endeavours to procure fulfillment of all the said conditions on or before the Final Acceptance Date.

Termination of the Underwriting Agreement (force majeure)

At any time prior to the Latest Time for Termination, any of the following happens, which in the reasonable opinion of the Underwriter acting in good faith, the success of the Rights Issue 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 Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group 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 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 the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (iii) any material and adverse change in the business or in the financial or trading position or prospects of the Group 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 Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole,

then, in any such case, the Underwriter may by notice in writing given to the Company on or before the Latest Time for Termination terminate the Underwriting Agreement and thereupon all obligations of the Underwriter 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 Underwriting Agreement. If the Underwriting Agreement terminates in accordance with its terms, the Rights Issue will not proceed.

IRREVOCABLE UNDERTAKING OF THE UNDERTAKING SHAREHOLDER

Background of the Undertaking Shareholder

The Undertaking Shareholder, Best Champion Holdings Limited, is a company incorporated in the British Virgin Islands with limited liability. Best Champion is a non-wholly-owned subsidiary of United Gene Holdings and is the controlling shareholder of the Company. So far as known to the Directors, United Gene Holdings owns approximately 66.67% shareholdings in Best Champion and the entire issued share capital of United Gene Holdings is in turn wholly and beneficially owned by Dr. Mao, as at the date of this announcement.

As at the date of this announcement, Best Champion beneficially owns, in aggregate, 5,591,020,000 Shares, representing approximately 45.96% of the issued share capital of the Company.

As at the date of this announcement, the Undertaking Shareholder and its associates will be provisionally allotted 1,677,306,000 Rights Shares pursuant to the Rights Issue in respect of the Shares which are beneficially owned by it and its associates.

The Undertaking Shareholder has provided the Irrevocable Undertaking to the Company and the Underwriter, among other things, by no later than 4:00 p.m. (Hong Kong time) on the Final Acceptance Date, to accept (or procure the acceptance of) 1,000,000,000 Rights Shares.

Undertakings by the Undertaking Shareholder under the Irrevocable Undertaking

The Undertaking Shareholder has provided the Irrevocable Undertaking to the Company and the Underwriter among other things:

- (i) pursuant to the Rights Issue in respect of the Shares held by it and its associates on the Record Date, the Undertaking Shareholder and its associates would be provisionally allotted 1,677,306,000 Rights Shares, for the purpose of the Irrevocable Undertaking, the Undertaking Shareholder will procure parties and its associates acting in concert with it to accept for an aggregate amount of 1,000,000,000 Rights Shares (the “Undertaken Shares”);
- (ii) the Undertaking Shareholder and its associates shall hold not less than 3,333,333,340 Shares, to which the Undertaking Shareholder and its associates would be provisionally allotted the Undertaken Shares;
- (iii) the Undertaking Shareholder will procure parties and associates acting in concert with it to lodge acceptances in respect of the Undertaken Shares with the Registrar or the Company, with payment in full therefor in cash (whether by cheque, bank cashier’s order or such other form as the Company may approve), by no later than 4:00 p.m. (Hong Kong time) on the Final Acceptance Date as specified by the Company or such later date as the Company may agree;

Other than the Undertaking Shareholder, the Company has not received any undertakings from any other Shareholders to subscribe for all or any of the Rights Shares to be provisionally allotted to them.

EFFECT OF THE RIGHTS ISSUE ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The changes in the shareholding structure of the Company arising from the Rights Issue are as follows (for illustration purpose only):

| | As at the date of this announcement | | Immediately after completion of the Rights Issue (assuming no Shareholders have taken up any of their entitlements under the Rights Issue, other than the Rights Shares undertaken by the Undertaking Shareholder) (Note ii) | | Immediately after completion of the Rights Issue (assuming all Shareholders have taken up their entitlements under the Rights Issue) | |
|------------------------|--|---------------|---|---------------|--|---------------|
| | Approximate | | Approximate | | Approximate | |
| | No. of Shares | % | No. of Shares | % | No. of Shares | % |
| Best Champion (Note i) | 5,591,020,000 | 45.96 | 6,591,020,000 | 41.68 | 7,268,326,000 | 45.96 |
| Underwriter (Note iii) | — | — | 2,649,352,418 | 16.75 | — | — |
| Public | <u>6,573,488,062</u> | <u>54.04</u> | <u>6,573,488,062</u> | <u>41.57</u> | <u>8,545,534,480</u> | <u>54.04</u> |
| Total | <u>12,164,508,062</u> | <u>100.00</u> | <u>15,813,860,480</u> | <u>100.00</u> | <u>15,813,860,480</u> | <u>100.00</u> |

Notes:

- (i) Best Champion, the Undertaking Shareholder, is the controlling shareholder of the Company. Best Champion is a non-wholly-owned subsidiary of United Gene Holdings, the entire issued share capital of which is wholly and beneficially owned by Dr. Mao. As such, Dr. Mao is deemed to be interested in 5,591,020,000 Shares held by Best Champion.
- (ii) Pursuant to the Underwriting Agreement, the Underwriter shall not subscribe, for its own account, for such number of Underwritten Shares which will result in the shareholding of it and parties acting in concert with it in the Company to exceed 9.9% of the voting rights of the Company upon the completion of the Rights Issue. The Underwriter shall use its best endeavours to ensure that the each of the subscribers of the Underwritten Shares procured by it or by the sub-agent(s) (a) shall be third party independent of, not parties acting in concert with and not connected with the Directors or chief executive of the Company or substantial shareholders of the Company or their respective associates and concert parties; and (b) any subscribers procured by the Underwriter or by the sub-agent(s) shall not, together with any parties acting in concert with it, hold 10.0% or more of the voting rights of the Company upon completion of the Rights Issue.
- (iii) Pursuant to its underwriting obligations under the Underwriting Agreement.

EXPECTED TIMETABLE FOR THE RIGHTS ISSUE

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

Last day of dealings in the Shares on a cum-rights basis Thursday, 28 June 2012

Commencement of dealings in the Shares
on an ex-rights basis Friday, 29 June 2012

Latest time for lodging transfer documents of the Shares
in order to qualify for the Rights Issue 4:30 p.m. on
Tuesday, 3 July 2012

Closure of register of members for determining entitlements
under the Rights Issue (both days inclusive) Wednesday, 4 July 2012–
Friday, 6 July 2012

Record Date for determining entitlements
under the Rights Issue Friday, 6 July 2012

Register of members of the Company reopens Monday, 9 July 2012

Despatch of the Rights Issue Documents Wednesday, 11 July 2012

First day for dealings in nil-paid Rights Shares Friday, 13 July 2012

Latest time for splitting of nil-paid Rights Shares 4:00 p.m. on
Tuesday, 17 July 2012

Last day for dealings in nil-paid Rights Shares Friday, 20 July 2012

Latest time for acceptance of, and payment for,
the Rights Shares 4:00 p.m. on
Wednesday, 25 July 2012

Latest time for the Rights Issue to become unconditional 4:00 p.m. on
Monday, 30 July 2012

Announcement of the allotment results of the Rights Issue
to be published on the respective websites of the
Stock Exchange and the Company on or before Wednesday, 1 August 2012

Despatch of share certificates for the fully-paid Rights Shares Thursday, 2 August 2012

Commencement of dealings in fully-paid Rights Shares Friday, 3 August 2012

Note: All times and dates in this announcement refer to Hong Kong local times and dates. Shareholders should note that the dates or deadlines specified in the expected timetable of the Rights Issue as set out above, and in other parts of this announcement, are indicative only and may be varied by agreement between the Company and the Underwriter. In the event that any special circumstances arise, the Board may extend, or make adjustment to, the timetable if it considers appropriate. Any such extension or adjustment to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

Effect of bad weather on the latest time for acceptance of and payment for Rights Shares

The latest time for acceptance of, and payment for, the Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Final Acceptance Date. Instead the latest time for acceptance of, and payment for, the Rights Shares will be extended to 5:00 p.m. on the same Business Day; and
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Final Acceptance Date. Instead the latest time for acceptance of, and payment for, the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of, and payment for, the Rights Shares does not take place at 4:00 p.m. on the Final Acceptance Date, the dates mentioned in the section headed “Expected timetable for the Rights Issue” above may be affected. The Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

WARNING OF THE RISK OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

The Underwriting Agreement contains provisions granting the Underwriter a right to terminate its obligations under the Underwriting Agreement upon the occurrence of certain events. Please refer to the section headed “Termination of the Underwriting Agreement (force majeure)” above for further details. The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. If the conditions of the Rights Issue are not fulfilled or waived, the Rights Issue will not proceed, in which case a further announcement will be made by the Company at the relevant time.

The Shares are expected to be dealt in on an ex-rights basis from Friday, 29 June 2012. Dealings in the Rights Shares in nil-paid form are expected to take place from Friday, 13 July 2012 to Friday, 20 July 2012 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (including the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

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.

The Board considers that the Rights 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.

Having considered other fund raising alternatives for the Group, including debt financing, and having assessed the cost and benefit of such alternatives, the Directors are of the view that the Rights Issue is the preferred means of fund raising as it allows the Company to raise long-term funds without subjecting it to additional debt and interest payments, while at the same time, it also enables the Company to improve its debt to equity ratio. The Rights Issue will also enable the Company to raise funds without dilution to Shareholders (other than the Excluded Shareholders) as they will have the opportunity to participate in the Rights Issue on a pro rata basis and to continue to participate in the future developments of the Group. **However, Qualifying Shareholders who do not take up in full the Rights Shares to which they are entitled and Excluded Shareholders should note that their shareholdings in the Company will be diluted as a result of the Rights Issue.**

The proposed Rights Issue is intended to raise funds of about HK\$80,285,753 (before expenses). The expenses in relation to the Rights Issue (including the underwriting fee, printing, registration, legal, accounting and documentation charges) are estimated to be approximately HK\$5,285,753, and will be payable by the Company. The net proceeds from the Rights Issue is estimated to be approximately HK\$75,000,000 after the deduction of all estimated expenses. The net subscription price per Rights Share upon full acceptance of the relevant provisional allotment of Rights Shares is expected to be approximately HK\$0.021.

The Company intends to apply the net proceeds of the Rights Issue for financing of potential new investment as and when appropriate and investing in the business related to health care, pharmaceutical and biotechnology including oral insulin, and in high-tech material fibers manufacturing and general working capital purposes 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.

TAXATION

Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the Rights Shares and, regarding the Excluding Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

FUND-RAISING EXERCISES OF THE COMPANY DURING THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising exercises or any rights issue exercise during the past twelve months immediately preceding the date of this announcement.

SHAREHOLDERS' APPROVAL NOT REQUIRED

There is no requirement under the Listing Rules for the Rights Issue to be approved by the Shareholders in general meeting.

GENERAL

The Rights Issue Documents containing, among other things, further details of the Rights Issue is expected to be despatched by the Company to the Qualifying Shareholders on or before Wednesday, 11 July 2012. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company will send copies of the Prospectus to the Excluded Shareholders for their information only but will not send the Provisional Allotment Letters to them.

DEFINITIONS

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

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| “acting in concert” | persons acting in concert comprise persons who actively cooperate to obtain or consolidate control of a company through the acquisition by any of them of voting rights of the company |
| “associate” | has the same meaning ascribed to it under the Listing Rules |
| “Best Champion”/ “Undertaking Shareholder” | Best Champion Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a non-wholly-owned subsidiary of United Gene Holdings and a controlling shareholder of the Company |
| “Board” | the board of Directors |
| “Business Day” | any day (excluding public holiday, Saturday and Sunday) on which licensed banks in Hong Kong are open to the general public for business |
| “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 with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange |
| “connected person(s)” | has the same meaning ascribed to it under the Listing Rules |
| “controlling shareholder” | has the same meaning ascribed to it under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Dr. Mao” | Dr. Mao Yumin, the honorary chairman, chief scientific adviser and a controlling shareholder of the Company, who is also the director and the ultimate beneficial owner of Best Champion Holdings Limited |
| “Excluded Shareholder(s)” | the Overseas Shareholder(s) to whom the Board, after seeking legal advice, consider it necessary or expedient not to offer the Rights Shares on account either the legal restrictions under the laws of the relevant jurisdiction of the relevant regulatory body or stock exchange in that place |

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| “Final Acceptance Date” | 4:00 p.m. (Hong Kong time) on Wednesday, 25 July 2012 or such later time as may be agreed between the Company and the Underwriter, being the latest time for acceptance of and payment for the Rights Shares |
| “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 Third Party(ies)” | third party(ies) independent of the Company and any connected person(s) of the Company and not connected person(s) of the Company (as defined in the Listing Rules) |
| “Irrevocable Undertaking” | the irrevocable undertaking dated 20 June 2012 given by the Undertaking Shareholder to the Company and the Underwriter as described in the paragraph headed “Irrevocable Undertaking of the Undertaking Shareholder” in this announcement |
| “Last Trading Day” | Monday, 25 June 2012, being the date of the Underwriting Agreement |
| “Latest Time for Termination” | 4:00 p.m. (Hong Kong time) on the third Business Day after the Final Acceptance Date or such later date as the Company and the Underwriter may agree in writing, being the latest time by which the Underwriter may terminate the Underwriting Agreement |
| “Listing Committee” | has the same meaning ascribed to it under the Listing Rules |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Overseas Shareholder(s)” | the Shareholders with registered addresses (as shown in the register of members of the Company at the close of business on the Record Date) which are outside Hong Kong |
| “Posting Date” | Wednesday, 11 July 2012 or such other date as the Underwriter may agree in writing with the Company for the despatch of the Rights Issue Documents |
| “Prospectus” | the prospectus to be issued by the Company in relation to the Rights Issue |
| “Provisional Allotment Letter(s)” | the provisional allotment letter(s) to be issued to the Qualifying Shareholders in respect of their assured entitlements under the Rights Issue |

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| “Qualifying Shareholder(s)” | the Shareholder(s) whose name(s) appear on the register of members of the Company at the close of business on the Record Date, other than the Excluded Shareholders |
| “Record Date” | Friday, 6 July 2012, being the date for determining the entitlements of the Qualifying Shareholders to the Rights Issue |
| “Registrar” | Tricor Tengis Limited, the principal share registrar of the Company at 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong |
| “Rights Issue” | the proposed issue of Rights Shares by the Company on the basis of three (3) Rights Shares for every ten (10) existing Shares held on the Record Date at the Subscription Price payable in full on acceptance |
| “Rights Issue Documents” | the Prospectus and the Provisional Allotment Letter(s) |
| “Rights Share(s)” | the new Share(s) to be allotted and issued by the Company in respect of the Rights Issue |
| “SFC” | the Securities and Futures Commission of Hong Kong |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Share(s)” | ordinary share(s) with par value of HK\$0.01 each in the share capital of the Company |
| “Shareholder(s)” | the holder(s) of the Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscription Price” | the subscription price of HK\$0.022 per Rights Share |
| “Underwriter” | Grand Investment (Securities) Limited, a corporation licensed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) 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, acting as the underwriter pursuant to the Underwriting Agreement |
| “Underwriting Agreement” | the underwriting agreement dated 25 June 2012 entered into between the Company and the Underwriter in relation to the Rights Issue |

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| “Underwritten Shares” | 2,649,352,418 Rights Shares, being all the Rights Shares to be issued in the Rights Issue less 1,000,000,000 Rights Shares agreed to be taken up by the Undertaking Shareholder pursuant to the Underwriting Agreement |
| “United Gene Holdings” | United Gene Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and whose entire issued share capital is wholly and beneficially owned by Dr. Mao |
| “HK\$” | Hong Kong dollar(s), the lawful currency of Hong Kong |
| “%” | per cent |

On behalf of the Board
United Gene High-Tech Group Limited
Lee Nga Yan
Executive Director

Hong Kong, 25 June 2012

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).