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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)

**(1) PROPOSED PLACING OF CONVERTIBLE BONDS
UNDER SPECIFIC MANDATE**

AND

**(2) CONNECTED TRANSACTION INVOLVING
PROPOSED SUBSCRIPTION OF CONVERTIBLE BONDS
UNDER SPECIFIC MANDATE**

FINANCIAL ADVISER TO THE COMPANY



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

PLACING AGENT



Grand Vinco Capital Limited

THE PLACING AGREEMENT

On 18 February 2013 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has conditionally agreed to issue and the Placing Agent has conditionally agreed to procure, on a best effort basis, not less than six Placees to subscribe for Convertible Bonds A of up to an aggregate principal amount of HK\$74,000,000 due on the 10th anniversary of the date of issue with the conversion right to convert at the Conversion Price of HK\$0.40 (subject to adjustments) per Conversion Share.

Based on the initial Conversion Price of HK\$0.40 per Conversion Share, a maximum number of 185,000,000 Conversion Shares will be allotted and issued upon exercise in full of the conversion rights attaching to Convertible Bonds A, which represent:

- (i) approximately 23.40% of the existing issued share capital of the Company;
- (ii) approximately 18.96% of the issued share capital of the Company as enlarged by the allotment and the issue of the Conversion Shares upon exercise in full of the conversion rights attaching to Convertible Bonds A at the Conversion Price; and
- (iii) approximately 16.47% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon exercise in full of the conversion rights attaching to the Convertible Bonds at the Conversion Price.

Assuming Convertible Bonds A in an aggregate principal amount of HK\$74,000,000 are placed in full by the Placing Agent, the maximum gross proceeds and net proceeds from the Placing will be approximately HK\$74,000,000 and HK\$72,200,000 respectively. The net proceeds from the Placing are intended to be used for financing of potential new investments as and when appropriate.

Completion of the Placing is subject to the conditions as set out in the section headed "Conditions precedent of the Placing" below.

THE SUBSCRIPTION AGREEMENT

On 18 February 2013 (after trading hours), the Company entered into the Subscription Agreement with the Subscribers, pursuant to which the Company has conditionally agreed to issue and the Subscribers have conditionally agreed to subscribe for Convertible Bonds B with an aggregate principal amount of HK\$59,000,000, for which each of Subscriber I and Subscriber II has conditionally agreed to subscribe for Convertible Bonds B with the principal amount of HK\$45,000,000 and HK\$14,000,000 respectively, due on the 10th anniversary of the date of issue with the conversion right to convert at the Conversion Price of HK\$0.40 (subject to adjustments) per Conversion Share.

Based on the initial Conversion Price of HK\$0.40 per Conversion Share, a total of 147,500,000 Conversion Shares will be allotted and issued upon exercise in full of the conversion rights attaching to Convertible Bonds B, which represent:

- (i) approximately 18.65% of the existing issued share capital of the Company;
- (ii) approximately 15.72% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon exercise in full of the conversion rights attaching to Convertible Bonds B at the Conversion Price; and
- (iii) approximately 13.13% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon exercise in full of the conversion rights attaching to the Convertible Bonds at the Conversion Price.

The gross proceeds and net proceeds from the Subscription will be approximately HK\$59,000,000 and HK\$58,800,000 respectively. The net proceeds from the Subscription are intended to be used for financing potential new investments as and when appropriate.

Completion of the Subscription is subject to the conditions as set out in the section headed “Conditions precedent of the Subscription” below.

SPECIFIC MANDATE

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

LISTING RULES IMPLICATIONS

As at the date of this announcement, Subscriber I, together with its associates, are beneficially interested in an aggregate of 298,146,350 Shares, representing approximately 37.71% of the total issued share capital of the Company.

As at the date of this announcement, Subscriber II, the ultimate beneficial owner of Subscriber I, and together with its associate, are beneficially interested in an aggregate of 298,146,350 Shares of the Company, representing approximately 37.71% of the total issued share capital of the Company.

Therefore, the Subscribers are connected persons of the Company. As such, the Subscription Agreement and the transactions contemplated thereunder constitute a non-exempt connected transaction for the Company and are subject to reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Subscribers and their respective associates, therefore, are required to abstain from voting in respect of the relevant resolution(s) in relation to the Subscription Agreement and the transactions contemplated thereunder, including the grant of Specific Mandate for the allotment and issue of the Conversion Shares upon exercise of the conversion rights attaching to Convertible Bonds B.

EGM/SGM

The EGM/SGM will be convened and held to consider and, if thought fit, pass the relevant resolutions to approve, among other things, (i) the Placing Agreement, the Subscription Agreement and the transactions contemplated thereunder; and (ii) the grant of the Specific Mandate for the allotment and issue of the Conversion Shares.

GENERAL

An Independent Board Committee (comprising all the independent non-executive Directors) will be formed to advise the Independent Shareholders (i) as to whether the transaction contemplated under the Subscription Agreement entered into between the Company and the Subscribers is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details relating to the Placing Agreement and the transactions contemplated thereunder; (ii) further details relating to the Subscription Agreement and the transactions contemplated thereunder; (iii) a letter of advice from an independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder; (iv) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder; and (v) a notice convening the EGM/SGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

Shareholders and potential investors should note that Completion of the Placing and Completion of the Subscription are subject to fulfillment of the conditions as set out in the sections headed “Conditions precedent of the Placing” and “Condition precedents of the Subscription” respectively below. As the Placing and/or the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

18 February 2013

Parties

Issuer : The Company

Placing Agent : Grand Vinco Capital Limited

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its respective ultimate beneficial owner(s) are Independent Third Parties.

Pursuant to the Placing Agreement, the Company has conditionally agreed to issue and the Placing Agent has conditionally agreed to procure, on a best effort basis, not less than six Places to subscribe for Convertible Bonds A of up to an aggregate principal amount of HK\$74,000,000 due on the 10th anniversary of the date of issue with the conversion right to convert at the Conversion Price of HK\$0.40 (subject to adjustments) per Conversion Share.

Placees

The Placing Agent shall use all reasonable endeavours to ensure that the Placees and their respective ultimate beneficial owners shall be Independent Third Parties .

Placing commission

The Placing Agent will receive a placing commission of 2% of the principal amount of Convertible Bonds A actually placed by the Placing Agent, which was determined after arm’s length negotiations between the Company and the Placing Agent and with reference to prevailing placing commission charged by other placing agents in the market.

PRINCIPAL TERMS OF CONVERTIBLE BONDS A

The principal terms of Convertible Bonds A are summarised below:

Principal amount	:	Up to an aggregate principal amount of HK\$74,000,000.
Maturity date	:	10th anniversary of the date of issue
Interest	:	0.1% per annum, payable on annual basis
Conversion Price	:	The Conversion Price is HK0.40 per Conversion Share, subject to adjustments as set out and in accordance with the terms and conditions of Convertible Bonds A.

The Conversion Price of HK\$0.40 represents:

- (i) a discount of approximately 9.09% to the closing price of HK\$0.440 per Share as quoted on the Stock Exchange on the date of signing of the Placing Agreement;
- (ii) a discount of approximately 6.10% to the average closing price of HK\$0.426 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days immediately prior to the date of signing of the Placing Agreement;
- (iii) a discount of approximately 3.61% to the average closing price of HK\$0.415 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days immediately prior to the date of signing of the Placing Agreement;

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

- Adjustment events : The Conversion Price shall from time to time be adjusted upon occurrences of certain events, including but not limited to the followings:-
- (i) consolidation or sub-division of Shares;
 - (ii) capitalisation of profits;
 - (iii) capital distribution;
 - (iv) issue of Shares by way of rights, options and warrants;
 - (v) issue of any securities if and whenever the Company shall issue wholly for cash which are convertible into, exchangeable for or carry rights of subscription for Shares;
 - (vi) modification of rights of conversion or exchange or subscription attaching to any such securities;
 - (vii) issue of Shares wholly for cash at more than 20% discount to the market price of such Shares; and
 - (viii) issue of Shares for acquisition of asset at more than 20% discount to the market price of such Shares.
- Conversion Shares : Based on the initial Conversion Price of HK\$0.40, a maximum number of 185,000,000 Conversion Shares will be allotted and issued upon exercise in full of the conversion rights attaching to Convertible Bonds A, which represent:
- (i) approximately 23.40% of the existing issued share capital of the Company;
 - (ii) approximately 18.96% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares upon exercise in full of the conversion right attaching to Convertible Bonds A; and

- (iii) approximately 16.47% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares upon exercise in full of the conversion right attaching to the Convertible Bonds.

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

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

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

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

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

Conversion Period : The period commencing from the date of issue of Convertible Bonds A and ending on the day which falls on the 10th anniversary of the date of issue of Convertible Bonds A.

Early Redemption : The Company shall be entitled at its sole discretion, by giving not less than 14 Business Days notice to the holders of Convertible Bonds A, to redeem all or part of the outstanding Convertible Bonds A at an amount equal to 100% of the principal amount of the said outstanding Convertible Bonds A at any time from the date of issue of Convertible Bonds A together with interest accrued to the date fixed for redemption.

The Company possess the final redemption rights to redeem Convertible Bonds A at 100% of the principal amount of Convertible Bonds A together with interest accrued to the date fixed for redemption, within 7 Business Days after the holders of Convertible Bonds A have duly delivered a conversion notice to the Company.

Ranking : Conversion Shares to be allotted and issued upon exercise of the conversion rights attaching to Convertible Bonds A shall rank *pari passu* in all respects among themselves and with all other existing Shares outstanding at the date of conversion and all Conversion Shares shall include rights to participate in all dividends and other distributions.

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

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

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

Conditions precedent of the Placing

The Placing Agreement is conditional upon:

- (i) the passing of resolution(s) by the Shareholders to approve the Placing Agreement and the transactions contemplated thereunder, including the allotment and issue of the Conversion Shares under the Specific Mandate at the EGM/SGM; and
- (ii) the Listing Committee granting approval for the listing of, and permission to deal in, the Conversion Shares falling to be issued and allotted on the exercise of the conversion rights attached to Convertible Bonds A either unconditionally or subject to conditions to which the Company does not object and all other necessary waivers, consents and approvals as required under the Listing Rules in relation to the Company with respect to the Placing Agreement and the transactions contemplated therein being obtained and/or complied with (including but not limited to (if required) the Listing Committee having approved the issue of Convertible Bonds A either unconditionally or subject to conditions to which the Placing Agent may accept); and
- (iii) the relevant monetary authority approving the issue of the Conversion Shares concerning the Placing (if required); and
- (iv) any other approval as may be required for the Placing; and
- (v) the passing of resolution(s) by the Independent Shareholders to approve the Subscription Agreement and the transactions contemplated thereunder, including the allotment and issue of the Conversion Shares concerning the Subscription Agreement under the Specific Mandate at the EGM/SGM; and
- (vi) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Conversion Shares falling to be issued and allotted on the exercise of the conversion rights attached to Convertible Bonds B either unconditionally or subject to conditions to which the Company does not object and all other necessary waivers, consents and approvals as required under the Listing Rules in relation to the Company with respect to the Subscription Agreement and the

transactions contemplated therein being obtained and/or complied with (including but not limited to (if required) the Listing Committee of the Stock Exchange having approved the issue of the Convertible Bonds B either unconditionally or subject to conditions to which the Subscribers may accept); and

- (vii) the relevant monetary authority approving the issue of the Conversion Shares concerning the Subscription (if required); and
- (viii) any other approval as may be required for the Subscription.

If the above conditions are not fulfilled on or before 5:00 p.m. (Hong Kong time), 19 April 2013 or such later time or date as may be agreed between the Placing Agent and the Company in writing, the obligations of the Placing Agent and the Company under the Placing Agreement shall forthwith cease and terminate and neither the Company nor the Placing Agent shall have any claim against the other party, save for any antecedent breach thereof provided that the clause in relation to the payment of fees, commissions and expenses, and indemnification and no claim under the Placing Agreement shall survive such termination and remain in full force and effect.

Each party undertakes, and in favour of the other party, to exercise its best endeavours to procure the fulfilment of the above conditions, including without limitation, by making all necessary applications and the timely supply of information to the Stock Exchange and the SFC and other relevant governmental or regulatory authorities.

Termination of the Placing

If at any time prior to 9:00 a.m. on the date of Completion of the Placing, there develops, occurs or comes into force:

- (a) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) which may in the fair and reasonable opinion of the Placing Agent materially and adversely affect the business or financial condition or prospects of the Group as a whole; or

- (b) any local, regional, national or international event or change (whether or not permanent or forming part of a series of events or changes occurring or continuing, on and/or after the date hereof) of a political, military, economic or other nature (whether or not *ejusdem generis* with the foregoing) which, in the fair and reasonable opinion of the Placing Agent will, or may be expected to, have a material adverse effect on the Placing; or
- (c) any significant change (whether or not permanent) in local, regional, national or international market conditions (or in conditions affecting a sector of the market) which in the fair and reasonable opinion of the Placing Agent has or may have a material adverse effect on the Placing; or
- (d) any breach of any of the warranties under the Placing Agreement which in the fair and reasonable opinion of the Placing Agent is material in the context of the Placing, comes to the knowledge of the Placing Agent or there has been a breach by the Company of any other provision of the Placing Agreement which in the fair and reasonable opinion of the Placing Agent is material in the context of the Placing; or
- (e) there is any material adverse change in the business or in the financial or trading position of the Group taken as a whole which the Placing Agent is unaware of and which in the fair and reasonable opinion of the Placing Agent is material in the context of the Placing;

then and in any such case, the Placing Agent may, in its fair and reasonable opinion (and after consultation with the Company) terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, which notice may be given at any time prior to the date of Completion of the Placing.

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

Completion of the Placing

Completion of the Placing shall take place within 7 Business Days following the day on which all conditions precedent of the Placing are satisfied and fulfilled, or such later date as may be agreed by the Company and the Placing Agent in writing.

THE SUBSCRIPTION AGREEMENT

Date

18 February 2013

Parties

Issuer : The Company

Subscribers : Subscriber I; and

Subscriber II

As at the date of this announcement, Subscriber I, together with its associates, are beneficially interested in an aggregate of 298,146,350 Shares, representing approximately 37.71% of the total issued share capital of the Company.

As at the date of this announcement, Subscriber II, the ultimate beneficial owner of Subscriber I, together with its associate, are beneficially interested in an aggregate of 298,146,350 Shares, representing approximately 37.71% of the total issued share capital of the Company.

Pursuant to the Subscription Agreement, the Company has conditionally agreed to issue and the Subscribers have conditionally agreed to subscribe for Convertible Bonds B with an aggregate principal amount of HK\$59,000,000, for which each of Subscriber I and Subscriber II has conditionally agreed to subscribe for Convertible Bonds B with the principal amount of HK\$45,000,000 and HK\$14,000,000 respectively, due on the 10th anniversary of the date of issue with the conversion rights to convert at the Conversion Price of HK\$0.40 (subject to adjustments) per Conversion Share.

PRINCIPAL TERMS OF CONVERTIBLE BONDS B

The principal terms of Convertible Bonds B are summarised below:

Principal amount : An aggregate principal amount of HK\$59,000,000 for which each of Subscriber I and Subscriber II has conditionally agreed to subscribe the principal amount of HK\$45,000,000 and HK\$14,000,000 respectively

Maturity date : 10th anniversary of the date of issue

- Interest : 0.1% per annum, payable on annual basis
- Conversion Price : The Conversion Price is HK0.40 per Conversion Share, subject to adjustments as set out and in accordance with the terms and conditions of the Convertible Bonds.

The Conversion Price of HK\$0.40 represents:

- (i) a discount of approximately 9.09% to the closing price of HK\$0.440 per Share as quoted on the Stock Exchange on the date of signing of the Subscription Agreement;
- (ii) a discount of approximately 6.10% to the average closing price of HK\$0.426 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days immediately prior to the date of signing of the Subscription Agreement;
- (iii) a discount of approximately 3.61% to the average closing price of HK\$0.415 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days immediately prior to the date of signing of the Subscription Agreement;

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

- Adjustment events : The Conversion Price shall from time to time be adjusted upon occurrences of certain events, including but not limited to the followings:-
- (i) consolidation or sub-division of Shares;
 - (ii) capitalisation of profits;
 - (iii) capital distribution;

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

Conversion Shares : Based on the initial Conversion Price of HK\$0.40, a maximum number of 147,500,000 Conversion Shares will be allotted and issued upon exercise in full of the conversion rights attached to Convertible Bonds B, which represent:

- (i) approximately 18.65% of the existing issued share capital of the Company;
- (ii) approximately 15.72% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares upon exercise in full of the conversion right attaching to Convertible Bonds B; and
- (iii) approximately 13.13% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares upon exercise in full of the conversion right attaching to the Convertible Bonds.

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

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

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

Conversion Period : The period commencing from the date of issue of Convertible Bonds B and ending on the day which falls on the 10th anniversary of the date of issue of Convertible Bonds B.

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

(i) the holder of Convertible Bonds B and its respective associates, together with parties acting in concert (as defined in the Takeovers Code) with them, will not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code; and

(ii) the public float of the Company will not be unable to meet the relevant requirements under the Listing Rules.

Early Redemption : The Company shall be entitled at its sole discretion, by giving not less than 14 Business Days notice to the holders of Convertible Bonds B, to redeem all or part of the outstanding Convertible Bonds B at the an amount equal to 100% of the principal amount of the said outstanding Convertible Bonds B at any time from date of issue of Convertible Bonds B together with interest accrued to the date fixed for redemption.

The Company possess the final redemption rights to redeem Convertible Bonds B at 100% of the principal amount of Convertible Bonds B together with interest accrued to the date fixed for redemption, within 7 Business Days after the holder of Convertible Bonds B has duly delivered a conversion notice to the Company.

- Ranking : Conversion Shares to be allotted and issued upon exercise of the conversion rights attaching to Convertible Bonds B shall rank *pari passu* in all respects among themselves and with all other existing Shares outstanding at the date of conversion and all Conversion Shares shall include rights to participate in all dividends and other distributions.
- Transferability : Any transfer of Convertible Bonds B shall be in respect of the whole or any part (in multiples of HK\$400,000) of the principal amount of Convertible Bonds B.
- Application for listing : No application will be made by the Company to the Stock Exchange for listing of Convertible Bonds B. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.
- Notice of conversion by other bondholders : The Company may, upon request by the holders of Convertible Bonds B in writing, notify the holders of Convertible Bonds B about the conversion of the convertible bonds of the Company by other bondholders within 7 Business Days from the date of receipt of the relevant conversion notice.

Conditions precedent of the Subscription

The Subscription Agreement is conditional upon:

- (i) the passing of resolution(s) by the Independent Shareholders to approve the Subscription Agreement and the transactions contemplated hereunder, including the allotment and issue of the Conversion Shares under the Specific Mandate at the EGM/SGM;

- (ii) the Listing Committee granting approval for the listing of, and permission to deal in, the Conversion Shares falling to be issued and allotted on the exercise of the conversion rights attached to Convertible Bonds B either unconditionally or subject to conditions to which the Company does not object and all other necessary waivers, consents and approvals as required under the Listing Rules in relation to the Company with respect to the Subscription Agreement and the transactions contemplated thereunder being obtained and/or complied with (including but not limited to (if required) the Listing Committee having approved the issue of Convertible Bonds B either unconditionally or subject to conditions to which the Subscribers may accept); and
- (iii) the relevant monetary authority approving the issue of the Conversion Shares concerning the Subscription (if required); and
- (iv) any other approval as may be required for the Subscription; and
- (v) the passing of resolution(s) by the Shareholders to approve the Placing Agreement and the transactions contemplated thereunder, including the allotment and issue of the Conversion Shares concerning the Placing Agreement under the Specific Mandate at the EGM/SGM; and
- (vi) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the conversion shares falling to be issued and allotted on the exercise of the conversion rights attached to Convertible Bonds A either unconditionally or subject to conditions to which the Company does not object and all other necessary waivers, consents and approvals as required under the Listing Rules in relation to the Company with respect to the Placing Agreement and the transactions contemplated therein being obtained and/or complied with (including but not limited to (if required) the Listing Committee of the Stock Exchange having approved the issue of Convertibles Bonds A either unconditionally or subject to conditions to which the Placing Agent may accept); and
- (vii) the relevant monetary authority approving the issue of the Conversion Shares concerning the Placing (if required); and
- (viii) any other approval as may be required for the Placing.

If the above conditions are not fulfilled on or before 5:00 p.m. (Hong Kong time), 19 April 2013 or such later time or date as may be agreed between the Subscribers and the Company in writing, the obligations of the Subscribers and the Company under the Subscription Agreement shall forthwith cease and terminate and neither the Company nor the Subscribers shall have any claim against the other party, save for any antecedent breach thereof provided that the clause in relation to the payment of fees and expenses under the Subscription Agreement shall survive such termination and remain in full force and effect.

Each party undertakes, and in favour of the other party, to exercise its best endeavours to procure the fulfilment of the above conditions, including without limitation, by making all necessary applications and the timely supply of information to the Stock Exchange and the SFC and other relevant governmental or regulatory authorities.

Termination of the Subscription

If at any time prior to 9:00 a.m. on the date of Completion of the Subscription, there develops, occurs or comes into force:

- (a) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) which may in the fair and reasonable opinion of the Subscribers materially and adversely affect the business or financial condition or prospects of the Group as a whole; or
- (b) any local, regional, national or international event or change (whether or not permanent or forming part of a series of events or changes occurring or continuing, on and/or after the date hereof) of a political, military, economic or other nature (whether or not *ejusdem generis* with the foregoing) which, in the fair and reasonable opinion of the Subscribers will, or may be expected to, have a material adverse effect on the Subscription; or
- (c) any significant change (whether or not permanent) in local, regional, national or international market conditions (or in conditions affecting a sector of the market) which in the fair and reasonable opinion of the Subscribers have or may have a material adverse effect on the Subscription; or
- (d) any breach of any of the warranties under the Subscription Agreement which in the fair and reasonable opinion of the Subscribers are material in the context of the Subscription, comes to the knowledge of the Subscribers or there has been a breach by the Company of any other provision of the Subscription Agreement which in the fair and reasonable opinion of the Subscribers are material in the context of the Subscription; or

- (e) there is any material adverse change in the business or in the financial or trading position of the Group taken as a whole which the Subscribers are unaware of and which in the fair and reasonable opinion of the Subscribers are material in the context of the Subscription;

then and in any such case, the Subscribers may, in its fair and reasonable opinion (and after consultation with the Company) terminate the Subscription Agreement without liability to the Company by giving notice in writing to the Company, which notice may be given at any time prior to the date of Completion of the Subscription.

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

Completion of the Subscription

Completion of the Subscription shall take place within 7 Business Days following the day on which all conditions precedent of the Subscription are satisfied and fulfilled, or such later date as may be agreed by the Company and the Subscribers in writing.

REASONS FOR THE PLACING AND THE SUBSCRIPTION

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 Directors hold the view that the Placing and the Subscription represent good opportunities to raise additional funds for the Company and strengthen the Group's financial position to better equip the Group with financial flexibility for development of the existing business of the Group or any potential new business as and when appropriate. If the conversion rights attaching to the Convertible Bonds are exercised in full, it will enlarge the Shareholder and capital bases of the Company.

The Directors hold the view that the entering into the Placing Agreement is on normal commercial terms, and the terms and conditions of the Placing Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Further, the Directors (excluding the independent non-executive Directors whose views will be given after taking into account the advice from an independent financial adviser) hold the view that the entering into the Subscription Agreement is on normal commercial terms, and the terms and conditions of the Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

Assuming Convertible Bonds A, up to an aggregate principal amount of HK74,000,000, are placed in full by the Placing Agent, the maximum gross proceeds and net proceeds from the Placing will be approximately HK\$74,000,000 and HK\$72,200,000 respectively. The net proceeds from the Placing are intended to be used for financing of potential new investments as and when appropriate. The net conversion price per Conversion Share under the Placing will be approximately HK\$0.39.

The gross proceeds and net proceeds from the Subscription will be approximately HK\$59,000,000 and HK\$58,800,000 respectively. The net proceeds from the Subscription are intended to be used for financing of potential new investments as and when appropriate. The net conversion price under the Subscription will be approximately HK0.40.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after Completion of the Placing but before Completion of the Subscription, assuming exercise in full of the conversion rights attaching to Convertible Bonds A; (iii) immediately after Completion of the Subscription but before Completion of the Placing, assuming exercise in full of the conversion rights attaching to Convertible Bonds B; and (iv) immediately after Completion of the Placing and Completion of the Subscription, assuming exercise in full of the conversion rights attaching to the Convertible Bonds, for illustration purpose only:-

	As at the date of this announcement		Immediately after Completion of the Placing but before Completion of the Subscription and assuming exercise in full of the conversion rights attaching to Convertible Bonds A		Immediately after Completion of the Subscription but before Completion of the Placing and assuming exercise in full of the conversion rights attaching to Convertible Bonds B		Immediately after Completion of the Placing and Completion of the Subscription and assuming exercise in full of the conversion rights attaching to the Convertible Bonds	
	Approximate % of issued share capital of the		Approximate % of issued share capital of the		Approximate % of issued share capital of the		Approximate % of issued share capital of the	
	No. of Shares	Company	No. of Shares	Company	No. of Shares	Company	No. of Shares	Company
Best Champion Holdings Limited (Note 1)	61,650,000	7.80%	61,650,000	6.32%	61,650,000	6.57%	61,650,000	5.49%
China United Gene Investment Holdings Limited	190,851,350	24.14%	190,851,350	19.56%	190,851,350	20.34%	190,851,350	16.99%
Xiao Yan (Note 2)	93,600	0.0118%	93,600	0.0096%	93,600	0.0100%	93,600	0.0083%
Wu Yanmin (Note 2)	17,550	0.0022%	17,550	0.0018%	17,550	0.0019%	17,550	0.0016%
Subscriber I	45,645,000	5.77%	45,645,000	4.68%	158,145,000	16.86%	158,145,000	14.08%
Subscriber II	-	-	-	-	35,000,000	3.73%	35,000,000	3.12%
Public Shareholders								
Places	-	-	185,000,000	18.96%	-	-	185,000,000	16.47%
Other Shareholders	492,435,524	62.28%	492,435,524	50.47%	492,435,524	52.49%	492,435,524	43.84%
Total	790,693,024	100.00%	975,693,024	100.00%	938,193,024	100.00%	1,123,193,024	100.00%

Notes:

- Best Champion Holdings Limited, is the controlling shareholder of the Company. Best Champion Holdings Limited is a non-wholly-owned subsidiary of Subscriber I, the entire issued share capital of which is wholly and beneficially owned by Subscriber II.
- Ms. Xiao Yan and Ms. Wu Yanmin are the non-executive Directors of the Company.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save as disclosed below, the Company has not conducted any fund raising activities in the past twelve months immediately prior to the date of this announcement.

Date of announcement	Event	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds
25 June 2012	Proposed rights issue on the basis of three rights shares for every ten existing shares	HK\$75 million	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.	Not yet utilised

INFORMATION OF SUBSCRIBER I

Subscriber I, a company incorporated in the BVI with limited liability and is principally engaged in investment holding.

As at the date of this announcement, Subscriber I and together with its associate are beneficially interested in an aggregate of 298,146,350 Shares of the Company, representing approximately 37.71% of the total issued share capital of the Company.

INFORMATION OF SUBSCRIBER II

As at the date of this announcement, Subscriber II, the ultimate beneficial owner of Subscriber I, together with its associate, are beneficially interested in an aggregate of 298,146,350 Shares of the Company, representing approximately 37.71% of the total issued share capital of the Company.

SPECIFIC MANDATE

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

LISTING RULES IMPLICATIONS

As at the date of this announcement, Subscriber I, together with its associates, are beneficially interested in an aggregate of 298,146,350 Shares, representing approximately 37.71% of the total issued share capital of the Company.

As at the date of this announcement, Subscriber II, the ultimate beneficial owner of Subscriber I, together with its associate, are beneficially interested in an aggregate of 298,146,350 Shares of the Company, representing approximately 37.71% of the total issued share capital of the Company.

Therefore, the Subscribers are connected persons of the Company. As such, the Subscription Agreement and the transactions contemplated thereunder constitute a non-exempt connected transaction for the Company and are subject to reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Subscribers and their respective associates, therefore, are required to abstain from voting in respect of the resolution in relation to the Subscription Agreement and the transactions contemplated thereunder, including the grant of Specific Mandate for the allotment and issue of the Conversion Shares upon exercise of the conversion rights attaching to Convertible Bonds B.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as no Shareholders have material interest on the Placing Agreement and the transactions contemplated thereunder, no Shareholder is required to abstain from voting in respect of the relevant resolution(s) in relation to the Placing Agreement and the transactions contemplated thereunder, including the grant of Specific Mandate for the allotment and issue of the Conversion Shares upon exercise of the conversion rights attaching to Convertible Bonds A.

EGM/SGM

The EGM/SGM will be convened and held to consider and, if thought fit, pass relevant resolutions to approve, among other things, (i) the Placing Agreement, the Subscription Agreement and the transactions contemplated thereunder; and (ii) the grant of the Specific Mandate for the allotment and issue of the Conversion Shares.

GENERAL

An Independent Board Committee (comprising all the independent non-executive Directors) will be formed to advise the Independent Shareholders as to whether the transaction contemplated under the Subscription Agreement entered into between the Company and the Subscribers is on normal commercial terms, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole. The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details relating to the Placing Agreement and the transactions contemplated thereunder; (ii) further details relating to the Subscription Agreement and the transactions contemplated thereunder; (iii) a letter of advice from an independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder; (iv) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder; and (v) a notice convening the EGM/SGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

Shareholders and potential investors should note that Completion of the Placing and Completion of the Subscription are subject to fulfillment of the conditions as set out in the sections headed “Conditions precedent of the Placing” and “Condition precedents of the Subscription” respectively above. As the Placing and/or the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meaning:

“associates”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (excluding Saturday, Sunday or public holidays) on which licensed banks in Hong Kong are open to the general public for business

“BVI”	British Virgin Islands
“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
“Completion of the Placing”	the completion of the Placing in accordance with the terms and conditions of the Placing Agreement
“Completion of the Subscription”	the completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Conversion Price”	HK\$0.40 per Conversion Share, subject to adjustments as set out and in accordance with the terms and conditions of the Convertible Bonds
“Conversion Share(s)”	a maximum of 332,500,000 new Shares to be allotted and issued by the Company upon exercise in full of the conversion rights attaching to the Convertible Bonds
“Convertible Bonds”	collectively, Convertible Bonds A and Convertible Bonds B
“Convertible Bonds A”	the 10 year, 0.1% convertible bonds up to an aggregate principal amount of HK\$74,000,000 to be issued by the Company to the Placees pursuant to the Placing Agreement
“Convertible Bonds B”	the 10 year, 0.1% convertible bonds with an aggregate principal amount of HK\$59,000,000 to be issued by the Company to the Subscribers pursuant to the Subscription Agreement
“Director(s)”	the director(s) of the Company

“EGM/SGM”	the extraordinary general meeting or special general meeting (if the change of domicile pursuant to the Company’s circular dated 24 December 2012 becoming effective) of the Company to be convened and held to consider and, if thought fit, approve, among others, (i) the Placing Agreement and the transactions contemplated thereunder; (ii) the Subscription Agreement and the transactions contemplated hereunder; and (iii) the grant of the Specific Mandate for the allotment and issue of the Conversion Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	an independent board committee (comprising all the independent non-executive Directors) to be formed to advise the Independent Shareholders as to whether the transactions contemplated under the Subscription Agreement entered into between the Company and the Subscribers is on normal commercial terms, in the ordinary and usual course of business, fair and reasonable and in the interests of the Company and the Shareholders as a whole.
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are independent of, not connected with and not acting in concert (as defined in the Takeovers Code) with the Company or any director, chief executive, substantial shareholder (as defined in the Listing Rules) or connected persons of the Company or any of their respective subsidiaries or any of their respective associates.
“Independent Shareholders”	holders of Shares other than the Subscribers and their respective associates for the purposes of the Subscription

“Listing Committee”	the listing committee of the Stock Exchange for considering applications for listing and the granting of listing
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	any institutional investors, professional investors or private investors to be procured by the Placing Agent for and on behalf of the Company to subscribe for Convertible Bonds A pursuant to the Placing Agreement, which shall be Independent Third Parties
“Placing”	the proposed placing of Convertible Bonds A by or on behalf of the Placing Agent to the Placees pursuant to the Placing Agreement
“Placing Agent”	Grand Vinco Capital Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement dated 18 February 2013 entered into between the Company and the Placing Agent in relation to the Placing
“SFC”	Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.20 each (subject to change) in the issued share capital of the Company or shares of any class or classes resulting from any sub-division, consolidation or re-classification of such Shares, which as between themselves have no preference in respect of voting rights or dividends or of amounts payable in the event of any voluntary or involuntary liquidation or distribution of the Company
“Shareholder(s)”	the registered holder(s) of the Share(s)

“Specific Mandate”	the specific mandate for the issue of the Conversion Shares to be granted to the Directors by the Shareholders and the Independent Shareholders at the EGM/SGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber I”	United Gene Holdings Limited, a company incorporated in the BVI with limited liability of which the entire equity interest is wholly owned by Dr. Mao Yumin
“Subscriber II”	Dr. Mao Yumin, the ultimate beneficial owner of Subscriber I
“Subscribers”	collectively, Subscriber I and Subscriber II
“Subscription”	the proposed subscription of Convertible Bonds B by the Subscribers pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 18 February 2013 entered into between the Company and the Subscribers in relation to the Subscription
“Takeovers Code”	the Code on Takeovers and Mergers and Share Repurchases issued by the SFC
“%”	per cent.

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

Hong Kong, 18 February 2013

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