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UNITED GENE HIGH-TECH GROUP LIMITED

聯合基因科技集團有限公司

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

(Stock Code: 399)

CONNECTED TRANSACTION

DEEMED DISPOSAL OF SUBSIDIARY

Financial adviser to the Company



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

THE CAPITAL INJECTION AND SUBSCRIPTION AGREEMENT

The Board is pleased to announce that on 25 April 2013, Shareholder A (an indirect wholly-owned subsidiary of the Company), Shareholder B (an indirect wholly-owned subsidiary of Extrawell Pharmaceutical), the Target Company (an indirect non-wholly owned subsidiary of the Company) and the Subscriber entered into the Capital Injection and Subscription Agreement.

Pursuant to the Capital Injection and Subscription Agreement, the Target Company has conditionally agreed to issue and allot and the Subscriber has conditionally agreed to subscribe for new Target Company Shares by injection of RMB7,490,000 (equivalent to approximately HK\$9,437,400) in cash, representing approximately 37.47% of the registered capital of the Target Company as enlarged by the Capital Injection and Subscription, to the registered capital of the Target Company.

Upon Completion, the equity interest of Target Company will be owned as to approximately 50.02% by Shareholder A, approximately 12.51% by Shareholder B and approximately 37.47% by the Subscriber. The shareholding of Shareholder A, Shareholder B and the Subscriber in the Target Company shall be in proportion to their respective capital contribution in the registered capital of the Target Company.

Upon Completion, Company will continue to account for the Target Company as an indirect subsidiary of the Company and its financial results will continue to be consolidated into the consolidated financial statements of the Company, subject to the shareholding structure and composition of the board of directors of the Target Company.

LISTING RULES IMPLICATION

As a result of the Capital Injection and Subscription, the equity interest of Shareholder A in the Target Company will be diluted from 80% to 50.02%. Therefore, the Capital Injection and Subscription constitutes a deemed disposal of 29.98% of the indirect equity interest of the Target Company by the Group within the meaning of Rule 14.29 of the Listing Rules.

The Subscriber beneficially holds approximately 33.50% of the total issued share capital of Best Champion. As Best Champion is a controlling Shareholder and holds 252,501,350 Shares, representing approximately 31.93% of the total issued share capital of the Company, the Subscriber is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Capital Injection and Subscription Agreement constitutes connected transactions of the Company.

As the applicable percentage ratios calculated in accordance with Chapter 14 of the Listing Rules in respect of the Capital Injection and Subscription exceed 0.1% but are less than 5%, the Capital Injection and Subscription Agreement is subject to the reporting and announcement requirements but is exempted from the independent Shareholder's approval requirement under Chapter 14A of the Listing Rules.

As the Capital Injection and Subscription is conditional upon the fulfillment of the conditions precedent as set out in the section headed "Conditions precedent" below, the Capital Injection Subscription may or may not be proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

THE CAPITAL INJECTION AND SUBSCRIPTION AGREEMENT

Date

25 April 2013 (after trading hours)

Parties

- (1) **Shareholder A** : 東龍脈(上海)健康管理服務有限公司, an indirect wholly-owned subsidiary of the Company;
- (2) **Shareholder B** : 吉林精優長白山藥業有限公司, an indirect wholly-owned subsidiary of Extrawell Pharmaceutical whose shares are listed on the main board of the Stock Exchange (Stock Code: 858)
- (3) **Subscriber** : Mr. Xie Yi, a beneficial owner of a controlling Shareholder
- (4) **Target Company** : 龍脈(上海)健康管理服務有限公司, an indirect non-wholly owned subsidiary of the Company

Subject matter

Pursuant to the Capital Injection and Subscription Agreement, the Target Company has conditionally agreed to issue and allot and the Subscriber has conditionally agreed to subscribe for new Target Company Shares by injection of RMB7,490,000 (equivalent to approximately HK\$9,437,400) in cash, representing approximately 37.47% registered capital of the Target Company as enlarged by the Capital Injection and Subscription, to the registered capital of the Target Company.

Consideration

The total consideration of RMB7,490,000 (equivalent to approximately HK\$9,437,400), representing approximately 37.47% registered capital of the Target Company as enlarged by the Capital Injection and Subscription, shall be payable in cash by the Subscriber in the following manners:

- (i) RMB2,250,000 shall be payable on or before 30 May 2013; and
- (ii) the remaining balance of RMB5,240,000 shall be payable on or before 30 May 2014.

The terms and conditions of the Capital Injection and Subscription Agreement were determined after arm's length negotiation amongst the parties thereof.

Conditions precedent

The Capital Injection and Subscription Agreement is conditional upon the following conditions precedent being fulfilled or (as the case may be) waived:

- (i) Shareholder A and Shareholder B having obtained relevant approvals from the relevant governmental bodies and/or authorities;
- (ii) Shareholder A and Shareholder B having obtained relevant authorisations from their respective board of directors and shareholders;
- (iii) The Target Company having obtained relevant authorisations from its board of directors and shareholders;
- (iv) Shareholder A and Shareholder B having complied with all the necessary disclosure and other requirements under the Listing Rules;
- (v) the obtaining of necessary assent, leave or sanction from relevant regulatory bodies and/or authorities in respect of the transactions contemplated under the Capital Injection and Subscription Agreement (if required);
- (vi) the obtaining of approval from the Stock Exchange in respect of the transactions contemplated under the Capital Injection and Subscription Agreement (if required);
- (vii) the obtaining of approval from the shareholders of Extrawell Pharmaceutical in respect of the transaction contemplated under the Capital Injection and Subscription Agreement (if required); and
- (viii) the obtaining of approvals from the Shareholders in respect of the transactions contemplated under the Capital Injection and Subscription Agreement (if required).

Completion

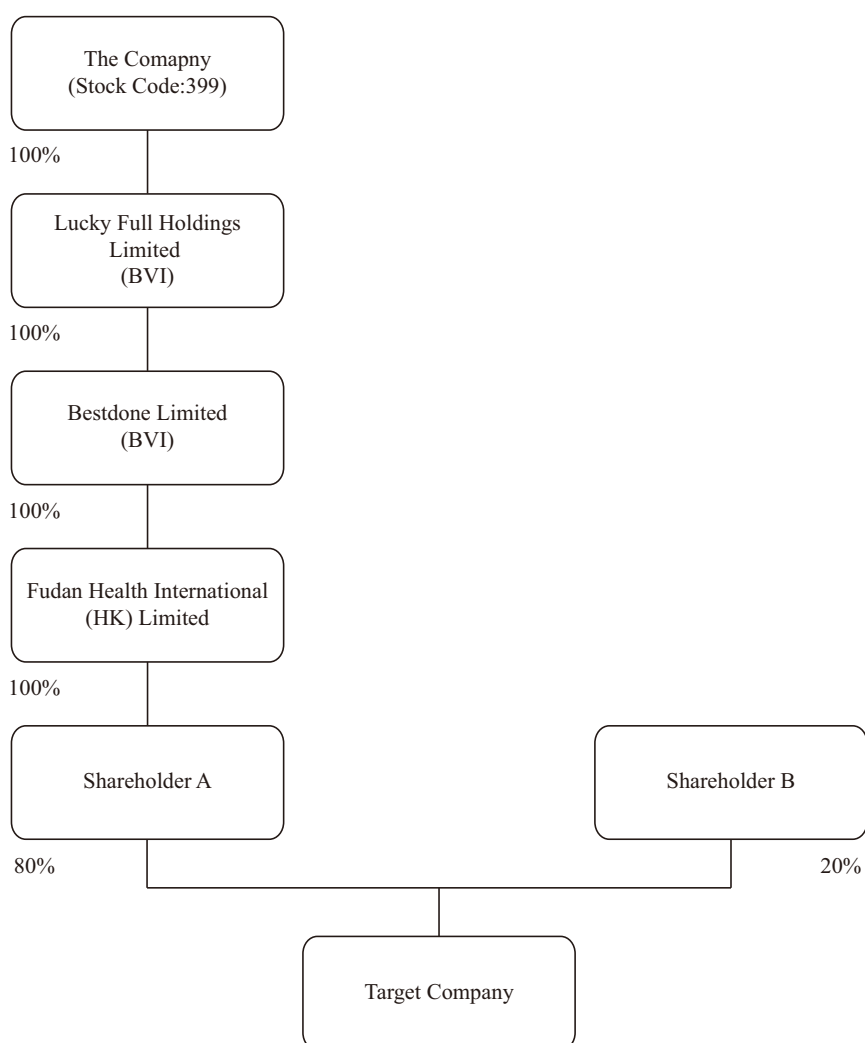
Completion shall take place after all registrations with the relevant governmental bodies and/or authorities are completed.

CHANGE OF SHAREHOLDING STRUCTURE OF THE TARGET COMPANY

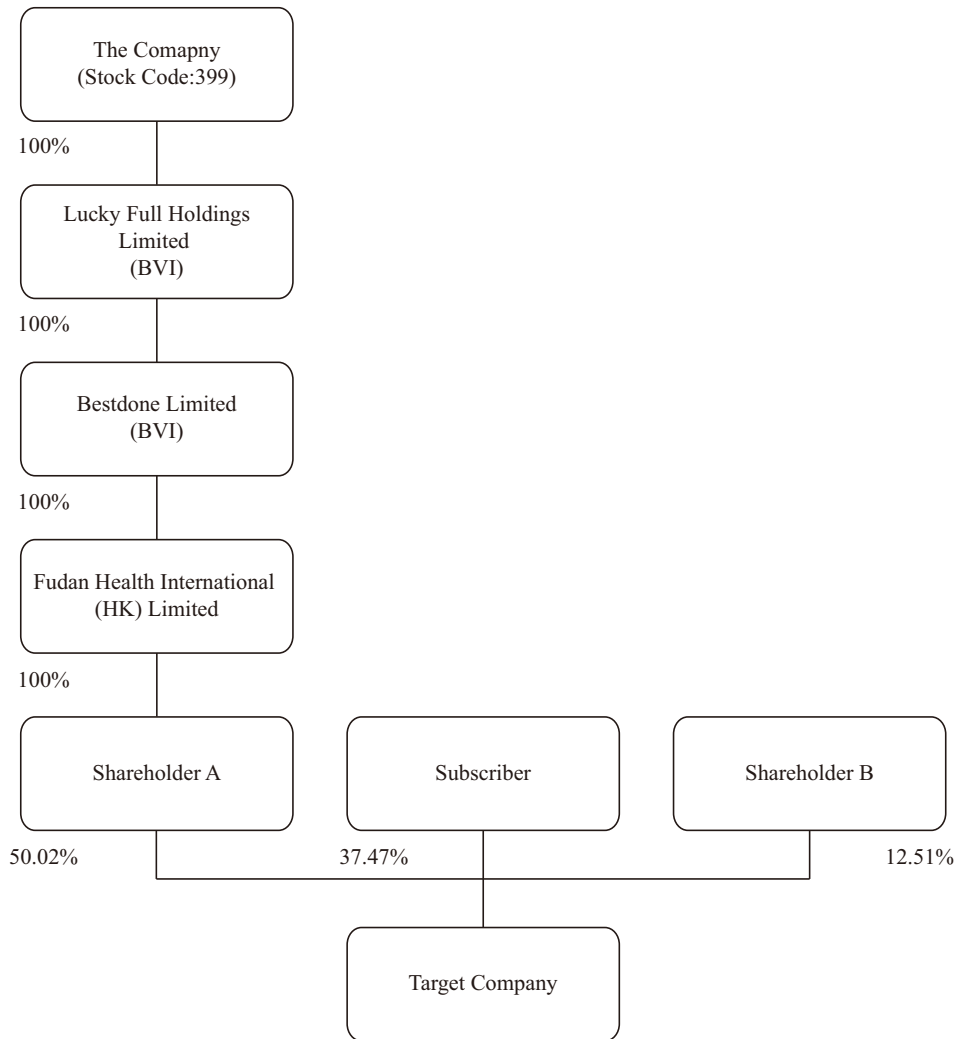
Upon Completion, the registered capital of the Target Company will be increased from RMB12,500,000 (equivalent to approximately HK\$15,750,000) to RMB19,990,000 (equivalent to approximately HK\$25,187,400). The Target Company will be owned as to approximately 50.02% by Shareholder A, approximately 12.51% by Shareholder B and approximately 37.47% by the Subscriber.

The followings illustrate the change of shareholding structure of the Target Company before and after Completion of the Capital Injection and Subscription Agreement:

Before Completion



After Completion



The rights in the Target Company held by Shareholder A and Shareholder B, and those to be held by the Subscriber upon Completion are of the same class entitling their holders thereof to the rights including, but not limited to, voting rights, rights to receive dividend and other distributions made by the Target Company and rights to appoint members of the management team.

Upon Completion, Shareholder A shall remain as the major shareholder of the Target Company and continue to have effective control over the majority of the board of directors of the Target Company, therefore the Company will continue to account for the Target Company as an indirect subsidiary of the Company and their financial results will continue to be consolidated into the consolidated financial statements of the Company, subject to the shareholding structure and the composition of board of directors of the Target Company.

INFORMATION ON SHAREHOLDER A

Shareholder A, 東龍脈(上海)健康管理服務有限公司, is a wholly foreign-owned enterprise established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company.

Shareholder A is principally engaged in provision of health care management services.

Upon Completion, the equity interest of Shareholder A in the Target Company will be diluted from 80% to 50.02%.

INFORMATION ON SHAREHOLDER B

Shareholder B, Jilin Extrawell Changbaishan Pharmaceutical Co., Ltd, is a wholly foreign-owned enterprise established in the PRC with limited liability and an indirect wholly-owned subsidiary of Extrawell Pharmaceutical whose shares are listed on the main board of the Stock Exchange (Stock Code: 858).

Shareholder B is principally engaged in the development, manufacture and sale of pharmaceutical products in the PRC.

Upon Completion, the equity interest of Shareholder B in the Target Company will be diluted from 20% to 12.51%.

INFORMATION ON THE SUBSCRIBER

The Subscriber beneficially holds approximately 33.50% of the total issued share capital of Best Champion. As Best Champion is a controlling Shareholder and holds 252,501,350 Shares, representing approximately 31.93% of the total issued share capital of the Company, the Subscriber is a connected person of the Company under Chapter 14A of the Listing Rules.

Upon Completion, the Subscriber shall hold 37.47% of the equity interest in the Target Company.

INFORMATION ON THE TARGET COMPANY

The Target Company is a limited company established in the PRC on 11 November 2010. It is currently an indirect non-wholly owned subsidiary of the Company and is principally engaged in the provision of healthcare management services.

Upon Completion, the Target Company will be owned as to 50.02% by Shareholder A, 12.51% by Shareholder B and 37.47% by Subscriber respectively. The shareholding of Shareholder A, Shareholder B and Subscriber in the Target Company shall be in proportion to their respective capital contribution in the registered capital of the Target Company.

Financial Information on the Target Group

Set out below is a summary of the unaudited financial information of the Target Company prepared in accordance with the HK Financial Reporting Standards for the year ended 30 June 2011 and 30 June 2012:

| | For the year ended 30 June 2011 | For the year ended 30 June 2012 |
|--------------------------|--|--|
| Net loss before taxation | RMB517,216.83 | RMB16,986,041.64 |
| Net loss after taxation | RMB517,216.83 | RMB16,955,721.00 |

As at 31 December 2012, the unaudited net liabilities of the Target Company amounted to approximately RMB15,968,555.01 (equivalent to approximately HK\$20,120,379.31) which has been prepared in accordance with the HK Financial Reporting Standards.

Upon Completion, the total registered capital of the Target Company will be increased from RMB12,500,000 (equivalent to approximately HK\$15,750,000) to RMB19,990,000 (equivalent to approximately HK\$25,187,400).

BASIS OF CONSIDERATION

The total consideration of RMB7,490,000 (equivalent to approximately HK\$9,437,400) was arrived at after arm's length negotiations between Shareholder A, Shareholder B and the Subscriber with reference to, among others, the respective capital contribution of relevant shareholders to the registered capital of the Target Company.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CAPITAL INJECTION AND SUBSCRIPTION AGREEMENT

The Directors hold the view that the Capital Injection and Subscription is able to strengthen the capital base of the Target Company and provide fund to meet its growth. The Target Company intends to use the capital raised as working capital.

The Directors (including the independent non-executive Directors) hold the view that entering into of the Capital Injection and Subscription Agreement is in the interests of the Company and the Shareholders as a whole, and the terms of the Capital Injection and Subscription Agreement are on normal commercial terms and fair and reasonable.

LISTING RULES IMPLICATIONS

As none of the Directors has a material interest in the transactions contemplated under the Capital Injection and Subscription Agreement, no Director was required abstain from voting in the resolution approving the Capital Injection and Subscription Agreement and the transactions contemplated thereunder at the relevant meeting of the Board.

As a result of the Capital Injection and Subscription, the equity interest of Shareholder A in the Target Company will be diluted from 80% to 50.02%. Therefore, the Capital Injection and Subscription constitutes a deemed disposal of 29.98% of the indirect equity interest of the Target Company by the Group within the meaning of Rule 14.29 of the Listing Rules.

The Subscriber beneficially holds approximately 33.50% of the total issued share capital of Best Champion. As Best Champion is a controlling Shareholder and holds 252,501,350 Shares, representing approximately 31.93% of the total issued share capital of the Company, the Subscriber is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Capital Injection and Subscription Agreement constitutes connected transactions of the Company.

As the applicable percentage ratios calculated in accordance with Chapter 14 of the Listing Rules in respect of the Capital Injection and Subscription exceed 0.1% but are less than 5%, the Capital Injection and Subscription Agreement is subject to the reporting and announcement requirements but is exempted from the independent Shareholder's approval requirement under Chapter 14A of the Listing Rules.

GENERAL

The Group is principally engaged in the distribution of gene testing services and bio-industrial products, and provision of health care management services.

As the Capital Injection and Subscription is conditional upon the fulfillment of the conditions precedent as set out in the section headed “Conditions precedent” above, the Capital Injection and Subscription may or may not be proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

| | |
|--|---|
| “Best Champion” | Best Champion Holdings Limited, a company incorporated in the BVI with limited liability and the controlling Shareholder |
| “Board” | the board of Directors |
| “BVI” | British Virgin Islands |
| “Capital Injection and Subscription” | the injection of capital of RMB7,490,000 (equivalent to approximately HK\$9,437,400) by the Subscriber to subscribe for approximately 37.47% enlarged equity interests of the Target Company pursuant to the Capital Injection and Subscription Agreement |
| “Capital Injection and Subscription Agreement” | the capital injection and subscription agreement in Chinese dated 25 April 2013 entered into between Shareholder A, Shareholder B, the Subscriber and the Target Company in relation to the Capital Injection and Subscription |
| “Company” | United Gene High-Tech Group Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability whose shares are listed on the main board of the Stock Exchange (Stock Code: 399) |
| “Completion” | completion of the Capital Injection and Subscription in accordance with terms and conditions as contemplated in the Capital Injection and Subscription Agreement |
| “connected person(s)” | has the meaning ascribed thereto in the Listing Rules |

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|----------------------------|---|
| “Directors” | the directors of the Company |
| “Extrawell Pharmaceutical” | Extrawell Pharmaceutical Holdings Limited, a company incorporated in the Bermuda with limited liability whose shares are listed on the main board of the Stock Exchange (Stock Code: 858) |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of PRC |
| “Listing Rules” | Rules Governing the Listing of Securities on the Stock Exchange |
| “Subscriber” | Mr. Xie Yi, the beneficial owner of approximately 33.50% shareholdings in Best Champion |
| “PRC” | the People’s Republic of China |
| “Share(s)” | ordinary share(s) of HK\$0.01 each in the issued share capital of the Company |
| “Shareholder” | holder(s) of the Share(s) |
| “Shareholder A” | 東龍脈(上海)健康管理服務有限公司, a wholly foreign-owned enterprise established in the PRC and an indirect wholly-owned subsidiary of the Company |
| “Shareholder B” | 吉林精優長白山藥業有限公司, a wholly foreign-owned enterprise established in the PRC and an indirect wholly-owned subsidiary of Extrawell Pharmaceutical |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “subsidiary(ies)” | has the meaning ascribed thereto in the Listing Rules |
| “Target Company” | 龍脈(上海)健康管理服務有限公司, a limited company established in PRC and an indirect non-wholly owned subsidiary of the Company |
| “Target Company Share(s)” | the share(s) of the Target Company |

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|--------|---|
| “RMB” | Renminbi, the lawful currency of PRC |
| “HK\$” | Hong Kong dollar(s), the lawful currency of Hong Kong |
| “%” | per cent |

Note: An exchange rate of RMB1.00 to HK\$1.26 has been used for the conversion of RMB into HK\$ for the purpose of this announcement. This is for illustration purpose only and does not constitute a representation that any amounts in RMB and HK\$ have been, could have been, or may be converted, at these or such other rates.

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

Hong Kong, 25 April 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).