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**EXTRAWELL PHARMACEUTICAL  
HOLDINGS LIMITED**

**精優藥業控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 858)**



**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)**

**JOINT ANNOUNCEMENT IN RELATION TO**

**MAJOR AND CONNECTED  
TRANSACTION CONCERNING  
THE DISPOSAL OF  
51% SHAREHOLDING INTEREST  
IN SMART ASCENT LIMITED**

**(1) MAJOR TRANSACTION;  
(2) PROPOSED ISSUANCE OF  
CONVERTIBLE BONDS UNDER  
THE SPECIFIC MANDATE; AND  
(3) CONTINUING CONNECTED  
TRANSACTION CONCERNING  
THE ACQUISITION OF  
51% SHAREHOLDING INTEREST  
IN SMART ASCENT LIMITED**

**Financial Adviser to United Gene High-Tech Group Limited**



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

\* For identification purpose only

## **THE ACQUISITION/DISPOSAL**

The respective board of directors of Extrawell and United Gene are pleased to announce that on 17 March 2014, the Purchaser and the Vendor entered into the Acquisition Agreement in relation to the sale and purchase of 51% interest in the share capital of Target Company, the holding company for oral insulin operations. Completion of the Acquisition Agreement is conditional upon, among others, the conditions precedent set out in the Acquisition Agreement being satisfied on or before Long Stop Date.

The Consideration shall be HK\$780,000,000, as payable upon Completion and to be satisfied by the Purchaser to the Vendor by the issuing of Convertible Bonds by United Gene for the principal amount of HK\$715,000,000 and cash payment of HK\$65,000,000, in the manner as set out below.

## **CONTINUING CONNECTED TRANSACTION**

### **The Purchaser's Undertaking for Capital Commitment for the Commitment Period**

As a term of the Acquisition Agreement, the Purchaser has undertaken to the Vendor, on a best endeavor basis, that for a period of 3 years from the Completion Date of the Acquisition Agreement, the Purchaser, shall solely assume the total future capital and operational expenditures of the Target Company by way of unsecured interest-free shareholder's loans, with an aggregate amount not exceeding HK\$600,000,000, for the Target Company's future development of its oral insulin technology.

## **IMPLICATIONS UNDER THE LISTING RULES**

### **Major Transaction for United Gene**

As the applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Listing Rules) for the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction under Rule 14.06 of the Listing Rules.

To the best knowledge, information and belief of the directors of United Gene and Extrawell, having made all reasonable enquiries, the Vendor and its ultimate beneficial owners, are independent third parties of United Gene.

**The Specific Mandate for the allotment and issue of the Conversion Shares upon exercise of the conversion rights attaching to the Convertible Bonds**

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

**Continuing Connected Transaction for United Gene**

Upon Completion, the Target Company will be owned as to 51% by United Gene and become an indirect non wholly-owned subsidiary of United Gene. As such, Extrawell shall become a connected person of United Gene, as Extrawell will then indirectly and beneficially own 49% of the Target Company.

As a term of the Acquisition Agreement, the transaction contemplated under the heading “The Purchaser’s Undertaking for Capital Commitment for the Commitment Period” constitutes a continuing connected transaction for United Gene and is subject to the reporting, announcement, annual review and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

A circular containing, among other things, (1) further information on the Acquisition and the Acquisition Agreement and the allotment and issue of the Conversion Shares by United Gene under the Specific Mandate and the transactions contemplated hereunder pursuant to the Acquisition; (2) further information on the Continuing Connected Transaction; (3) the recommendation of the independent board committee of United Gene to the Independent Shareholders of United Gene on the Continuing Connected Transaction; (4) the advice from the independent financial advisers to the independent board committee and the Independent Shareholders of United Gene on the Continuing Connected Transaction; (5) the valuation report on the Sale Shares compiled by an independent valuer; and (6) a notice of the SGM will be despatched to the shareholders of United Gene as soon as practicable. As additional time is required for preparing information to be contained in the circular, it is expected that the circular will be despatched on or before 23 April 2014.

### **Major and Connected Transaction for Extrawell**

From the perspective of Extrawell, as the applicable percentage ratios in respect of the Disposal are higher than 25% but below 75%, the Disposal constitutes a major transaction for Extrawell under Chapter 14 of the Listing Rules.

To the best knowledge, information and belief of the directors of Extrawell, having made all reasonable enquiries, as at the date of this announcement, as United Gene holds approximately 19% of shareholding of Extrawell and is hence a connected person of Extrawell (within the meaning of the Listing Rules), the Disposal and the entering into of the Acquisition Agreement and the transactions contemplated thereunder constitutes a connected transaction for Extrawell under Chapter 14A of the Listing Rules.

The Disposal is therefore subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

A circular containing, among other things, (1) further information on the Disposal and the Acquisition Agreement as a connected transaction; (2) the recommendation of the independent board committee of Extrawell to the Independent Shareholders of Extrawell; (3) the advice from the independent financial advisers to the independent board committee and the Independent Shareholders of Extrawell; and (4) a notice of the SGM will be despatched to the shareholders of Extrawell as soon as practicable. As additional time is required for preparing information to be contained in the circular, it is expected that the circular will be despatched on or before 30 April 2014.

### **Abstain from voting for United Gene's SGM**

As a director of Extrawell BVI, Dr. Mao Yumin was also a director of Extrawell but resigned on 5 December 2013, and is hence a connected person of Extrawell. Dr. Mao Yumin is also a controlling shareholder of United Gene, as he holds directly and indirectly a total of approximately 32.18% equity interest of United Gene, as at the date of this announcement.

Dr. Mao Yumin is considered to be materially interested in the Acquisition, the issue of the Convertible Bonds and the grant of the Specific Mandate for the allotment and issue of the Conversion Shares by United Gene and the Continuing Connected Transaction and the transactions contemplated under the Acquisition Agreement, so he and his associates are therefore required to abstain from voting on the resolution(s) proposed to be passed at the relevant SGM of United Gene for ratifying and approving the Acquisition, the issue of the Convertible Bonds and the grant of the Specific Mandate for the allotment and issue of the Conversion Shares by United Gene and the Continuing Connected Transaction and the transactions contemplated under the Acquisition Agreement.

As Dr. Xie Yi, as chairman, chief executive officer and executive director of Extrawell, who is interested in approximately 22% of shareholding in United Gene through corporations controlled by him and Dr. Mao Yumin, is therefore considered to be materially interested in the Acquisition, the issue of the Convertible Bonds and the grant of the Specific Mandate for the allotment and issue of the Conversion Shares by United Gene, the Continuing Connected Transaction and the transactions contemplated under the Acquisition Agreement, Dr. Xie Yi and his associates are also required to abstain from voting on the resolution(s) proposed to be passed at the relevant SGM of United Gene for ratifying and approving the Acquisition, the issue of the Convertible Bonds and the grant of the Specific Mandate for the allotment and issue of the Conversion Shares by United Gene, the Continuing Connected Transaction and the transactions contemplated under the Acquisition Agreement.

#### **Abstain from voting for Extrawell's SGM**

As United Gene is a connected person of Extrawell (within the meaning of the Listing Rules), United Gene and its associates are therefore required to abstain from voting on the resolution(s) proposed to be passed at the relevant SGM of Extrawell for ratifying and approving the Disposal and the transactions contemplated under the Acquisition Agreement.

Dr. Mao Yumin was a director of Extrawell until he resigned on 5 December 2013, he is also a director of the Vendor and hence a connected person of Extrawell (within the meaning of the Listing Rules). To the best knowledge, information and belief of the directors of Extrawell, having made all reasonable enquiries, Dr. Mao Yumin is also a controlling shareholder of United Gene, as he holds directly and indirectly a total of approximately 32.18% equity interest of United Gene, as at the date of this announcement, he is therefore considered to be materially interested in the Acquisition and the Disposal, Dr. Mao Yumin and his associates are therefore required to abstain from voting on the resolution(s) proposed to be passed at the relevant SGM of Extrawell for ratifying and approving the Disposal and the transactions contemplated under the Acquisition Agreement.

Dr. Xie Yi, chairman, chief executive officer and executive director of Extrawell, is interested in approximately 22% of shareholding in United Gene through corporations controlled by him and Dr. Mao Yumin, he is therefore considered to be materially interested in the Acquisition and the Disposal, Dr. Xie Yi is therefore required to abstain from voting on the resolution(s) proposed to be passed at board of directors of Extrawell to approve the Disposal and the transactions contemplated under the Acquisition Agreement, Dr. Xie Yi and his associates are also required to abstain from voting on the resolution(s) proposed to be passed at the relevant SGM of Extrawell for ratifying and approving the Disposal and the transactions contemplated under the Acquisition Agreement.

**Warning Notice**

**As the Acquisition/Disposal is subject to the fulfillment of a number of conditions precedent and may or may not proceed, shareholders and potential investors of Extrawell and United Gene should exercise caution when dealing in the shares of Extrawell and United Gene.**

**THE ACQUISITION AGREEMENT**

**Date**

17 March 2014

**Parties**

Purchaser : Clear Rich International Limited, a wholly-owned subsidiary of United Gene High-Tech Group Limited.

Vendor : Extrawell (BVI) Limited, a wholly-owned subsidiary of Extrawell Pharmaceutical Holdings Limited.

**Assets to be acquired by the Purchaser**

The Sale Shares, representing 51% of the issued share capital of the Target Company. The original acquisition cost of the Sale Shares paid by the Extrawell Group was approximately HK\$373,830,000.

## **Consideration**

The Consideration shall be HK\$780,000,000 and shall be payable by Clear Rich to the Vendor upon Completion in the following manner:

- (i) an aggregate sum of HK\$715,000,000 shall be payable by issue of the relevant Convertible Bonds by United Gene in the principal amount of HK\$715,000,000 to Vendor or its nominee(s) (as it may direct in writing) upon Completion; and
- (ii) an aggregate sum of HK\$65,000,000 shall be payable in cash by Clear Rich to Vendor upon Completion.

The cash portion of Consideration is expected to be financed by internal resources of United Gene Group.

## **Conditions Precedent**

Completion is conditional upon the following conditions being fulfilled or, as the case may be, waived:

- (i) no takeover implication or obligation having been triggered under the Takeovers Code;
- (ii) no “reverse takeover” (as defined under the Listing Rules) having been triggered or ruled by the Listing Committee/Division of the Stock Exchange;
- (iii) no implication or obligation (including but not limited to trading halt and/or suspension of trading of shares) on Extrawell concerning sufficiency of operations or assets and/or cash company issue under all relevant Listing Rules (including but not limited to Listing Rules 13.24 and 14.82) having been triggered or ruled by the Listing Committee/Division of the Stock Exchange;
- (iv) the Purchaser being satisfied with the results of the due diligence exercise on the Target Group, including but not limited to their respective businesses, assets, liabilities, operations or other status which the Purchaser thinks necessary and appropriate to conduct;
- (v) the Purchaser being satisfied with the relevant valuation report on the shares and/or the oral insulin related investments of the Target Company by an independent valuer specified by the Purchaser;
- (vi) no adverse change in the business and/or financial or trading positions or prospects and/or status of any license(s) and/or rights of the Target Group;

- (vii) the board of directors of United Gene having approved and authorised the transactions contemplated under the Acquisition Agreement, the Continuing Connected Transaction and the issue of the Convertible Bonds by United Gene, the allotment and issue of the Conversion Shares by United Gene under the Specific Mandate;
- (viii) the board of directors of Extrawell having approved and authorised the transactions contemplated under the Acquisition Agreement;
- (ix) the passing of the necessary resolution(s) by the shareholders of United Gene at the relevant SGM approving the Acquisition Agreement, the allotment and issue of the Conversion Shares by United Gene under the Specific Mandate and the transactions contemplated hereunder;
- (x) the passing of the necessary resolution(s) by the Independent Shareholders of United Gene at the relevant SGM approving the Continuing Connected Transaction by United Gene;
- (xi) the passing of the necessary resolution(s) by the Independent Shareholders of Extrawell at the relevant SGM approving the Acquisition Agreement by the Vendor and the transactions contemplated hereunder;
- (xii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Conversion Shares;
- (xiii) none of the undertakings, negative pledges, warranties and representations of the Vendor contained in the Acquisition Agreement having been breached in any material respect or being misleading or untrue in any material respect;
- (xiv) all necessary governmental and regulatory approvals or consents (or waivers), including but not limited to those from the Stock Exchange and/or the SFC, required by the Vendor and the Purchaser or any of them for the consummation of the transactions contemplated herein having been obtained; and
- (xv) all necessary third party approvals or consents (or waivers) required by the Vendor and the Purchaser or any of them for the consummation of the transactions contemplated herein having been obtained.



The Purchaser may waive the condition (iv), (vi) and (xiii) above at its discretion. The Purchaser has no present intention to waive such condition. If any of the conditions set out above has not been satisfied (or, as the case may be, waived by the Purchaser) on or before Long Stop Date, the Acquisition Agreement shall cease and determine (save for the provisions in respect of confidentiality thereunder) and none of the parties shall have any obligations and liabilities thereunder save for any antecedent breaches of the terms of the Acquisition Agreement.

The Purchaser shall use its reasonable endeavours to procure the holding of the SGM for the purpose of fulfilling the conditions precedent set out in (ix) and (x) above by Long Stop Date and to ensure that the conditions precedent set out in (ix), (x), (xiv) and (xv) above (in so far as obtaining approvals or consents or waivers by the Purchaser is concerned) shall be fulfilled by Long Stop Date. The Vendor and the Purchaser undertake to provide such information and documents to the other to evidence full satisfaction of the conditions precedent above which it shall use its reasonable endeavours to procure or ensure fulfillment before Long Stop Date.

If any of the above conditions precedent has not been fulfilled by Long Stop Date, either the Vendor or the Purchaser shall be entitled to rescind the Acquisition Agreement by giving 3 Business Days' prior written notice to the other whereupon the relevant provisions of the Acquisition Agreement shall from such date have no further force and effect and no party to the Acquisition Agreement shall have any liability under them (without prejudice to the rights of the parties to Acquisition Agreement in respect of any antecedent breaches).

### **The Purchaser's Undertaking for Capital Commitment for the Commitment Period**

As a term of the Acquisition Agreement, Clear Rich has undertaken to the Vendor, on a best endeavour basis, that for a period of 3 years from the Completion Date of the Acquisition Agreement ("**Commitment Period**"), Clear Rich shall solely assume the total future capital and operational expenditures of the Target Group by way of unsecured interest-free shareholder's loans, with an aggregate amount not exceeding HK\$600,000,000, for the Target Group's future development, with details as indicated in the paragraph headed as Continuing Connected Transaction below.

### **Completion**

Subject to the fulfillment of all the Conditions Precedent, Completion shall take place on or before 5:00 p.m. of the Completion Date.

## **BASIS FOR DETERMINING THE CONSIDERATION**

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor and was determined with reference to, amongst others:

- (i) the historical financial position and performance of the Target Company;
- (ii) the future prospects of the Target Company;

From the perspective of the Vendor, the Consideration was further determined by reference to the Maximum Capital Commitment that the Purchaser has undertaken to make to the Target Company within the Commitment Period and the synergy effect that United Gene may bring to promote the Medicine beyond the PRC to markets in the United States and Europe.

## **PRINCIPAL TERMS OF THE CONVERTIBLE BONDS**

The principal terms of Convertible Bonds are summarised below:

Principal amount	:	An aggregate principal amount of up to HK\$715,000,000
Maturity date	:	7th anniversary of the date of issue (“ <b>Maturity Date</b> ”)
Interest	:	3.5% per annum
Conversion Price	:	The Conversion Price is HK\$2.5 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\$2.5 represents:

- (i) a premium of approximately 73.61% to the closing price of HK\$1.44 per Share as quoted on the Stock Exchange on the last trading date of signing of the Acquisition Agreement;
- (ii) a premium of approximately 68.24% to the average closing price of HK\$1.486 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days immediately prior to the date of signing of the Acquisition Agreement;

- (iii) a premium of approximately 70.53% to the average closing price of approximately HK\$1.466 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days immediately prior to the date of signing of the Acquisition Agreement; and
- (iv) a premium of approximately 273.13% to the net asset price of approximately HK\$0.67 per Share, calculated based on the unaudited consolidated net assets of HK\$765,681,000 as at 31 December 2013 and 1,136,193,024 Shares in issue as at the date of the Acquisition Agreement.

The Conversion Price for the Convertible Bonds was determined after arm's length negotiations between the Purchaser and the Vendor, with reference to United Gene 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 United Gene shall issue wholly for cash which are convertible into, exchangeable for or carry rights of subscription for Shares;
  - (vi) modification of rights of conversion or exchange or subscription attaching to any such securities;

(vii) issue of Shares wholly for cash at more than 20% discount to the market price of such Shares; and

(viii) issue of Shares for acquisition of asset at more than 20% discount to the market price of such Shares.

- Conversion Shares : (a) Based on the initial Conversion Price of HK\$2.5, a maximum number of 286,000,000 Conversion Shares will be allotted and issued upon exercised in full of the conversion rights attaching to the Convertible Bonds, which represent:
- (i) approximately 25.17% of the total issued share capital of United Gene as at the date of this announcement; and
  - (ii) approximately 20.11% of the total issued share capital of United Gene as enlarged by the allotment and issue of the Conversion Shares upon exercise in full of the conversion rights attaching to Convertible Bonds.

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

- Conversion Rights : Each holder of the Convertible Bonds shall have the right, exercisable during the Conversion Period (as defined below) to convert the whole or any part (in multiples of HK\$35,750,000) of the outstanding principal amount of the Convertible Bonds held by such holder of the Convertible Bonds into such number of Conversion Shares as will be determined by dividing the principal amount of the Convertible Bonds to be converted by the Conversion Price in effect on the date of conversion.

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

- Conversion Restrictions : Upon exercise of the conversion rights attaching to the Convertible Bonds,
- (i) the holders of Convertible Bonds and their respective associates, together with parties acting in concert (as defined in the Takeovers Code) with them, will not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code; and
  - (ii) the public float of United Gene will not be unable to meet the relevant requirements under the Listing Rules.
- Conversion Period : The period commencing from the date of issue of the Convertible Bonds and ending on the day which falls on the 7th anniversary of the date of issue of the Convertible Bonds.
- Early Redemption : United Gene shall not be entitled to redeem all or part of the outstanding Convertible Bonds prior to the Maturity Date.
- Furthermore, according to the instrument constituting the Convertible Bonds, the holders of the Convertible Bonds do not have the right to early redemption of all or part of the outstanding Convertible Bonds prior to the Maturity Date.
- Ranking : The Conversion Shares shall rank *pari passu* in all respects among themselves and with all other existing Shares outstanding at the date of conversion and all Conversion Shares shall include rights to participate in all dividends and other distributions.

Transferability : Any transfer of the Convertible Bonds shall be in respect of the whole or any part (in multiples of HK\$35,750,000) of the principal amount of the Convertible Bonds.

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

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

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

## **INFORMATION ON UNITED GENE GROUP**

United Gene is an investment holding company and its subsidiaries are principally engaged in the distribution of genetic testing services and bio-industrial products and trading of beauty products and equipment.

As at the date of this announcement, United Gene holds approximately 19% of shareholding of Extrawell and hence is a connected person of Extrawell (within the meaning of the Listing Rules).

To the best knowledge, information and belief of the directors of United Gene, having made all reasonable enquiries, the Vendor and its ultimate beneficial owners, are independent third parties of United Gene (within the meaning of the Listing Rules).

## **INFORMATION ON THE PURCHASER**

Clear Rich International Limited is a wholly-owned subsidiary of United Gene and is principally engaged in investment holding.

## **INFORMATION ON THE VENDOR**

Extrawell BVI, a company incorporated in the British Virgin Islands with limited liability is an investment holding company and a wholly-owned subsidiary of Extrawell, a company incorporated in Bermuda with limited liability and whose shares are listed on the main board of the Stock Exchange (stock code: 858).

To the best knowledge, information and belief of the directors of United Gene, having made all reasonable enquiries, the Vendor and its ultimate beneficial owners, are independent third parties of United Gene (within the meaning of the Listing Rules).

## **INFORMATION ON TARGET COMPANY**

The Target Company is a private company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of Extrawell, having an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each, all of which have been issued and are fully paid and beneficially owned by the Vendor as at the date of this announcement. The original acquisition cost of the Sale Shares paid by the Extrawell Group was approximately HK\$374 million.

Target Company is principally engaged in investment holding and is the holding company for oral insulin operations. The material assets of which are Nation Joy, being a wholly-owned subsidiary of the Target Company that is an investment holding company, and Fosse Bio, principally engaged in oral insulin product development that is currently under clinical trial phase 3B, and Welly Surplus, which acts as a manufacturing and distribution arm of the Target Company in the development of the oral insulin products, both being 51% non wholly-owned subsidiaries of the Target Company.

The consolidated net asset value of the Target Company was approximately HK\$254,000,000 as at 31 March 2013. For the financial years ended 31 March 2013 and 31 March 2012, the consolidated net losses both before and after taxation of the Target Company amounted to approximately HK\$4,600,000 and HK\$6,600,000, respectively. The Target Company recorded no revenue for either financial year.

Upon Completion, the Target Company will be owned as to 51% by United Gene and become an indirect non wholly-owned subsidiary of United Gene. The financial results of the Target Company will become consolidated into the financial statements of United Gene Group and, at the same time, the Target Company will cease to be a subsidiary of the Extrawell Group.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION FOR THE PURCHASER**

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

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

Upon Completion, the Target Company will become an indirect non wholly-owned subsidiary of United Gene. By acquiring the 51% interest in the Target Company, United Gene Group will be able to exercise control over the management of, and financial benefits from, the Target Company, which is the holding company of Fosse Bio and Welly Surplus. Fosse Bio is principally engaged in the research and development of oral insulin products in collaboration with Tsinghua University, Beijing, and is the developer of the Medicine, which will be launched upon completion of the clinical trial study and the grant of approval by the relevant PRC authority. As disclosed in Extrawell’s announcement dated 24 October 2006, Welly Surplus has also entered into acquisition and cooperation agreement with an independent third party for the acquisition and construction of a new manufacturing plant in the PRC for the manufacturing of the Medicine. Therefore, the directors of United Gene believe that United Gene Group will be better positioned to tap the business opportunities arising from the launch of the Medicine and other oral insulin products in the future with the enlarged profit attributable to Shareholders. The directors of United Gene consider that the terms of the Acquisition Agreement and the Consideration are in ordinary course of business and on normal commercial terms which are fair and reasonable and in the interest of the shareholders of United Gene as a whole.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL FOR THE VENDOR**

Extrawell Group is principally engaged in the marketing and distribution of pharmaceutical products to customers in the PRC, the development, manufacture and sales of pharmaceutical products in the PRC, the business of commercial exploitation and development of genome-related technology and the development and commercialisation of oral insulin products.



The directors of Extrawell (excluding the independent non-executive directors who will express their view after considering the advice of the independent financial advisers to be appointed by Extrawell) are of the view that although upon Completion, the Target Company will cease to be a subsidiary of Extrawell Group, the Vendor will still maintain a 49% equity interest in the Target Company, Extrawell Group will be able to benefit from the Purchaser's undertakings to solely assume the total future capital and operating expenditures of the Target Company for a period of 3 years and with an aggregate amount not exceeding HK\$600,000,000 for the future development of the Target Company including the research and development in the clinical trial of the Medicine and relieve Extrawell Group from the burden of having to make any capital contributions to the Target Company for the period of 3 years and maintain the benefit of enjoying the fruit of any success in the research and development in the clinical trial of the Medicine and Extrawell Group can also enjoy and benefit the synergy effect that United Gene may bring to promote the Medicine beyond the PRC to markets in the United States and Europe. Moreover, with the cash payment of the Consideration generated from the Disposal and the interest payments generated from the Convertible Bonds, Extrawell Group can enhance the resources it may deploy to its other existing pharmaceutical businesses to improve their performances and to look for other profitable investment opportunities. Therefore, the directors of Extrawell (excluding the independent non-executive directors who will express their view after considering the advice of the independent financial advisers to be appointed by Extrawell) believe that benefits to Extrawell Group as a whole arising from the Disposal will out weight any detrimental effect of the Target Company ceasing to be an indirect subsidiary of Extrawell Group.

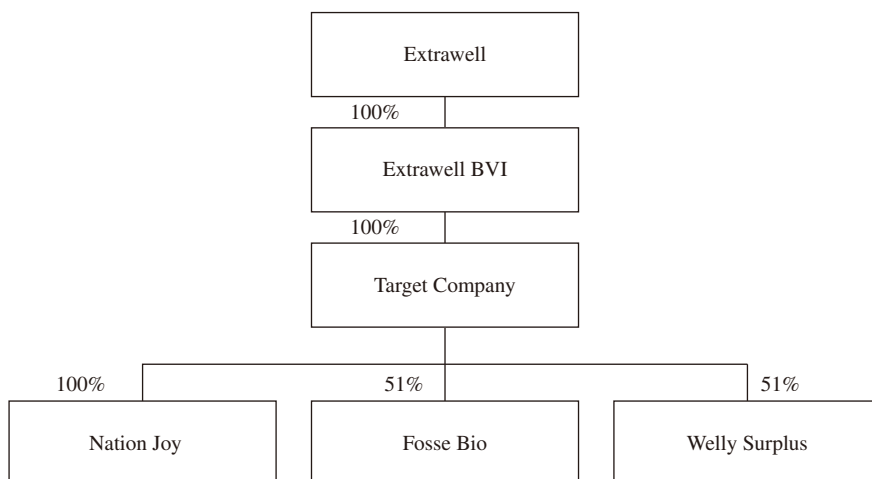
The consolidated net asset value of the Target Company was approximately HK\$254,000,000 as at 31 March 2013. It is expected that a gain of approximately HK\$286,000,000 will be accrued to Extrawell Group upon Completion of the Disposal.

It is intended that the net cash proceeds from the Disposal, which is currently estimated to be approximately HK\$63,000,000, will be applied as working capital of Extrawell Group's other existing businesses in increasing the research and development capabilities in manufactured products, enhancing their ability in pursuing potential products from overseas pharmaceutical corporations which shall complement the existing product portfolio of Extrawell Group and prudently seeking new investment opportunities with a view to increasing the corporate value of Extrawell as a whole.

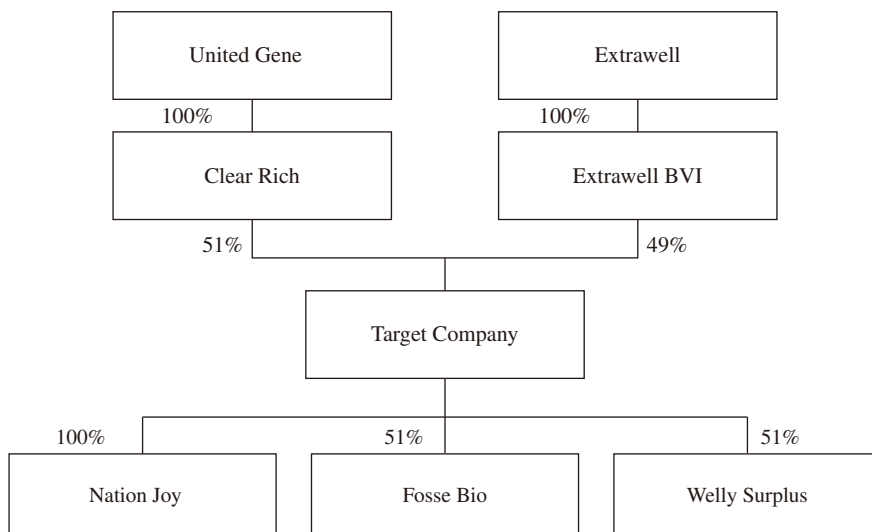
The directors of Extrawell (excluding the independent non-executive directors who will express their view after considering the advice of the independent financial advisers to be appointed by Extrawell) consider that the terms of the Acquisition Agreement and the Consideration are in the ordinary course of business and on normal commercial terms which are fair and reasonable and in the interest of shareholders of Extrawell as a whole.

## CHANGE IN SHAREHOLDING STRUCTURE OF THE TARGET COMPANY

### (a) Shareholding structure of Target Company before Completion



### (b) Shareholding structure of Target Company immediately after Completion



*Note:*

- (1) The other businesses of United Gene Group and Extrawell Group, which are not directly related to the Acquisition, are excluded from the above shareholding structures of United Gene Group and Extrawell Group.

## EFFECTS OF THE ACQUISITION ON THE SHAREHOLDING STRUCTURE OF UNITED GENE

The following table sets out the shareholding structure of United Gene (i) as at the date of this announcement; (ii) immediately after Completion and assuming exercise in full of the conversion rights attaching to the Convertible Bonds at the conversion price of HK\$2.5 (subject to adjustments) per Conversion Share, for illustration purposes only:

	As at the date of this announcement		Immediately after Completion and assuming exercise in full of the conversion rights attaching to the Convertible Bonds at the conversion price of HK\$2.5 (subject to adjustments) per Conversion Share immediately after completion of the Acquisition and assuming exercise in full of the conversion rights attaching to the convertible bonds at the conversion price of HK\$2.50 (subject to adjustments) per Share	
	As at the Latest Practicable Date		(subject to adjustments) per Share	
	<i>No. of Shares</i> <i>(Note 4)</i>	<i>Approximate %</i> <i>of issued share</i> <i>capital of</i> <i>the Company</i> <i>(Note 4)</i>	<i>No. of Shares</i> <i>(Note 4)</i>	<i>Approximate %</i> <i>of issued share</i> <i>capital of</i> <i>the Company</i> <i>(Note 4)</i>
<b>Substantial shareholder</b>				
Dr. Mao Yumin	56,900,000	5.01%	56,900,000	4.00%
United Gene Holdings Limited <i>(Note 1)</i>	67,500,000	5.94%	67,500,000	4.75%
Best Champion Holdings Limited <i>(Note 2)</i>	61,650,000	5.43%	61,650,000	4.33%
China United Gene Investment Holdings Limited <i>(Note 3)</i>	179,601,350	15.80%	179,601,350	12.63%
Chau Yiu Ting	121,500,000	10.69%	121,500,000	8.54%
VMS Investment Group Limited	79,985,000	7.04%	79,985,000	5.62%
Extrawell BVI	–	–	286,000,000	20.11%
<b>Sub-total</b>	<b>567,136,350</b>	<b>49.91%</b>	<b>853,136,350</b>	<b>59.98%</b>
<b>Public Shareholders</b>				
Other Shareholders	569,056,674	50.09%	569,056,674	40.02%
<b>Total</b>	<b>1,136,193,024</b>	<b>100.00%</b>	<b>1,422,193,024</b>	<b>100.00%</b>

*Notes:*

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

## **SPECIFIC MANDATE**

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

## **CONTINUING CONNECTED TRANSACTION**

### **The Purchaser's Undertaking for Capital Commitment for the Commitment Period**

As a term of the Acquisition Agreement, Clear Rich has undertaken to the Vendor, that for a period of 3 years from the Completion Date of the Acquisition Agreement, Clear Rich shall, on a best endeavor basis, solely assume the total future capital and operational expenditures of the Target Company by way of unsecured interest-free shareholder's loans, with an aggregate amount not exceeding HK\$600,000,000, for the Target Company's future development, conditional upon and subject to, amongst others:

- (i) the availability of funding of the Purchaser;
- (ii) the Capital Commitment provided for each year ending 31 March, as set out below, subject to variations as may be agreed between the Purchaser and the Vendor in writing;
- (iii) the Capital Commitment shall be provided to the Target Company only on a needed and necessary basis;
- (iv) the relevant approval of Independent Shareholders of United Gene at the relevant SGM;
- (v) the relevant approval of Independent Shareholders of Extrawell at the relevant SGM (if applicable);

- (vi) the relevant necessary approval, authorizations or consent from relevant regulatory organization(s) and/or governmental department(s), such as the Stock Exchange and/or the SFC (if applicable);
- (vii) the Capital Commitment received by the Target Company shall only be used to pay for the relevant expenditure incurred for the purpose to further the research, development and commercialization of the Target Group's oral insulin technology, such expenses, including but not limited to cover completion of clinical trials, marketing, selling and distribution of the oral insulin products and other administrative and general expenses and related capital commitments; and
- (viii) the Capital Commitment shall not be applied nor used in any event, without the written consent of the Purchaser, for the repayment of any liability, debt and/or loan of the Target Group whether such liability or loan are actual or contingent, primary or collateral and several or joint.

Accordingly, the proposed Capital Commitment to be assumed by Clear Rich during the Commitment Period are as follows:

<b>Period</b>	<b>Capital Commitment</b> <i>HK\$</i> <i>(approximate)</i>
For the year ending 31 March 2015	200,000,000
For the year ending 31 March 2016	300,000,000
For the year ending 31 March 2017	100,000,000

The Purchaser undertakes and acknowledges that Extrawell will not be required to contribute capital to Target Company until the time that the Purchaser has fully paid the Maximum Capital Commitment.

## **Annual Caps of the Continuing Connected Transaction**

The maximum aggregate annual values (proposed annual caps) payable by United Gene Group (the “**Aggregate Annual Caps**”) for the transactions contemplated under the Acquisition for the financial years ending 31 March 2015, 31 March 2016, and 31 March 2017 are as follows:

<b>Period</b>	<b>Aggregate Annual Caps HK\$ (approximate)</b>
For the year ending 31 March 2015	200,000,000
For the year ending 31 March 2016	300,000,000
For the year ending 31 March 2017	100,000,000

## **REASONS AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTION FOR THE PURCHASER**

The Capital Commitment and its arrangement that the Purchaser undertakes enables United Gene to adopt a cautious and prudent approach in controlling the expenditures of the oral insulin project and allows for the continuous monitoring and effective allocation of funds.

The inclusion of the said undertaking constitutes an essential term of the Acquisition Agreement for facilitating the consummation of the Acquisition. Furthermore, the said undertaking indicates the Purchaser’s intention to further develop the oral insulin technology of the Target Group.

## **BASIS FOR DETERMINING THE CONTINUING CONNECTED TRANSACTION**

In arriving at the proposed annual caps concerning the Purchaser’s undertaking, the capital and operational expenditures for the Commitment Period under the Acquisition Agreement and other terms as stated in the Acquisition Agreement have been taken into consideration.

## **IMPLICATIONS UNDER THE LISTING RULES**

### **Major Transaction for United Gene**

As the applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Listing Rules) for the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction under Rule 14.06 of the Listing Rules.

## **The Specific Mandate for the allotment and issue of the Conversion Shares upon exercise of the conversion rights attaching to the Convertible Bonds**

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

## **Continuing Connected Transaction for United Gene**

Upon Completion, the Target Company will be owned as to 51% by United Gene and become an indirect non wholly-owned subsidiary of United Gene. As such, Extrawell shall become a connected person of United Gene as indirectly and beneficially owns 49% of Target Company.

As a term of the Acquisition Agreement, the transactions contemplated under the heading “The Purchaser’s Undertaking for Capital Commitment for the Commitment Period” constitutes a continuing connected transaction for United Gene and is subject to the reporting, announcement, annual review and approval of Independent Shareholders of United Gene requirements under Chapter 14A of the Listing Rules.

In view of the foregoing, United Gene will convene a SGM to seek the approval of the Independent Shareholders of United Gene on the Continuing Connected Transaction and the transactions contemplated thereby. United Gene will establish the independent board committee of United Gene to advise the Independent Shareholders of United Gene in connection with the Continuing Connected Transaction and the transactions contemplated thereby, and to advise the Independent Shareholders of United Gene on how to vote, taking into account the recommendations of the independent financial advisers of United Gene.

## **Major and Connected Transaction for Extrawell**

From the perspective of Extrawell, as the applicable percentage ratios in respect of the Disposal are higher than 25% but below 75%, the Disposal constitutes a major transaction for Extrawell under Chapter 14 of the Listing Rules.

To the best knowledge, information and belief of the directors of Extrawell, having made all reasonable enquiries, as at the date of this announcement, as United Gene holds approximately 19% of shareholding of Extrawell and is hence a connected person of Extrawell (within the meaning of the Listing Rules), therefore the Disposal and the entering into of the Acquisition Agreement and the transactions contemplated thereunder constitutes a connected transaction for Extrawell under Chapter 14A of the Listing Rules.

The Disposal is therefore subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

In view of the foregoing, Extrawell will convene a SGM to seek the approval of the Independent Shareholders of Extrawell on the Disposal, the Acquisition Agreement and the transactions contemplated thereby. Extrawell will establish an independent board committee to advise the Independent Shareholders of Extrawell in connection with the Disposal, the Acquisition Agreement and the transactions contemplated thereby, and to advise the Independent Shareholders of Extrawell on how to vote, taking into account the recommendations of the independent financial advisers of Extrawell.

### **SGM AND SHAREHOLDERS' CIRCULAR OF UNITED GENE**

A circular containing, among other things, (1) further information on the Acquisition and the Acquisition Agreement and the allotment and issue of the Conversion Shares by United Gene under the Specific Mandate and the transactions contemplated hereunder pursuant to the Acquisition; (2) further information on the Continuing Connected Transaction; (3) the recommendation of the independent board committee of United Gene to the Independent Shareholders of United Gene on the Continuing Connected Transaction; (4) the advice from the independent financial advisers to the independent board committee and the Independent Shareholders of United Gene on the Continuing Connected Transaction; (5) the valuation report on the Sale Shares compiled by an independent valuer; and (6) a notice of the SGM will be despatched to the shareholders of United Gene as soon as practicable. As additional time is required for preparing information to be contained in the circular, it is expected that the circular will be despatched on or before 23 April 2014.

### **Abstain from voting**

As a director of Extrawell BVI, Dr. Mao Yumin was also a director of Extrawell but resigned on 5 December 2013, and is hence a connected person of Extrawell. Dr. Mao Yumin is also a controlling shareholder of United Gene, as he holds directly and indirectly a total of approximately 32.18% equity interest of United Gene, as at the date of this announcement.

Dr. Mao Yumin is considered to be materially interested in the Acquisition, the issue of the Convertible Bonds and the grant of the Specific Mandate for the allotment and issue of the Conversion Shares by United Gene and the Continuing Connected Transaction and the transactions contemplated under the Acquisition Agreement, so he and his associates are therefore required to abstain from voting on the resolution(s) proposed to be passed at the relevant SGM of United Gene for ratifying and approving the Acquisition, the issue of the Convertible Bonds and the grant of the Specific Mandate for the allotment and issue of the Conversion Shares by United Gene and the Continuing Connected Transaction and the transactions contemplated under the Acquisition Agreement.



As Dr. Xie Yi, as chairman, chief executive officer and executive director of Extrawell, who is interested in approximately 22% of shareholding in United Gene through corporations controlled by him and Dr. Mao Yumin, is therefore considered to be materially interested in the Acquisition, the issue of the Convertible Bonds and the grant of the Specific Mandate for the allotment and issue of the Conversion Shares by United Gene, the Continuing Connected Transaction and the transactions contemplated under the Acquisition Agreement, Dr. Xie Yi and his associates are also required to abstain from voting on the resolution(s) proposed to be passed at the relevant SGM of United Gene for ratifying and approving the Acquisition, the issue of the Convertible Bonds and the grant of the Specific Mandate for the allotment and issue of the Conversion Shares by United Gene, the Continuing Connected Transaction and the transactions contemplated under the Acquisition Agreement.

### **SGM AND SHAREHOLDERS' CIRCULAR OF EXTRAWELL**

A circular containing, among other things, (1) further information on the Disposal and the Acquisition Agreement as a connected transaction; (2) the recommendation of the independent board committee of Extrawell to the Independent Shareholders of Extrawell; (3) the advice from the independent financial advisers to the independent board committee and the Independent Shareholders of Extrawell; and (4) a notice of the SGM will be despatched to the shareholders of Extrawell on or before 30 April 2014.

#### **Abstain from voting**

As United Gene is a connected person of Extrawell (within the meaning of the Listing Rules), United Gene and its associates are therefore required to abstain from voting on the resolution(s) proposed to be passed at the relevant SGM of Extrawell for ratifying and approving the Disposal and the transactions contemplated under the Acquisition Agreement.

Dr. Mao Yumin was a director of Extrawell until he resigned on 5 December 2013, he is also a director of the Vendor and hence a connected person of Extrawell (within the meaning of the Listing Rules). To the best knowledge, information and belief of the directors of Extrawell, having made all reasonable enquiries, Dr. Mao Yumin is also a controlling shareholder of United Gene, as he holds directly and indirectly a total of approximately 32.18% equity interest of United Gene, as at the date of this announcement, he is therefore considered to be materially interested in the Acquisition and the Disposal, Dr. Mao Yumin and his associates are therefore required to abstain from voting on the resolution(s) proposed to be passed at the relevant SGM of Extrawell for ratifying and approving the Disposal and the transactions contemplated under the Acquisition Agreement.

Dr. Xie Yi, chairman, chief executive officer and executive director of Extrawell, is interested in approximately 22% of shareholding in United Gene through corporations controlled by him and Dr. Mao Yumin, he is therefore considered to be materially interested in the Acquisition and the Disposal, Dr. Xie Yi is therefore required to abstain from voting on the resolution(s) proposed to be passed at board of directors of Extrawell to approve the Disposal and the transactions contemplated under the Acquisition Agreement, Dr. Xie Yi and his associates are also required to abstain from voting on the resolution(s) proposed to be passed at the relevant SGM of Extrawell for ratifying and approving the Disposal and the transactions contemplated under the Acquisition Agreement.

### **Warning Notice**

**As the Acquisition/Disposal is subject to the fulfillment of a number of conditions precedent and may or may not proceed, shareholders and potential investors of Extrawell and United Gene should exercise caution when dealing in the shares of Extrawell and United Gene.**

### **RESUMPTION OF TRADING**

Trading in the shares of United Gene and Extrawell were halted at the requests of United Gene and Extrawell respectively from 9:00 am on 14 March 2014, pending release of this announcement. Applications have been made by United Gene and Extrawell to the Stock Exchange for the trading in the shares of United Gene and Extrawell to resume from 9:00 am on 18 March 2014 following the publication of this announcement respectively.

### **DEFINITIONS**

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

- |                              |  |
|------------------------------|--|
| “Acquisition” and “Disposal” | the sale and purchase of 51% interest in the share capital of the Target Company by Clear Rich as the Purchaser and Extrawell BVI as the Vendor  |
| “Acquisition Agreement”      | the conditional sale and purchase agreement dated 17 March 2014, with Extrawell BVI as Vendor and Clear Rich as Purchaser for the Acquisition of an aggregate of 5,100 ordinary shares of HK\$1 each in the issued share capital of Target Company, representing 51% of the total issued capital of Target Company |

“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Business Day(s)”	a day (excluding Saturday and other general holidays in Hong Kong and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business
“BVI”	British Virgin Islands
“Capital Commitment”	means the unsecured interest-free shareholder’s loan to be advanced by the Purchaser to the Target Company, to further the research, development and commercialization of the Target Group’s oral insulin technology, such expenses, including but not limited to cover completion of clinical trials, marketing, selling and distribution of the oral insulin products and other administrative and general expenses and related capital commitments
“Clear Rich” or “Purchaser”	Clear Rich International Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of United Gene
“Commitment Period”	the period of 3 years from the Completion Date of the Acquisition Agreement, during which the Purchaser undertakes, on a best endeavor basis, for the payment of the total capital commitment of the Target Company, with an aggregate amount not exceeding HK\$600,000,000
“Completion”	completion of the Acquisition and Disposal in accordance with the terms and conditions of the Acquisition Agreement
“Completion Date”	within 7 Business Days after the fulfillment of all conditions precedents under the sub-section headed “Conditions Precedent” of this announcement or such other date as the Vendor and the Purchaser may agree in writing

“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Continuing Connected Transaction”	<p>the Purchaser’s undertaking, on a best endeavor basis, as a term of the Acquisition Agreement, for the total capital commitment of the Target Company for a period of 3 years from the Completion Date of the Acquisition Agreement, with an aggregate amount not exceeding HK\$600,000,000, for the future development of the Target Company, conditional upon and subject to (i) the availability of funding of the Purchaser; (ii) the Capital Commitment provided for each year ended 31 March, as set out in the Acquisition Agreement, subject to variations as may be agreed between the Purchaser and the Vendor in writing; (iii) the Capital Commitment shall be provided to the Target Company only on a needed and necessary basis; (iv) the relevant approval of Independent Shareholders of United Gene at the relevant SGM; (v) the relevant approval of Independent Shareholders of Extrawell at the relevant SGM (if applicable); (vi) the relevant necessary approval, authorizations or consent from relevant regulatory organization(s) and/or governmental department(s), such as the Stock Exchange and/or the SFC (if applicable); (vii) the Capital Commitment received by the Target Company shall only be used to pay for the relevant expenditure incurred for the purpose to further the research, development and commercialization of the Target Group’s oral insulin technology, such expenses, including but not limited to cover completion of clinical trials, marketing, selling and distribution of the oral insulin products and other administrative and general expenses and related capital commitments; and (viii) the Capital Commitment shall not be applied nor used in any event, without the written consent of the Purchaser, for the repayment of any liability, debt and/or loan of the Target Group whether such liability or loan are actual or contingent, primary or collateral and several or joint</p>
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules

“Consideration”	the sum of HK\$780,000,000, being the purchase price for the Sale Shares
“Conversion Price”	HK\$2.5 per Conversion Share, subject to adjustments as set out and in accordance with the terms and conditions of the Convertible Bonds
“Conversion Shares”	new Shares to be issued and allotted by United Gene upon the exercise of the conversion rights attaching to the Convertible Bonds at the Conversion Price
“Convertible Bonds”	the convertible bonds in an aggregate principal amount of HK\$715,000,000 to be issued by United Gene in favour of the Vendor or its nominee(s) (as it may direct in writing) upon Completion with the interest of 3.5% per annum for a conversion period of 7 years from the date of issue
“Extrawell”	Extrawell Pharmaceutical Holdings Limited (精優藥業控股有限公司) (stock code: 858), a company incorporated in Bermuda with limited liability and issued shares of which are listed on the main board of the Stock Exchange
“Extrawell BVI” or “Vendor”	Extrawell (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Extrawell
“Extrawell Group”	Extrawell and its subsidiaries
“Fosse Bio”	Fosse Bio-Engineering Development Limited, a company incorporated in Hong Kong with limited liability and is owned as to 51% by the Target Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Shareholders”	the shareholders of United Gene or Extrawell other than those required under Listing Rules to abstain from voting on the resolution(s) to be proposed at the SGM to approve the Acquisition Agreement and the transactions contemplated thereunder
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	18 July 2014 or such other date as the Vendor and the Purchaser may agree in writing for fulfilment of conditions precedent
“Maximum Capital Commitment”	The aggregate amount of total capital commitment of the Target Company not exceeding HK\$600,000,000 which the Purchaser undertakes, on a best endeavor basis, to assume during the Commitment Period
“Medicine”	the oral insulin enteric-coated soft capsules which Extrawell Group has completed part A of Phase III clinical trial protocol (the “ <b>Protocol</b> ”) filed with the State Food and Drug Administration of the PRC (“ <b>SFDA</b> ”) relating to the multi-centered, randomized, double-blinded and placebo-controlled clinical trial
“Nation Joy”	Nation Joy Industries Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Target Company
“PRC”	the People’s Republic of China which, for the purpose of this announcement only, does not include Hong Kong, the Macau Special Administrative Region and Taiwan
“Sale Shares”	5,100 ordinary shares of HK\$1 each of the Target Company representing 51% of the total issued capital of the Target Company

“SGM”	a special general meeting to be held and convened to consider and, if though fit, to approve by the relevant Independent Shareholders, among others, the Acquisition/Disposal, the Acquisition Agreement, the Continuing Connected Transaction and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of United Gene
“Shareholder(s)”	The registered holder(s) of the Shares of United Gene and/or Extrawell
“Specific Mandate”	the specific mandate for the allotment and issue of the Conversion Shares to be granted to the directors by the Independent Shareholders at the SGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Repurchases issued by the Securities and Futures Commission of Hong Kong
“Target Company”	Smart Ascent Limited, a company incorporated in Hong Kong with limited liability, the entire issued capital of which is owned by Extrawell BVI
“Target Group”	the Target Company and its subsidiaries
“United Gene”	United Gene High-Tech Group Limited (聯合基因科技集團有限公司) (stock code: 399), a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“United Gene Group”	United Gene and its subsidiaries

“Welly Surplus”

Welly Surplus Development Limited, a company incorporated in Hong Kong with limited liability and is owned as to 51% by Target Company

“%”

per cent.

By Order of the Board

**Extrawell Pharmaceutical Holdings Limited**

**Xie Yi**

*Chairman*

By Order of the Board

**United Gene High-Tech Group Limited**

**Lee Nga Yan**

*Executive Director*

Hong Kong, 18 March 2014

*As at the date of this announcement, the board of directors of United Gene 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).*

*As at the date of this announcement, the board of directors of Extrawell comprises executive directors as Dr. Xie Yi, Dr. Lou Yi, Mr. Cheng Yong, Ms. Wong Sau Kuen and Mr. Liu Kwok Wah and independent non-executive directors as Mr. Fang Lin Hu, Mr. Xue Jing Lun and Ms. Jin Song.*