
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in **U-Home Group Holdings Limited** (formerly known as Jiwa Bio-Pharm Holdings Limited) (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for onward transmission to the purchaser or the transferee.

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U-HOME HOLDINGS

U-HOME GROUP HOLDINGS LIMITED

宇業集團控股有限公司

(Formerly known as Jiwa Bio-Pharm Holdings Limited “積華生物醫藥控股有限公司”)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 2327)

**DISCLOSABLE AND CONNECTED TRANSACTION
IN RESPECT OF FORMATION OF
A JOINT VENTURE COMPANY
AND NOTICE OF SGM**

**Independent Financial Adviser to the Independent Board Committee and the
Independent Shareholders**



INDUSTRIAL SECURITIES (HK) CAPITAL LIMITED

A letter from the Board is set out on pages 4 to 13 of this circular and a letter from the Independent Board Committee is set out on pages 14 to 15 of this circular. A letter from Industrial Securities, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 29 of this circular.

A notice convening a special general meeting of the Company (the “SGM”) to be held at Room 3, United Conference Centre, 10/F, United Centre, 95 Queensway, Hong Kong on Thursday, 2 January 2014 at 11:00 a.m. is set out on pages 36 to 37 of this circular. Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the branch registrar, Tricor Standard Limited at 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM and any adjourned meeting (as the case may be) should you so wish.

* For identification purposes only

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DEFINITIONS

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

| | |
|--|--|
| “associates” | has the meaning as defined in Rule 14A.11(4) of the Listing Rules; |
| “Board” | the board of Directors of the Company; |
| “Company” | U-Home Group Holdings Limited (formerly known as Jiwa Bio-Pharm Holdings Limited), an exempted company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange; |
| “connected person(s)” | has the meaning defined in Rule 14A.11 of the Listing Rules; |
| “Directors” | the director(s) of the Company; |
| “Group” | the Company and its subsidiaries; |
| “HK\$” | Hong Kong dollar, the lawful currency of Hong Kong Special Administrative Region; |
| “Independent Board Committee” | an independent committee of the Board, comprising all the independent non-executive Directors established for the purpose of advisory the Independent Shareholders on, among others, the JV Agreement; |
| “Independent Shareholder(s)” | the Shareholder(s), other than Mr. Zhou Xuzhou and his associates within the meaning of the Listing Rules; |
| “Industrial Securities” or “Independent Financial Adviser” | Industrial Securities (HK) Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the JV Agreement and the transactions contemplated thereunder; |
| “JV Agreement” | the investment agreement entered into by and between U-Home Development, Yucheng, Shenzhen Lingnan and Mr. Zhu Yunzhao on 26 November 2013, in relation to, among other things, the formation of the JV Company; |

DEFINITIONS

| | |
|----------------------------------|---|
| “JV Company” | 池州宇和置業有限公司 (Chizhou Yuhe Property Development Co., Ltd.)*, a company established in the PRC with limited liability under the JV Agreement; |
| “Land” | the land comprising Land F-02 and Land F-05 located at Guichi High-Tech Development Zone, Guichi District, Chizhou City, Anhui Province, the PRC with a total site area of 218,837 square metres; |
| “Latest Practicable Date” | 12 December 2013, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein; |
| “Listing Rules” | The Rules Governing the Listing of Securities on the Stock Exchange; |
| “MLRCC” | 池州市國土資源局 (The Ministry of Land and Resources of Chizhou City)*; |
| “Mr. Zhu Yunzhao” | Mr. Zhu Yunzhao (朱運召), an independent third party; |
| “Parties” | the parties to the JV Agreement, namely U-Home Development, Yucheng, Shenzhen Lingnan and Mr. Zhu Yunzhao; a Party refers to any of them; |
| “percentage ratio(s)” | has the meaning ascribed to it under the Listing Rules; |
| “PRC” | the People’s Republic of China; |
| “PRC Governmental Body” | has the meaning ascribed to it under the Listing Rules; |
| “PRC Law” | has the meaning ascribed to it under the Listing Rules; |
| “Qualified Property Acquisition” | has the meaning ascribed to it under the Listing Rules; |
| “RMB” | Renminbi, the lawful currency of the PRC; |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); |
| “Share(s)” | the existing share(s) of HK\$0.01 each in the share capital of the Company; |

DEFINITIONS

| | |
|----------------------------|--|
| “Shareholders” | the shareholder(s) of the Company from time to time; |
| “Shenzhen Lingnan” | 深圳市嶺南集團有限公司 (Shenzhen Lingnan Group Co., Ltd)*, a company established in the PRC on 2 December 2004 with limited liability, which is directly owned as to 70% by Mr. Chen Xuejun and as to 30% by his spouse. Mr. Chen is a non-executive Director; |
| “SGM” | the special general meeting of the Company to be held to consider and approve, among other things, the JV Agreement and the transactions contemplated thereunder; |
| “subsidiaries” | has the meaning ascribed to it under the Companies Ordinance (Chapter 32 of laws of Hong Kong); |
| “substantial shareholders” | has the same meaning ascribed to it under the Listing Rules; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “U-Home Development” | U-Home Enterprise Development Company Limited (宇業實業發展有限公司), a company incorporated in Hong Kong on 1 November 2013 with limited liability, which is directly wholly owned by the Company; |
| “Yucheng” | 池州市宇成實業有限公司 (Chizhou City Yucheng Co., Ltd.)*, a company established in the PRC on 7 September 1999 with limited liability, which is indirectly owned as to 82.7286% by Mr. Zhou Xuzhou and the remaining by third parties independent from the Company and its connected persons; |
| “%” | per cent. |

* For identification purposes only



宇业控股

U-HOME HOLDINGS

U-HOME GROUP HOLDINGS LIMITED

宇業集團控股有限公司

(Formerly known as Jiwa Bio-Pharm Holdings Limited “積華生物醫藥控股有限公司”*)

(Incorporated in Bermuda with limited liability)

(Stock Code: 2327)

Executive Directors:

Mr. Zhou Xuzhou

Mr. Liu Lailin

Ms. Zhou Wen Chuan

Non-executive Director:

Mr. Chen Xuejun

Independent non-executive Directors:

Mr. Gao Guanjiang

Professor Wilton Chi Wai Chau

Mr. Lee Cheuk Yin Dannis

Registered office:

Clarendon House,

2 Church Street,

Hamilton HM 11,

Bermuda

*Head office and principal place
of business:*

Unit 01, 12/F,

International Commence Centre,

1 Austin Road West,

Kowloon,

Hong Kong

13 December 2013

To the Shareholders

Dear Sir or Madam,

**DISCLOSABLE AND CONNECTED TRANSACTION
IN RESPECT OF FORMATION OF
A JOINT VENTURE COMPANY
AND NOTICE OF SGM**

INTRODUCTION

Reference is made to the announcement made by the Company on 26 November 2013, announcing that, on 26 November 2013, U-Home Development, a wholly-owned subsidiary of the Company, Yucheng, Shenzhen Lingnan and Mr. Zhu Yunzhao entered into the JV Agreement to form the JV Company. The JV Company will own the land use rights of the

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LETTER FROM THE BOARD

Land (in respect of which a successful public auction bid was made on 31 October 2013 at a price of RMB230 million) and the JV Company will engage in property development and property sales.

The purpose of this circular is to provide you with, among other things,

- (i) the particulars of the JV Agreement;
- (ii) the letter from the Independent Board Committee with their view on the JV Agreement and the transactions contemplated thereunder; and
- (iii) the letter from Industrial Securities with their advice on the JV Agreement and the transactions contemplated thereunder to the Independent Board Committee and the Independent Shareholders,

as well as to seek the approval of the Independent Shareholders in respect of the entering into the JV Agreement and the transactions contemplated thereunder.

BACKGROUND

On 26 November 2013, U-Home Development, a wholly-owned subsidiary of the Company, Yucheng, Shenzhen Lingnan and Mr. Zhu Yunzhao entered into the JV Agreement to form the JV Company. In a public auction carried out by the MLRCC on 31 October 2013, Yucheng successfully made the bid on behalf of the JV Company in relation to the Land at a price of RMB230 million. The Land is currently owned by the MLRCC. Upon establishment of the JV Company, which is conditional upon the approval by the Independent Shareholders at the SGM as required under the Listing Rules and all the permits and approvals required for the establishment under the JV Company under the applicable laws and regulations having obtained by 31 March 2014, the JV Company will submit an application to the MLRCC for the transfer of the legal title of the Land directly to the JV Company. The JV Company will then own the land use rights of the Land and will engage in property development and property sales. The acquisition of the Land is a Qualified Property Acquisition because the Land being acquired is a piece of governmental land in the PRC from the MLRCC, a PRC Governmental Body, through an auction governed by the PRC law.

Upon completion of the JV Agreement, U-Home Development, Yucheng, Shenzhen Lingnan and Mr. Zhu Yunzhao will hold 24.9%, 55.1%, 10% and 10%, respectively, of the equity interest of the JV Company.

The Land is located in the Guichi High-Tech Development Zone, Chizhou City, Anhui Province, a key location in the Guichi Administrative New District.

LETTER FROM THE BOARD

Anhui Province is located in Eastern China, which lies in the central Yangtze River Delta region, one of the fastest developing economic areas in the PRC. On its eastern side lies Jiangsu Province and Zhejiang Province, which is also connected to Shandong on the north, another frontline region undergoing economic growth.

Chizhou City is located in the south-west area of Anhui Province with convenient transportation system. As one of the most important harbour city in the south bank of Yangtze River, it can handle vessels of up to 5,000 tonnes and there are numerous highways and railroad across this area. Jiuahuashan Airport has been officially open for traffic since July this year. Chizhou City is also a provincial-level historical city, and a part of the key viewing region of Huangshan, Jiuahuashan and Taiping Lake in Anhui Province. Recently, Chizhou City has experienced rapid economic development. The gross regional product of the city reached approximately RMB42 billion in 2012, representing year on year increase of approximately 12%, and its financial income reached RMB7.166 billion, representing an increase of approximately 20.6%. Annual per capita disposable income of urban households reached RMB21,400, representing year-on-year increase of approximately 13%. Coupled with an improved transportation network and a pleasant living environment, Chizhou will definitely attract more Chizhou citizens who work far away from home to return home and acquire their own property and attract people in nearby cities to settle down in Chizhou.

The Land acquired is located in the Guichi High-Tech Development Zone, which is a key location in the Guichi Administrative New District. The Land is within a new development project in the Guichi High-Tech Development Zone and has a total area of approximately 218,837 square metres. The gross floor area that can be built over the Land is estimated to be approximately 372,000 square metres and accordingly, the purchase cost with respect to such estimated buildable area is approximately RMB618.28 per square metre. The Land will be developed for both commercial and residential use. On the west side of the Land is the Guichi district committee and the district government, which were completed in 2011. Amenities in the nearby area include Chizhou No.2 People's Hospital (East Region), Provincial Demonstrative High School Chizhou City No.8 High School and City Key Primary School of Guichi Binhu Experimental Primary School. The Land is also less than 2 kilometres away from the Guichi university town, train station and high-speed rail station. Situated next to Chizhou Pingtian Lake Scenic Spot, the environment surrounding the Land is relaxing and enjoyable.

LETTER FROM THE BOARD

The estimated timeframe and milestones of the development of the Land is as follows:

| Timeframe | Milestones |
|---------------|--|
| March 2014 | Commencement of construction on the Land |
| November 2014 | Pre-sale of the property on the Land |
| January 2015 | Completion of the main structure of the property on the Land |
| November 2015 | Completion of the property development on the Land |

Yucheng has the management expertise to carry out the property development. Yucheng has engaged in property development and property sales since its establishment on 7 September 1999 and has been awarded the qualification certificate for second grade real estate development enterprise in the PRC by the Ministry of Housing and Urban-Rural Development of the People's Republic of China since 23 May 2011. Yucheng has developed many property projects which have been completed and sold involving an aggregate floor area of over 500,000 square metres, including but not limited to 南湖杏園一、二期、清溪半島、書香名邸 and 書香名邸熙苑. Furthermore, the general manager of Yucheng, Mr. Zhong Yi, is a senior engineer and a registered architect. He has led the development of property projects of Yucheng, including but not limited to, the aforementioned projects.

JV AGREEMENT

a. Date: 26 November 2013

b. Parties:

- (1) U-Home Development;
- (2) Yucheng;
- (3) Shenzhen Lingnan; and
- (4) Mr. Zhu Yunzhao.

c. Formation of the JV Company and the consideration

The total initial investment of the JV Company will be in the sum of RMB125 million (approximately HK\$157.98 million). U-Home Development, Yucheng, Shenzhen Lingnan and Mr. Zhu Yunzhao will make cash investment of RMB31.125 million, RMB68.875 million, RMB12.5 million and RMB12.5 million, respectively,

LETTER FROM THE BOARD

into the JV Company and will hold 24.9%, 55.1%, 10% and 10% equity interest of the JV Company, respectively. The consideration was determined based on an arm's length negotiation, taking into account the costs and payment relating to the acquisition of the Land. According to the terms of the public auction relating to the Land, the JV Company shall pay half of the acquisition cost, i.e. RMB115 million, once the title to the Land has been transferred to the JV Company and the remaining balance shall be paid in October 2014 through third party financing, such as bank or mortgage financing. If the JV Company needs to seek further Shareholder loan support, the JV Company will do so in compliance with the relevant requirements under the Listing Rules. The relevant parties to the JV Agreement has agreed to keep the remaining RMB10 million in the JV Company for its operational use.

d. Conditions precedents

The JV Agreement is conditional upon the fulfillment of the following conditions:

- (1) the approval of the JV Agreement by the Independent Shareholders at the SGM as required under the Listing Rules; and
- (2) all the permits and approvals required for the establishment of the JV Company under the applicable laws and regulations having been obtained.

If the conditions are not satisfied by 31 March 2014, the JV Agreement will lapse and terminate without liability to any party thereto.

e. Scope of business

The JV Company will be established for the purpose of and be principally engaged in property development and property sales.

f. Registered capital of the JV Company

Pursuant to the terms of the JV Agreement, the registered capital of the JV Company is RMB125 million (equivalent to approximately HK\$157.98 million), and will be held (directly or indirectly through the intermediate holding companies to be established) by U-Home Development, Yucheng, Shenzhen Lingnan and Mr. Zhu Yunzhao as to 24.9%, 55.1%, 10% and 10%, respectively, of the equity interest of the JV Company, respectively.

LETTER FROM THE BOARD

The registered capital of RMB125 million (equivalent to approximately HK\$157.98 million) will be used for development of property on the Land and will be contributed by the parties in proportion to their respective equity interest in the JV Company. The registered capital of the JV Company was determined after an arm's length negotiation between the parties and is based on the initial funding requirements to make the JV Company operational. The capital contribution of U-Home Development in the amount of RMB31.125 million (equivalent to approximately HK\$39.34 million) to the registered capital of the JV Company will be satisfied by the internal resources of the Group.

In addition to the JV Company's registered capital, it is expected that the working capital of the JV Company will be financed by bank and other project financing or other third party or shareholder loan financing.

Apart from the RMB31.125 million in relation to the formation of the JV Company to be contributed by the Group, there is no other capital commitment (whether equity, loan or otherwise) made by the Group or contractual commitment to subscribe for further capital and the Group did not provide any guarantee in connection with the establishment of the JV Company.

g. Management of the JV Company

The board of directors of the JV Company will manage the JV Company and it will consist of five directors, two of which will be appointed by Yucheng, and the remaining three directors of the JV Company will be appointed by each of U-Home Development, Shenzhen Lingnan and Mr. Zhu Yunzhao. The term of service of the directors will be three years. They are eligible for re-election when the term is expired. Zhou Xuzhou is the chairman and legal representative, with a term of service of three years. He is eligible for re-election when the term is expired.

h. Profit and loss sharing

Profits or losses generated from the JV Company will be shared amongst the owners of equity interests in proportion to their respective equity interests in the JV Company.

i. Protective provisions

The parties agree, among others, that the amendment of the articles of association of the JV Company, increase or reduction in the registered capital of the JV Company, mergers, subdivision and dissolution of the JV Company shall require the approval of two-thirds of the equity owners of the JV Company. U-Home Development has a veto power in respect of such matters.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE JV AGREEMENT

The Directors believe that the transactions under the JV Agreement will bring various commercial benefits to the Company, including diversifying the Group's business and broadening the Group's income sources as well as assisting the development of the Group's expertise and experience in the property development industry and enhance the Group's competitiveness in the future. Given the size of the Land, and the branding and expertise of Yucheng, the Directors believe that it is in the interest of the Group to cooperate by way of a joint venture with the other relevant parties in the development of the Land.

The terms of the JV Agreement were agreed after an arm's length negotiation between the Parties. The Directors (including the members of the Independent Board Committee) consider that the JV Agreement has been entered into on normal commercial terms, and the terms and conditions therein are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

FINANCIAL IMPACT AND ACCOUNTING TREATMENT OF THE JV COMPANY IN THE BOOK OF THE COMPANY

Upon the completion of the registered capital injection, there will be re-classification of cash and bank balances in total amount of RMB31.125 million (equivalent to approximately HK\$39.34 million) to an interest in an associate. After the establishment of the JV Company, the investment in the JV Company will be accounted for in the consolidated financial statements of the Group by way of equity accounting and the Group's share of the profit and loss of the JV Company will be included in the consolidated financial statements of the Group.

GENERAL

Information of the Company

The Company is currently engaged in (i) trading of imported pharmaceutical products; (ii) distribution and sale of healthcare products in local Hong Kong market; (iii) research and development of chemical and biological products; and (iv) investment holding and treasury function such as, among others, entering into currency forward contracts and making premium deposits.

Information of U-Home Development

U-Home Development is a wholly-owned subsidiary of the Group and principally an investment holding company of the Group.

LETTER FROM THE BOARD

Information of Yucheng

Established since September 1999, Yucheng is principally engaged and has extensive experience in property development and property sale in the PRC. Yucheng has engaged in property development and property sales since its establishment on 7 September 1999 and has been awarded the qualification certificate for second grade real estate development enterprise in the PRC by the Ministry of Housing and Urban-Rural Development of the People's Republic of China since 23 May 2011. Yucheng has developed many property projects which have been completed and sold involving an aggregate floor area of over 500,000 square metres, including but not limited to 南湖杏園一、二期、清溪半島、書香名邸 and 書香名邸熙苑.

Information of Shenzhen Lingnan

Shenzhen Lingnan is principally engaged in investment holding, property leasing and management, domestic trading, import and export business.

Information of the business of the JV

The JV Company will engage in property development and property sales.

The Company confirms that, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Mr. Zhu Yunzhao is a third party independent of the Company and connected persons of the Company.

LISTING RULES IMPLICATIONS

Yucheng is indirectly owned as to 82.7286% by Mr. Zhou Xuzhou, an executive Director and the controlling shareholder of the Company. Shenzhen Lingnan is owned by Mr. Chen Xuejun, a non-executive Director, and his spouse. Yucheng and Shenzhen Lingnan are therefore connected persons of the Company and the entering into of the JV Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Since the largest applicable percentage ratio calculated for the Company in respect of the JV Agreement is more than 5% but less than 25%, the JV Agreement constitutes a disclosable and connected transaction under Chapter 14 and 14A of the Listing Rules subject to the reporting, announcement and independent shareholders' approval requirements.

LETTER FROM THE BOARD

INDEPENDENT FINANCIAL ADVISER

Industrial Securities has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the JV Agreement and the transactions contemplated thereunder. The letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, containing its advice and recommendations, is set out on pages 16 to 29 of this circular. Industrial Securities is of the view that the terms of the JV Agreement are on normal commercial terms and fair and reasonable, and the business to be conducted by the JV Company is consistent with the ordinary and usual course of business of the Group and the entering into the JV Agreement and the transactions contemplated thereunder is in the interests of the Company and the Shareholders as a whole. Accordingly, Industrial Securities advises the Independent Board Committee to recommend the Independent Shareholders to approve the entering into the JV Agreement and the transactions contemplated thereunder.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all of the independent non-executive Directors, has been formed to advise the Independent Shareholders in respect of the JV Agreement. Your attention is drawn to the advice from the Independent Board Committee set out in their letter dated 13 December 2013 on pages 14 to 15 of this circular.

Having regard to the opinion of Industrial Securities which is set out on pages 16 to 29 of this circular, the Independent Board Committee is of the opinion that the terms of the JV Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole and the entering into of the JV Agreement and the transactions contemplated thereunder is on normal commercial terms and in the ordinary and usual course of business of the Company. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the entering into of the JV Agreement and transactions contemplated thereunder.

SGM

Set out on pages 36 to 37 of this circular is a notice convening the SGM to be held at Room 3, United Conference Centre, 10/F, United Centre, 95 Queensway, Hong Kong on Thursday, 2 January 2014 at 11:00 a.m. which an ordinary resolution will be proposed to approve the entering into of the JV Agreement and the transactions contemplated thereunder. The SGM is to be held for the purpose of considering and approving by the Independent Shareholders the entering into of the JV Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the meeting, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the branch registrar, Tricor Standard Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event no later than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting and any adjourned meeting (as the case may be) should you so wish.

In accordance with Rule 13.39(4) of the Listing Rules, voting at the SGM will be conducted by poll. Mr. Zhou Xuzhou and his associates, in aggregate holding 1,148,256,000 Shares as at the Latest Practicable Date, will abstain from voting at the SGM in respect of the resolution for the approval of the JV Agreement and the transactions contemplated thereunder. The results of the voting will be announced in accordance with Rule 2.07C of the Listing Rules after the SGM.

RECOMMENDATION

The Directors consider that the terms of the JV Agreement are agreed after arm's length negotiation between the Parties. The Directors consider that the JV Agreement and the transactions contemplated thereunder have been made in the ordinary and usual course of business and on normal commercial terms and that such terms are fair and reasonable so far as the Company and its Shareholders as a whole are concerned and that such transactions are in the interest of the Company and its Shareholders as a whole. Accordingly, the Board recommends that the Independent Shareholders should vote in favour of the ordinary resolution to be proposed at the SGM to approve the JV Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is also drawn to the other additional information set out in the Appendix in this circular and the notice of the SGM.

Yours faithfully,
By Order of the Board

U-Home Group Holdings Limited
Zhou Wen Chuan

Executive Director and Chief Executive Officer



U-HOME HOLDINGS

U-HOME GROUP HOLDINGS LIMITED

宇業集團控股有限公司

(Formerly known as Jiwa Bio-Pharm Holdings Limited “積華生物醫藥控股有限公司”)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 2327)

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSABLE AND CONNECTED TRANSACTION
IN RESPECT OF FORMATION OF
A JOINT VENTURE COMPANY
AND NOTICE OF SGM**

We refer to the circular dated 13 December 2013 (the “**Circular**”) issued by the Company to its Shareholders of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed by the Board to form the Independent Board Committee to advise the Independent Shareholders as to whether, in our opinion, the JV Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Industrial Securities has been appointed to advise the Independent Board Committee and the Independent Shareholders in this respect.

We wish to draw your attention to the letter from the Board and the letter from Industrial Securities set out in the Circular.

Having considered the terms of the JV Agreement and the transactions contemplated thereunder, the advice of Industrial Securities set out in its letter of advice contained in the Circular and the relevant information contained in the letter from the Board, we are of the opinion that the JV Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

* For identification purposes only

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM.

Yours faithfully,
For and on behalf of
Independent Board Committee of
U-Home Group Holdings Limited

Mr. Gao Guanjiang
Independent Non-executive Director

Professor Wilton Chi Wai Chau
Independent Non-executive Director

Mr. Lee Cheuk Yin
Independent Non-executive Director

LETTER FROM INDUSTRIAL SECURITIES

The following is the full text of the letter of advice from Industrial Securities to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



興證(香港)融資有限公司
INDUSTRIAL SECURITIES (HK) CAPITAL LIMITED

Unit 3201, 32/F
Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

13 December 2013

*To: The Independent Board Committee and
the Independent Shareholders of U-Home Group Holdings Limited*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION IN RESPECT OF FORMATION OF A JOINT VENTURE COMPANY

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the JV Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular (the “**Circular**”) of the Company to the Shareholders dated 13 December 2013, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires.

On 26 November 2013, U-Home Development, a wholly-owned subsidiary of the Company, Yucheng, Shenzhen Lingnan and Mr. Zhu Yunzhao entered into the JV Agreement to form the JV Company. The JV Company will own the land use rights of the Land acquired from a successful public auction bid made on 31 October 2013 at a price of RMB230 million and will engage in property development and property sales. Upon completion of the JV Agreement, U-Home Development, Yucheng, Shenzhen Lingnan and Mr. Zhu Yunzhao will hold 24.9%, 55.1%, 10% and 10% of the equity interest of the JV Company respectively.

LETTER FROM INDUSTRIAL SECURITIES

Yucheng is indirectly owned as to 82.7286% by Mr. Zhou Xuzhou, an executive Director and the controlling shareholder of the Company. Shenzhen Lingnan is owned by Mr. Chen Xuejun, a non-executive Director, and his spouse. Therefore, Yucheng and Shenzhen Lingnan are connected persons of the Company and the entering into the JV Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Since the largest applicable percentage ratio calculated for the Company in respect of the JV Agreement is more than 5% but less than 25%, the JV Agreement constitutes a discloseable and connected transaction under Chapter 14 and 14A of the Listing Rules subject to the reporting, announcement and independent Shareholders' approval requirements.

The approval of the Independent Shareholders will be sought at the SGM by way of poll in respect of the JV Agreement and the transactions contemplated thereunder. Since Mr. Zhou Xuzhou and Mr. Chen Xuejun are connected persons of the Company, Mr. Zhou Xuzhou, Mr. Chen Xuejun and their respective associates are required to abstain from voting on the relevant resolutions at the SGM pursuant to the Main Board Listing Rules.

An Independent Board Committee comprising all independent non-executive Directors has been formed to advise the Independent Shareholders on whether the entering into the JV Agreement is in the interests of the Company and the Independent Shareholders as a whole and to advise the Independent Shareholders on how to vote. We, Industrial Securities (Hong Kong) Capital Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

BASIS OF OUR ADVICE

In arriving at our recommendation, we have relied on the information and facts provided by the Company and have assumed that any representations made to us are true, accurate and complete. We have also relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and the management of the Company. We have assumed that all information, representations and opinions contained or referred to in the Circular and all information, representations and opinions which have been provided by the Directors and the management of the Company for which they are solely responsible, are true and accurate at the time they were made and will continue to be accurate at the Latest Practicable Date.

LETTER FROM INDUSTRIAL SECURITIES

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular the omission of which would make any such statement contained in the Circular misleading.

In formulating our opinion, we consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. Having made all reasonable enquiries, the Directors have further confirmed that, to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading. We have not, however, carried out any independent verification of the information provided by the Directors and the management of the Company, nor have we conducted any independent investigation into the business and affairs of the Company, Yucheng, Shenzhen Lingnan, Mr. Zhu Yunzhao or their respective subsidiaries or associates. We have not considered the tax implication on the Group or the Shareholders as a result of the entering into the JV Agreement. We disclaim any undertaking or obligation to advise any person of any change in any fact or matter affecting the opinion expressed herein, which may come or be brought to our attention after the Latest Practicable Date. Except for its inclusion in the Circular, this letter is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose, without our prior written consent.

LETTER FROM INDUSTRIAL SECURITIES

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion to the Independent Board Committee and the Independent Shareholders in respect of the JV Agreement and the transactions contemplated thereunder, we have taken the following principal factors and reasons into consideration:

A. Background, Reasons for and Benefits of the JV Agreement

On 26 November 2013, U-Home Development, a wholly-owned subsidiary of the Company, Yucheng, Shenzhen Lingnan and Mr. Zhu Yunzhao entered into the JV Agreement to form the JV Company. In a public auction carried out by the MLRCC on 31 October 2013, Yucheng successfully made the bid on behalf of the JV Company in relation to the Land at a price of RMB230 million. The Land is currently owned by the MLRCC. Upon establishment of the JV Company, which is conditional upon the approval by the Independent Shareholders at the SGM as required under the Listing Rules and all the permits and approvals required for the establishment of the JV Company under the applicable laws and regulations having obtained by 31 March 2014, the JV Company will submit an application to the MLRCC for the transfer of the legal title of the Land directly to the JV Company. The JV Company will then own the land use rights of the Land and will engage in property development and property sales. The acquisition of the Land is a Qualified Property Acquisition because the Land being acquired is a piece of governmental land in the PRC from the MLRCC, a PRC Governmental Body, through an auction governed by the PRC law.

(i) Information of the Company

With reference to the Board Letter, the Company is currently engaged in (i) trading of imported pharmaceutical products; (ii) distribution and sale of healthcare products in local Hong Kong market; (iii) research and development of chemical and biological products; and (iv) investment holding and treasury function such as, among others, entering into currency forward contracts and making premium deposits.

On 23 August 2013, the controlling shareholder of the Company was changed to Mr. Zhou Xuzhou upon the completion of a sale and purchase agreement dated 12 March 2013 relating to the sale of 1,173,102,000 Shares by the former shareholders of the Company to Mr. Zhou Xuzhou. On 23 September 2013, upon the close of the unconditional mandatory cash offer, Mr. Zhou Xuzhou indirectly held 1,173,252,000 Shares, which constituted approximately 71.54% of the total issued Shares of the Company.

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Set out below are the summary of the financial performance of the Group for the two financial years ended 31 March 2013 and the six months ended 30 September 2013, as extracted from the Company’s annual report for the financial year ended 31 March 2013 (the “**2013 Annual Report**”) and the announcement on the interim results for the six months ended 30 September 2013 (the “**2013 Interim Results Announcement**”), as well as the year on year change from financial year 2012 to 2013:

| | For the six months ended 30 September 2013 <i>HK\$’000</i> (unaudited) | For the year ended 31 March 2013 <i>HK\$’000</i> (audited) | For the year ended 31 March 2012 <i>HK\$’000</i> (audited) | Year on year change from financial year 2012 to 2013 % |
|--|---|---|---|--|
| Revenue | 17,601 | 35,648 | 203,787 | -82.5 |
| Gross profit | 3,944 | 7,928 | 35,315 | -77.6 |
| Profit attributable to owners of the Company | 93,251 | 41,754 | 70,620 | -40.9 |

As shown from the above table, the financial performance of the Group experienced a substantial decrease over the financial year 2012 to 2013. The revenue, gross profit and profit attributable to owners of the Company showed a year on year change of more than -40% over the same period of time. According to the 2013 Annual Report, the significant decrease in revenue of the Company during the year was due to the reorganization of a 49% owned subsidiary called Kunming Jida Pharmaceutical Company Limited (“**KJP**”), which was a main indirect customer of the Company for its import prescription drugs. Upon completion of the reorganization of KJP, KJP has established a subsidiary in Hong Kong responsible for the new trading business of KJP and direct procurement from suppliers in Europe, which caused the revenue and profit of the Group to plunge significantly.

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Although the profit attributable to owners of the Company showed a substantial increase to approximately HK\$93.25 million, more than that of the financial year of 2013, it was mainly due to the net gain on disposal of a subsidiary, including its indirect 49% equity interest in KJP. On the other hand, the revenue of the group continued to decrease by approximately 13.1% from approximately HK\$20.26 million for the six months ended 30 September 2012 to approximately HK\$17.60 million for the same period in 2013.

Set out below are the net asset values of the Group as at 31 March 2012 and 2013, and 30 September 2013, as extracted from the 2013 Annual Report and the 2013 Interim Results Announcement:

| | As at 30 September 2013 <i>HK\$'000</i> (unaudited) | As at 31 March 2013 <i>HK\$'000</i> (audited) | As at 31 March 2012 <i>HK\$'000</i> (audited) |
|------------|--|--|--|
| Net Assets | 99,287 | 615,937 | 604,583 |

The net asset value of the Group also showed a substantial decrease from approximately HK\$615.94 million as at 31 March 2013 to approximately HK\$99.29 million as at 30 September 2013, representing a decrease of approximately 83.9%. The drastic decrease in the net asset value of the Group was mainly due to the distribution of the special dividend of HK\$615 million on 30 August 2013

(ii) Information of the JV Company and the Land

Pursuant to the JV Agreement, the JV Company will principally engage in property development and property sales.

With reference to the Board Letter, the Land is located in the Guichi High-Tech Development Zone, Chizhou City, Anhui Province, a key location in the Guichi Administrative New District. The Land has a total site area of approximately 218,837 square metres and can be built with a gross floor area of approximately 372,000 square metres. The Land will be developed for both commercial and residential use. On the west side of the Land is the Guichi

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district committee and the district government, which were completed in 2011. Amenities in the nearby area include Chizhou No.2 People's Hospital (East Region), Provincial Demonstrative High School Chizhou City No.8 High School and City Key Primary School of Guichi Binhu Experimental Primary School. The Land is also less than 2 kilometres away from the Guichi university town, train station and high-speed rail station.

The Directors confirmed, as at the Latest Practicable Date, all relevant governmental approvals have been obtained for the formation of the JV Company.

The estimated timeframe and milestones on the development of the Land is as follows:

| Timeframe | Milestones |
|------------------|--|
| March 2014 | Commencement of construction on the Land |
| November 2014 | Pre-sale of the property on the Land |
| January 2015 | Completion of the main structure of the property on the Land |
| November 2015 | Completion of the property development on the Land |

Yucheng was established in September 1999 and has principally engaged in property development and property sale in the PRC. It has been awarded the qualification certificate for second grade real estate development enterprise in the PRC by the Ministry of Housing and Urban-Rural Development of the People's Republic of China since May 2011. Yucheng has developed many property projects which have been completed and sold involving an aggregate floor area of over 500,000 square metres, including but not limited to “南湖杏園一、二期”, “清溪半島”, “書香名邸” and “書香名邸熙苑”. Furthermore, the general manager of Yucheng, Mr. Zhong Yi, is a senior engineer and a registered architect. He has led the development of property projects of Yucheng, including but not limited to, the aforementioned projects. Therefore, we are of the view that Yucheng has the management expertise to carry out the property development of the Land.

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(iii) Information of U-Home Development

With reference to the Board Letter, U-Home Development is a wholly-owned subsidiary of the Group and principally an investment holding company of the Group.

(iv) Information of Yucheng

Since the establishment in September 1999, Yucheng is principally engaged and has extensive experience in property development and property sale in the PRC. It has been awarded the qualification certificate for second grade real estate development enterprise in the PRC by the Ministry of Housing and Urban-Rural Development of the People's Republic of China since May 2011. Yucheng has developed many property projects which have been completed and sold involving an aggregate floor area of over 500,000 square metres.

As at the Latest Practicable Date, Yucheng is indirectly owned as to 82.7286% by Mr. Zhou Xuzhou, an executive Director and the controlling shareholder of the Company.

(v) Information of Shenzhen Lingnan

With reference to the Board Letter, Shenzhen Lingnan is principally engaged in investment holding, property leasing and management, domestic trading, import and export business.

As at the Latest Practicable Date, Shenzhen Lingnan is owned by Mr. Chen Xuejun, a non-executive Director, and his spouse.

(vi) Information of Mr. Zhu Yunzhao

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Mr. Zhu Yunzhao is a third party independent of the Company and connected persons of the Company.

As advised by the Directors, it is the intention of the Group to create value by diversifying into businesses other than those the Group currently engaged in. Through the formation of the JV Company, the senior management of Yucheng could share their extensive experience in property development and property sale in the PRC, so could assist the development of the Group's expertise and experience

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in the property development industry, therefore leading to the enhancement of the Group's competitiveness in the future. In addition, with the technical strength and management experience of Yucheng accumulated through the past completed and sold property projects, it is also expected the Company could expand into a new business area with reduced risk and associated costs. In view of the decreasing trend of the revenue and profit of the Group over the past three financial years, the entering into the JV Agreement and the formation of the JV Company will offer an opportunity for the Group to broaden its income sources in the future. Furthermore, the Company and Yucheng share a common controlling shareholder, Mr. Zhou Xuzhou, which can secure a long-term business cooperation with Yucheng in regards to the JV Agreement.

Having considered (i) the future business plan of the Group; (ii) the technical strength and management experience of Yucheng; (iii) the decreasing trend of the revenue and profit of the Group; and (iv) the security of a long-term business cooperation with Yucheng, we are of the view that the entered into the JV Agreement is in the ordinary and usual course of business of the Company and is in the interests of the Company and the Shareholders as a whole.

B. Principal Terms of the JV Agreement

Date

26 November 2013

Parties

- (1) U-Home Development;
- (2) Yucheng;
- (3) Shenzhen Lingnan; and
- (4) Mr. Zhu Yunzhao.

Initial Investment, Profit and Loss Sharing of the JV Company

The total initial investment of the JV Company will be the registered capital of the JV Company in the sum of RMB125 million (approximately HK\$157.98 million). U-Home Development, Yucheng, Shenzhen Lingnan and Mr. Zhou Yunzhao will

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make cash investment of RMB31.125 million, RMB68.875 million, RMB12.5 million and RMB12.5 million into the JV Company respectively, and will hold 24.9%, 55.1%, 10% and 10% equity interest respectively. Each party of the JV Agreement will participate in the profits or losses in proportion to their shareholdings in the JV Company. As advised by the Directors, the contribution of each contract party for the initial investment was determined based on an arm's length negotiation, taking into account the costs and payment relating to the acquisition of the Land. According to the terms of the public auction relating to the Land, the JV Company shall pay half of the acquisition cost of RMB115 million, once the title to the Land has been transferred to the JV Company and the remaining balance shall be paid in October 2014 through third party financing, such as bank or mortgage financing, or Shareholder loan support. The relevant parties to the JV Agreement has agreed to keep the remaining RMB10 million in the JV Company for its operational use. In addition to the JV Company's registered capital, it is expected the working capital of the JV Company will also be financed by bank, other project financing or other third party. The Directors further advised that only if the JV Company fails to obtain external funding, the Group may seek debt financing and/or equity financing and/or Shareholder loan for the JV Company depending on the then financial position of the Group, and the Company will do so in compliance with the relevant requirements under the Listing Rules.

Having considered that (i) the respective initial investment of each party of the JV Agreement towards the JV Company reflect their respective equity interests in the JV Company; and (ii) each party of the JV Agreement will participate in the profits or losses in proportion to their shareholdings in the JV Company, we are of the view that the respective contributions of the Company (via U-Home Development), Yucheng, Shenzhen Lingnan and Mr. Zhu Yunzhao towards the JV Company are fair and reasonable so far as the Independent Shareholders are concerned.

Conditions precedents

The JV Agreement is conditional upon the fulfillment of the following conditions:

- (i) the approval of the JV Agreement by the Independent Shareholders at the SGM as required under the Listing Rules; and
- (ii) all the permits and approvals required for the establishment of the JV Company under the applicable laws and regulations having been obtained.

If the conditions are not satisfied by 31 March 2014, the JV Agreement will lapse and terminate without liability to any party thereto.

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Scope of business

The JV Company will be established for the purpose of and be principally engaged in property development and property sales.

Registered capital of the JV Company

As mentioned above, pursuant to the terms of the JV Agreement, the registered capital of the JV Company is RMB125 million (equivalent to approximately HK\$157.98 million), and will be held (directly or indirectly through the intermediate holding companies to be established) by U-Home Development, Yucheng, Shenzhen Lingnan and Mr. Zhu Yunzhao as to 24.9%, 55.1%, 10% and 10% of the equity interest of the JV Company respectively. The registered capital of RMB125 million (equivalent to approximately HK\$157.98 million) will be used for development of property on the Land and will be contributed by the parties in proportion to their respective equity interest in the JV Company. The registered capital of the JV Company was determined after arm's length negotiation between the parties and is based on the initial operational funding requirements of the JV Company.

The capital contribution of U-Home Development in the amount of RMB31.125 million (equivalent to approximately HK\$39.34 million) to the registered capital of the JV Company will be satisfied by the internal resources of the Group. The Directors confirmed that, the Company may consider the use of debt financing and/or equity financing to fund the capital contribution if such needs arise. The Directors further confirmed that, after making the initial capital contribution towards the JV Company, there will be sufficient working capital to maintain its operation. With reference to the 2013 Annual Report, as at 31 March 2013, the cash and cash equivalents balance of the Group amounted to approximately HK\$94.06 million.

The Directors confirmed that, apart from the RMB31.125 million in relation to the formation of the JV Company to be contributed by the Group, there is no other capital commitment (whether equity, loan or otherwise) made by the Group or contractual commitment to subscribe for further capital and the Group did not provide any guarantee in connection with the establishment of the JV Company.

Management of the JV Company

With reference to the Board Letter, the board of directors of the JV Company will manage the JV Company and it will consist of five directors, two of which will be appointed by Yucheng, and the remaining three directors of the JV Company will be appointed by each of U-Home Development, Shenzhen Lingnan and Mr. Zhu

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Yunzhao. The term of service of the directors will be three years. They are eligible for re-election when the term is expired. Zhou Xuzhou is the chairman and legal representative, with a term of service of three years. He is eligible for re-election when the term is expired.

The Directors confirmed that as Yucheng will be the controlling shareholder of the JV Company, Yucheng is entitled to nominate two out of the five board of directors of the JV Company; and each of the other three parties of the JV Agreement can each nominate one director to represent their respective party in the board.

Protective provisions

The parties agree, among others, that the amendment of the articles of association of the JV Company, increase or reduction in the registered capital of the JV Company, mergers, subdivision and dissolution of the JV Company shall require the approval of two-thirds of the voting rights of the JV Company. U-Home Development has a veto power in respect of such matters.

Having considered the terms of the JV Agreement as discussed above, in particular:

- (i) the initial investment contribution of U-Home Development, Yucheng, Shenzhen Lingnan and Mr. Zhou Yunzhao reflect their respective equity interests in the JV Company;
- (ii) U-Home Development, Yucheng, Shenzhen Lingnan and Mr. Zhou Yunzhao will participate in the profits or losses in proportion to their shareholdings in the JV Company;
- (iii) U-Home Development is entitled to nominate one out of five board of directors of the JV Company to represent its view; and
- (iv) the Company's interests can be further protected by the protective provisions,

we are of the view that the terms of the JV Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

C. Possible Financial Effects of the Transactions

As U-Home Development (a wholly-owned subsidiary of the Company) will hold 24.9% of the equity interest of the JV Company, the investment in the JV Company will be accounted for in the consolidated financial statements of the Group by way of equity accounting.

Effects on net asset value and earnings

As extracted from the 2013 Annual Report, the consolidated net asset value of the Group was approximately HK\$615.94 million as at 31 March 2013. Upon the completion of the registered capital injection, there will be re-classification of cash and bank balances in total amount of RMB31.125 million (equivalent to approximately HK\$39.34 million) to an interest in an associate. The transactions under the JV Agreement will therefore have no immediate material impact on the net asset value attributable to equity Shareholders of the Company as well as consolidated earnings of the Group.

Effects on gearing

With reference to the 2013 Annual Report, the total debts of the Group was approximately HK\$256.51 million as at 31 March 2013. As the initial cash contribution by U-Home Development towards the JV Company will be financed by the internal resources of the Group, thus there will be no immediate material impact on the gearing position of the Group.

D. Listing Rules Implication

Yucheng is indirectly owned as to 82.7286% by Mr. Zhou Xuzhou, an executive Director and the controlling shareholder of the Company. Shenzhen Lingnan is owned by Mr. Chen Xuejun, a non-executive Director, and his spouse. Therefore, Yucheng and Shenzhen Lingnan are connected persons of the Company and the entering into the JV Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Since the largest applicable percentage ratio calculated for the Company in respect of the JV Agreement is more than 5% but less than 25%, the JV Agreement constitutes a discloseable and connected transaction under Chapter 14 and 14A of the Listing Rules subject to the reporting, announcement and independent Shareholders' approval requirements.

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The approval of the Independent Shareholders will be sought at the SGM by way of poll in respect of the JV Agreement and the transactions contemplated thereunder. Since Mr. Zhou Xuzhou and Mr. Chen Xuejun are connected persons of the Company, Mr. Zhou Xuzhou, Mr. Chen Xuejun and their respective associates are required to abstain from voting on the relevant resolutions at the SGM pursuant to the Main Board Listing Rules.

RECOMMENDATION

Having considered the principal factors and reasons discussed above, we are of the view that (i) the entered into the JV Agreement is in the ordinary and usual course of business of the Company and is in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the JV Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders and recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the SGM to approve the JV Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Industrial Securities (HK) Capital Limited
Leung Kin Cheong, Laurent
General Manager

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS**(a) Interests and short positions of the Directors in the Shares, underlying shares and debentures of the Company and its associated corporations**

As at the Latest Practicable Date, save as disclosed in sub-paragraph (b) below in relation to Mr. Zhou Xuzhou, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules to be notified to the Company and the Stock Exchange.

(b) Interests and short positions of the substantial Shareholders in the Shares, underlying shares and debentures of the Company

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the following persons (other than the Directors or chief executive of the Company) had, or were deemed or taken to have, an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 5% or

more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital:

| Name of substantial Shareholders | Capacity | Total interests (Note 1) | Percentage of total issued Shares |
|---|------------------------------------|-----------------------------|---|
| U-Home Group International Limited (Note 2) | Beneficial owner | 815,154,000(L) | 49.70 |
| | | 840,154,000(S) | 51.23 |
| U-Home Group Investment Limited (Note 3) | Beneficial owner | 333,102,000(L) | 20.31 |
| | | 333,102,000(S) | 20.31 |
| Yuhua Enterprises Company Limited | Interest in controlled corporation | 333,102,000(L) | 20.31 |
| | | 333,102,000(S) | 20.31 |
| 安徽宇華房地產開發有限公司 (Anhui Yuhua Real Estate Development Company Limited*) (Note 3) | Interest in controlled corporation | 333,102,000(L) | 20.31 |
| | | 333,102,000(S) | 20.31 |
| Yee Sheng Enterprises Company Limited (Note 3) | Interest in controlled corporation | 333,102,000(L) | 20.31 |
| | | 333,102,000(S) | 20.31 |
| Kambert Enterprises Limited (Note 3) | Interest in controlled corporation | 333,102,000(L) | 20.31 |
| | | 333,102,000(S) | 20.31 |
| U-Home Property (Group) Limited (Note 3) | Interest in controlled corporation | 333,102,000(L) | 20.31 |
| | | 333,102,000(S) | 20.31 |
| Shunda Investment Limited (Notes 2 and 3) | Interest in controlled corporation | 1,148,256,000(L) | 70.01 |
| | | 1,173,256,000(S) | 71.54 |
| Mr. Zhou Xuzhou (Note 2 and 3) | Interest in controlled corporation | 1,148,256,000(L) | 70.01 |
| | | 1,173,256,000(S) | 71.54 |

* for identification purpose only

Notes:

- The letter “L” denotes the person’s long position in the Shares whereas the letter “S” denotes the person’s short position in the Shares.
- U-Home Group International Limited is wholly and beneficially owned by Shunda Investment Limited which in turn is wholly and beneficially owned by Mr. Zhou Xuzhou.

3. U-Home Group Investment Limited is wholly and beneficially owned by Yuhua Enterprises Company Limited. Yuhua Enterprises Company Limited is wholly and beneficially owned by Anhui Yuhua Real Estate Development Company Limited*. Anhui Yuhua Real Estate Development Company Limited* is wholly and beneficially owned by Yee Sheng Enterprises Company Limited. Yee Sheng Enterprises Company Limited is wholly and beneficially owned by Kambert Enterprises Limited. Kambert Enterprises Limited is wholly and beneficially owned by U-Home Property (Group) Limited. U-Home Property (Group) Limited is wholly and beneficially owned by Shunda Investment Limited, which in turn is wholly and beneficially owned by Mr. Zhou Xuzhou.

As at the Latest Practicable Date, save as disclosed above, so far as was known to the Directors, no other person (other than the Directors or chief executive of the Company) had, or was deemed or taken to have an interest or short position in the Shares or/and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as stated above, as at the Latest Practicable Date, according to the register of interests required to be kept by the Company under Section 336 of the SFO, no other persons were recorded to hold any long or short positions in the shares or underlying shares or the equity derivatives of the Company.

4. DIRECTORS' SERVICE CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group which does not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. COMPETING INTEREST

As at the Latest Practicable Date, save for Mr. Zhou Xuzhou and Mr. Chen Xuejun, who held shareholding or other interests and/or directorships in companies or entities engaged in the businesses of property investment and development in the PRC and Ms. Zhou Wen Chuan, who is an associate of Mr. Zhou Xuzhou, none of the Directors or their respective associate(s) are considered to have interests in business which compete or are likely to compete, either directly or indirectly, with the business of the Group which require disclosure under the Listing Rules. In any event, such Directors will be subject to the usual requirement to abstain from voting on resolutions of the Board approving any proposal in which any Director or his associate has a material interest, such that the decision making of the Board should not be affected by such material interest.

6. INTERESTS IN ASSETS AND/OR CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, save as disclosed in relation the JV Agreement, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group.

7. DIRECTORS' INTEREST IN THE JV AGREEMENT

Mr. Zhou Xuzhou and Mr. Chen Xuejun had material interest in the JV Agreement and the transactions contemplated thereunder and had abstained from voting on the relevant Board resolutions concerning the JV Agreement and the transactions contemplated thereunder.

As at the Latest Practicable Date, other than Mr. Zhou Xuzhou and Mr. Chen Xuejun, none of the Directors had any material interest in the JV Agreement and the transactions contemplated thereunder and were required to abstain from voting on the resolution passed by the Board to approve the entering into of the JV Agreement and the transactions contemplated thereunder.

8. MATERIAL CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2013 (being the date to which the latest published audited financial statements of the Group have been made up).

9. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

10. EXPERT AND CONSENT

- (a) The following is the qualification of Industrial Securities which has provided its opinion or advice which is contained in this circular:

| Name | Qualification |
|-----------------------|--|
| Industrial Securities | a licenced corporation to carry out Type 1 (dealing in securities) and Type 6 (advising in corporate finance) regulated activities under the SFO |

- (b) As at the Latest Practicable Date, Industrial Securities did not have any shareholding directly or indirectly in any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (c) As at the Latest Practicable Date, Industrial Securities did not have any direct or indirect interest in any asset which had been, since 31 March 2013, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to any member of the Group.
- (d) Industrial Securities has given and have not withdrawn its written consent to the issue of this circular with inclusion of its letter and references to its name in the form and context in which they appear.
- (e) The letter of Industrial Securities is given as of the date of this circular for incorporation herein.

11. MISCELLANEOUS

The English text of this circular and the accompanying form of proxy shall prevail over the Chinese text.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the Company's principal place of business in Hong Kong at Unit 01, 12/F., International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong for a period of 14 days (excluding Saturdays and public holidays) from the date of this circular and will be available for inspection at the SGM:

- (a) the JV Agreement;
- (b) the letter from the Independent Board Committee, the text of which is set out in the section headed "Letter from the Independent Board Committee" as set out in this circular;
- (c) the letter from Industrial Securities, the text of which is set out in the section headed "Letter from Industrial Securities" of this circular;
- (d) the written consent of Industrial Securities and referred to in this Appendix; and
- (e) this circular.



宇业控股

U-HOME HOLDINGS

U-HOME GROUP HOLDINGS LIMITED

宇業集團控股有限公司

(Formerly known as Jiwa Bio-Pharm Holdings Limited “積華生物醫藥控股有限公司”*)

(Incorporated in Bermuda with limited liability)

(Stock Code: 2327)

NOTICE IS HEREBY GIVEN that an special general meeting of the shareholders of U-Home Group Holdings Limited (the “**Company**”) will be held at Room 3, United Conference Centre, 10/F, United Centre, 95 Queensway, Hong Kong on Thursday, 2 January 2014 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution as ordinary resolution of the Company, with or without modification:

ORDINARY RESOLUTION

“**THAT:**

- (a) the entering into of the investment agreement dated 26 November 2013 (the “**JV Agreement**”) between U-Home Enterprise Development Company Limited, Chizhou City Yucheng Co., Ltd.*, Shenzhen Lingnan Group Co., Ltd.* and Mr. Zhu Yunzhao, a copy of which has been produced to the meeting and signed by the Chairman of the meeting for identification purposes, and transactions contemplated thereunder, details of which are more particularly described in the circular of the Company dated 13 December 2013, be and are hereby approved, confirmed and ratified; and
- (b) any one Director, or any two Directors if the affixation of the common seal is necessary, of the Company be and is hereby authorised for and on behalf of the Company to execute any such other documents, instruments and agreements and to do any such acts or things deemed by him/her/them to be incidental to, ancillary to or in connection with the matters contemplated in the JV Agreement and transactions contemplated thereunder.”

By Order of the Board

U-Home Group Holdings Limited

Zhou Wen Chuan

Executive Director and Chief Executive Officer

Hong Kong, 13 December 2013

* For identification purposes only

NOTICE OF SGM

Notes:

- (1) A form of proxy for use at the meeting is enclosed herewith.
- (2) Any member of the Company entitled to attend and vote at the meeting is entitled to appoint in writing one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company. The proxies of a member who has appointed more than one proxy may only vote on a poll.
- (3) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer, attorney or other person authorised to sign the same. If that instrument is signed by an attorney of the appointor, the power of attorney authorising the attorney to sign, or other documents of authorisation, must be notarially certified.
- (4) In order to be valid, the form of proxy, together with the power of attorney (if any) or other authority (if any) under which it is signed, or a notarilly certified copy of such power or authority, must be deposited at the branch registrar, Tricor Standard Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be).
- (5) Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting, whether in person or by proxy, the joint registered holders present whose name stands first on the register of members in respect of the shares shall be accepted to the exclusion of the votes of the other registered holders.
- (6) Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.

As at the date of this notice of meeting, the Board comprises Mr. Zhou Xuzhou, Mr. Liu Lailin and Ms. Zhou Wen Chuan as executive Directors, Mr. Chen Xuejun as non-executive Director and Mr. Gao Guanjiang, Professor Wilton Chi Wai Chau and Mr. Lee Cheuk Yin, Dannis as independent non-executive Directors.