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漢港控股
SINO HARBOUR HOLDINGS

SINO HARBOUR HOLDINGS GROUP LIMITED

漢港控股集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1663)

VOLUNTARY ANNOUNCEMENT BUSINESS UPDATE INTENTION OF ENTERING THE STEM CELL INDUSTRY IN GUANGXI AUTONOMOUS REGION, THE PRC

This announcement is made by Sino Harbour Holdings Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to inform its shareholders and potential investors of the latest information about the Group.

BACKGROUND

The board of directors of the Company (the “**Directors**” and the “**Board**”, respectively) is pleased to announce the incorporation of a new subsidiary of the Company, Guangxi Gangrun Bio Technology Limited (廣西港潤生物技術有限公司) (“**Guangxi Gangrun**”), which is held by Zhejiang Sino Harbour Bio Technology Limited (浙江漢港生物技術有限公司) (“**Zhejiang SH**”), the Company’s indirect wholly-owned subsidiary, together with Zhejiang Gene Stem Cell Biotech Company Limited (浙江金時代生物技術有限公司) (“**Zhejiang GSCB**”) and Mr. Mao JianFeng (“**Mr. Mao**”). The shareholdings in Guangxi Gangrun held by Zhejiang SH, Zhejiang GSCB and Mr. Mao are 60%, 30% and 10% respectively. Guangxi Gangrun is incorporated following the entering into of a technology cooperation framework agreement (the “**Framework Agreement**”) between Jiangxi Sino Harbour Technology Limited (江西漢港科技有限公司) (“**Jiangxi SH**”), the immediate holding company of Zhejiang SH, The Maternal and Child Health Hospital of Guangxi Zhuang Autonomous Region (廣西壯族自治區婦幼保健院) (“**Guangxi M&C Hospital**”) and Zhejiang GSCB on 28 October 2016.

ENTERING INTO OF THE FRAMEWORK AGREEMENT

On 28 October 2016, Jiangxi SH, Guangxi M&C Hospital and Zhejiang GSCB entered into the Framework Agreement in order to leverage on their respective expertise and resources to participate in the stem cell industry (the “**Cooperation**”). A summary of the salient terms of the Framework Agreement is set out as follows:

- (a) Jiangxi SH and Zhejiang GSCB shall establish a new company (the “**New Company**”) and the shareholdings shall be confirmed by the two parties;
- (b) the New Company shall enter into a separate agreement with Guangxi M&C Hospital for the details of services and supports to be provided by Guangxi M&C Hospital;
- (c) Guangxi M&C Hospital will leverage on its own resources and technical advantages to develop stem cell technologies. The New Company has a preferential right to be involved in such technologies developed by Guangxi M&C Hospital;
- (d) the contracting parties are targeting to build Guangxi M&C Hospital into a leading international stem cell base; and
- (e) the Cooperation shall expire on 28 October 2021. Upon the expiry, the contracting parties may enter into another agreement to extend the Cooperation by mutual consent.

BACKGROUND OF GUANGXI M&C HOSPITAL AND ZHEJIANG GSCB

Established in 1965, Guangxi M&C Hospital is a provincial Class Three Grade A (三級甲等) public hospital located at Nanning City (南寧市), Guangxi Zhuang Autonomous Region (廣西壯族自治區) (“**Guangxi Autonomous Region**”), the People’s Republic of China (the “**PRC**”). Class Three Grade A is the highest rank under The Measurement for the Administration of the Hospital Grade (醫院分級管理辦法) of the PRC. Guangxi M&C Hospital has nearly 800 beds and provides a comprehensive medical service, especially in obstetrics and gynecology as well as pediatrics service.

Zhejiang GSCB engages in the business of commercialization of stem cell technology in the PRC. It is one of the implementation units of the National High-tech R&D Program of the PRC (國家高技術研究發展計劃). National High-tech R&D Program, also called 863 Program (863計劃), is implemented by the Ministry of Science and Technology of the PRC (中華人民共和國科學技術部) and advocates to boost the innovation capacity of high-tech sectors. Zhejiang GSCB has an expertise in stem cell technology, including but not limited to liquid separation, extraction, cultivation and enlargement of stem cells. In 2015, Dr. Lu Min (陸敏博士), the founder of Zhejiang GSCB, obtained a commendation certificate issued by the State Council of the PRC (中華人民共和國國務院) for his contribution.

The immediate holding company of the Company – Pan Hong Holdings Group Limited (“**Pan Hong Group**”) became the third largest shareholder of Zhejiang GSCB by acquiring its 10% equity interest in 2013. Though Pan Hong Group is currently holding a 10% equity interest in Zhejiang GSCB, Zhejiang GSCB does not fall into the definition of a connected person of the Company under Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and as such, the entering into of the Framework Agreement as well as the establishment of Guangxi Gangrun do not constitute connected transactions of the Company under the Listing Rules.

BACKGROUND OF GUANGXI GANGRUN

Guangxi Gangrun was incorporated in the PRC with a registered capital of RMB10.0 million (equivalent to approximately HK\$11.3 million). The registered capital will be paid up before 1 January 2022. The business activities of Guangxi Gangrun include but are not limited to (i) the storage of biological resources; (ii) genetic testing technology services; (iii) development, transfer and consultation services of cell and genetic products; (iv) development of transgenic biotechnology products, cell culture reagents, biological tissue products, biological diagnostic testing reagents and related consumables; (v) development of other biological products and medical equipment as well as (vi) production and sale of cell products, cell extract, cell culture reagents and diagnostic reagents. The biographical information of major senior management of Guangxi Gangrun is as follows:

Dr. Dai Yifan (戴一凡博士) (“**Dr. Dai**”) is the supervisor (監事) of Guangxi Gangrun. Dr. Dai is one of the fifth batch recruited experts under “The Recruitment Program of Global Experts (海外高層次人才引進計劃)” (also known as “The Thousand Talents Plan (千人計劃)”) by Organization Department of the Communist Party of China Central Committee (中國共產黨中央委員會組織部). Dr. Dai was a leading personnel of Jiangsu Province Science and Technology Innovation Team (江蘇省科技創新團隊) in 2012. He is also a professor of Cheung Kong Scholars Programme (長江學者講座) of Ministry of Education of the PRC (中華人民共和國教育部) and was awarded “Jiangsu Province 1st May Model Worker (江蘇省五一勞動模範)” in 2012. Dr. Dai is also the director of Key Laboratory of Xenotransplantation of Jiangsu Province (江蘇省異種移植重點實驗室), the vice director of The Center of Metabolic Disease Research (代謝疾病研究中心) in Nanjing Medical University (南京醫科大學) and a distinguished professor and doctoral tutor of Nanjing Medical University. He has been elected for the “Programme of Innovative and Entrepreneurial Talent (雙創人才)”, “Zijin Talent (紫金人才)” and the “Programme of Nanjing City Jiangning District Thousand Hundred and Ten Excellent Project (南京市江寧區千百十計劃)”.

Dr. Zhao Xiang (趙翔博士) (“**Dr. Zhao**”) is the technical director (技術總監) and an executive director of Guangxi Gangrun. Dr. Zhao has worked for more than twenty years in stem cell research and translational medicine in the United States of America. He has participated in more than ten projects of stem cell research and treatment. Dr. Zhao graduated from Fudan University (復旦大學) with a Bachelor’s Degree in Genetics and Genetic Engineering and a Master’s Degree in Molecular Genetics. Dr. Zhao obtained his Ph.D in Developmental and Molecular Biology at the Albert Einstein College of Medicine and continued postdoctoral work and researches in University of Michigan. Dr. Zhao is currently the academic leader of the Zhejiang University School of Medicine Huzhou Biological Technology Industry Innovation Center (浙江工業大學醫學院湖州生物技術產業創新中心) and technical director of Zhejiang GSCB.

REASONS FOR THE COOPERATION

In December 2012, the State Council of the PRC announced the Regulations on Bio Industry Development (生物產業發展規劃) with a proposal that the bio industry will be developed as a pillar of the national economy in year 2020.

In August 2015, the National Health and Family Planning Commission of the PRC (中華人民共和國國家衛生和計劃生育委員會) and China Food and Drug Administration (國家食品藥品監管總局) jointly announced the Clinical Scientific Research and Development in Stem Cells Management Pilot Program (幹細胞臨床研究管理辦法(試行)) to define the rules and regulations of clinical study of stem cells in a clear way.

Driven by favourable national policies as mentioned above, the stem cell industry is expected to enjoy a rapid growth in the PRC. In addition, the relaxation of the one child policy and the rising of aging population in the PRC are expected to continuously drive the demand for the biomedical industry. Benefiting from these favourable demographic trends, the Board is of the view that the biomedical industry will be in a long growth cycle.

Guangxi Autonomous Region which is located in the southwest region of the PRC is next to Yunnan Province (雲南省), Guangdong Province (廣東省) as well as Hunan Province (湖南省), the PRC. Guangxi Autonomous Region is close to the member countries of the Association of Southeast Asian Nations (“**ASEAN**”) including Vietnam, Thailand and Myanmar. This geographical vantage allows advantage to the Cooperation to extend its reach to the member countries of ASEAN.

With the Group's intention to enter the healthcare and pharmaceutical related industry, the Company's wholly-owned subsidiary, Jiangxi Asia City Real Estate Development Co., Ltd. (江西亞洲城房地產開發有限公司) had entered into a subscription agreement on 27 November 2015 to subscribe for a 30% equity interest in Zhejiang Davi Pharmaceutical Co., Ltd. (浙江大為藥業有限公司). In addition, the Company's wholly-owned subsidiary, Sino Harbour Bio Technology Limited (漢港生物科技股份有限公司) had entered into a strategic cooperation framework agreement on 22 February 2016 for entering the bio technology and healthcare industries in Guangdong Province, the PRC. The Board is of the view that the entering into of the Framework Agreement will provide another opportunity for the Group to expand its coverage in the healthcare industry and will potentially expand its income sources.

The Board considers that the terms of the Framework Agreement are fair and reasonable and the Cooperation is in the best interest of the Company and its shareholders as a whole.

GENERAL

The Board wishes to emphasize that the Framework Agreement is non-binding and it may or may not lead to the entering into and/or completion of any formal agreement. Any such further business development mentioned above may or may not materialize. The shareholders and/or potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

The Company will issue further announcement(s) to keep the market informed of material developments (if any) as and when appropriate, or where required by the Listing Rules.

By order of the Board

Sino Harbour Holdings Group Limited

SHI Feng

Deputy Chairman and Chief Executive Officer

Hong Kong, 20 January 2017

As at the date of this announcement, the Board comprises seven Directors, including three executive Directors, namely Mr. SHI Feng (Deputy Chairman and Chief Executive Officer), Mr. WONG Lui and Ms. GAO Lan; one non-executive Director, namely Ms. CHAN Heung Ling (Chairlady); and three independent non-executive Directors, namely Mr. XIE Gang, Mr. LEE Man To and Ms. ZHANG Juan.