

PAN HONG HOLDINGS GROUP LIMITED

(Incorporated in Bermuda)

(Registration Number: 37749)



THE ENTERING INTO OF A SUPPLEMENTARY AGREEMENT

1. INTRODUCTION AND PRINCIPAL TERMS

The Board of Directors (the “**Board**”) of Pan Hong Holdings Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Company’s announcements dated 6 October 2015 and 15 December 2015 (the “**Previous Announcements**”) in relation to the entering into of a strategic cooperation framework agreement and a joint venture agreement (the “**JV Agreement**”) between (i) Sino Harbour Bio Technology Limited (“**SH BioTech HK**”); (ii) Zhejiang University of Technology Assets Operation Limited (浙江工業大學資產經營有限公司) (“**Uni Assets Ltd**”) and (iii) Irvine Pharmaceutical Services, Inc. (“**IPS**”). SH BioTech HK is a wholly and indirectly owned subsidiary of Sino Harbour Holdings Group Limited (“**Sino Harbour**”) which is listed on the Main Board of The Stock Exchange of Hong Kong Limited and approximately 73.05% owned by the Company.

As disclosed in the Previous Announcements, all relevant parties had agreed to incorporate a joint venture company (the “**New Company**”) in the People’s Republic of China to enter into the pharmaceutical inspection industry.

Further to the Previous Announcements, the Board wishes to announce that SH BioTech HK has on 4 November 2016, entered into a supplementary agreement to the JV Agreement (the “**Supplementary Agreement**”) with Uni Assets Ltd and IPS. Pursuant to the Supplementary Agreement, all parties agree that, amongst other things:-

- (1) The registered capital of the New Company will be reduced to RMB60.00 million from the intended registered capital of RMB64.00 million as set out in the Previous Announcements;
- (2) SH BioTech HK will be injecting a capital of RMB45.00 million by cash (the “**Consideration**”) to subscribe for a 75% equity stake in the New Company (the “**Subscription**”) instead of the intended capital injection of RMB38.40 million to subscribe for a 60% equity stake in the New Company;

30% of the Consideration (i.e. RMB13.50 million) will be paid up within 2 months after the issuance of the business license of the New Company. The remaining 70% of the Consideration will be paid up in accordance with the operation needs of the New Company within 4 years after the said issuance;

- (3) Uni Assets Ltd will be injecting a capital of RMB3.00 million by cash to subscribe for a 5% equity stake in the New Company instead of the intended capital injection of RMB12.80 million to subscribe for a 20% equity stake in the New Company. All of its consideration will be paid up within 1 year after the issuance of the business license of the New Company;
- (4) IPS will be injecting its intangible assets which are required for the operation of the New Company in an aggregate fair value of RMB12.00 million in return for a 20% equity stake of the New Company instead of the intended capital injection in an aggregate fair value of RMB12.80 million of intangible assets in return for a 20% equity stake of the New Company;

- (5) IPS guarantees that the New Company (and its facilities) shall pass the relevant U.S. Food and Drug Administration (“**FDA**”) inspection and/or audit and obtain the FDA registration within 2 years after the issuance of the business license of the New Company, in order to become a FDA approved laboratory; and
- (6) The non-competition arrangement as mentioned in Previous Announcements had been voided.

2. CONDITION OF THE SUPPLEMENTARY AGREEMENT

The Supplementary Agreement shall only be effective upon the approval by Zhejiang University of Technology (浙江工業大學) (“**ZH Tech University**”). Uni Assets Ltd is an asset management company established by ZH Tech University as mentioned in the Previous Announcements.

3. RELATIVE FIGURES COMPUTED PURSUANT TO RULE 1006 OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“**SGX-ST LISTING MANUAL**”)

Rule 1006 (a) Net Asset Value	Not applicable as this transaction is not a disposal of assets.
Rule 1006 (b) Net Profits	Not applicable as there are no profits attributable from the Acquisition.
Rule 1006 (c) Market Capitalisation	The capital contribution to be paid, RMB45,000,000 (equivalent to approximately S\$9,233,800 based on the exchange rate of S\$1.00 : RMB4.8734) represents approximately 9.01% of the Company's market capitalisation of S\$102,462,205 as at 3 November 2016.
Rule 1006 (d) Equity Securities	Not applicable as the Purchase Consideration is to be fulfilled by cash payment.

The Subscription is classified as a discloseable transaction for the purposes of Chapter 10 of the Listing Manual as the relative figure under Rule 1006(c) of the SGX-ST Listing Manual exceeds 5% but does not exceed 20%.

4. FINANCIAL IMPACTS OF THE SUBSCRIPTION

The Subscription is not expected to have any material impact on the Group's earnings per share and net tangible assets for the current financial year ending 31 March 2017.

5. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the directors or substantial shareholders of the Company have any interest, direct or indirect, in the New Company, Uni Assets Ltd and IPS (other than through their direct or indirect shareholdings in the Company).

6. SERVICES CONTRACTS

No person is proposed to be appointed as a director of the Company or Sino Harbour in connection with the Subscription.

7. FURTHER ANNOUNCEMENTS

The Company will make further announcement(s) to keep shareholders informed, as and when there are further updates pertaining to the above matters or if there are any material developments.

8. CAUTIONARY STATEMENT

Shareholders and potential investors should exercise caution when trading in the shares of the Company, as mentioned in aforesaid point 2, the Supplementary Agreement shall not be effective unless certain condition is met. There is no certainty or assurance as at the date of this announcement that all necessary approval for the Supplementary Agreement will be granted. In the event of any doubt as to the action they should take, shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisers.

By Order of the Board

Wong Lam Ping
Executive Chairman

4 November 2016