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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
ENTERING INTO OF A STRATEGIC COOPERATION
FRAMEWORK AGREEMENT**

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.

The board of directors (the “**Board**”) of the Company is pleased to announce that on 22 February 2016, the Company’s wholly owned subsidiary, Sino Harbour Bio Technology Limited (漢港生物科技有限公司) (“**SH BioTech HK**”) entered into a strategic cooperation framework agreement (the “**Framework Agreement**”) with (i) The First Affiliated Hospital of Shantou University Medical College (汕頭大學醫學院第一附屬醫院) (“**Shantou Uni Hospital**”); (ii) Zhejiang Gene Stem Cell Biotech Company Limited (浙江金時代生物技術有限公司) (“**Zhejiang GSCB**”) and (iii) Beijing Sanyouli Technology Development Company Limited (北京三有利科技發展有限公司) (“**BJ Sanyouli**”).

According to the Framework Agreement, all parties will leverage on their respective expertise and resources to participate in the stem cells industry (the “**Cooperation**”). A new company (the “**New Company**”) will be set up by SH BioTech HK, Zhejiang GSCB and BJ Sanyouli in the People’s Republic of China (the “**PRC**”) for the Cooperation purposes. SH BioTech HK will be the largest shareholder of the New Company. The shareholding structure of the New Company will be further negotiated.

PRINCIPAL TERMS OF THE FRAMEWORK AGREEMENT

A summary of the salient terms of the Framework Agreement is set out as follows:

- (a) Shantou Uni Hospital shall provide necessary support and management to the operation of the New Company including human resources and medical resources. Shantou Uni Hospital shall receive an annual management fee of 6% calculated based on the operating income of the New Company for the services provided. Operating income represents the New Company's operating revenue from production, storage and therapy services, excluding income from outbound research, capital market operation, corporate valuation appreciation and transfer of technology.

The New Company shall enter into a separate agreement with Shantou Uni Hospital for the details of services to be provided by Shantou Uni Hospital.

The New Company shall also enter into other agreements with Shantou Uni Hospital in respect of any further cooperation at a fee to be agreed.

- (b) Shantou Uni Hospital will offer the New Company a preferential right of handling the stem cells collection and storage business from its Obstetrics and Gynecology Department.
- (c) The plaques and signs of "The First Affiliated Hospital of Shantou University Medical College (汕頭大學醫學院第一附屬醫院)" can be used by the New Company for its stem cells business.
- (d) The New Company will be mainly engaged in comprehensive stem cells business, including but not limited to:
 - i) collection and storage of stem cells, including cord blood stem cells, umbilical cord mesenchymal stem cells and adipose-derived stem cells;
 - ii) proliferation of stem cells, clinical study and applied investigation of stem cells and research and development of products in stem cells; and
 - iii) transplantation of stem cells and medical treatments by stem cells.
- (e) The contracting parties intend to establish hospitals or cooperate with relevant local hospitals for health and anti-aging therapy, cancer therapy and dental services in Shantou City, Guangdong Province, the PRC. Relevant agreements will be further negotiated and entered into separately by all parties.

- (f) The contracting parties may explore the stem cells business, especially in self-immune system storage technology, in other countries outside the PRC.
- (g) The contracting parties propose to rent premises in Shantou City, Guangdong Province, the PRC for the New Company's start-up operation. The New Company may apply to the government for land to meet its operation need for the medical and research and development use.
- (h) The Cooperation shall expire on 20 February 2036. Upon the expiry, the contracting parties may enter into another agreement to extend the Cooperation as mutually agreed.

BACKGROUND OF SHANTOU UNI HOSPITAL, ZHEJIANG GSCB AND BJ SANYOULI

Shantou Uni Hospital is a provincial Class Three Grade A (三级甲等) public hospital located at Shantou City, Guangdong Province, the PRC. Class Three Grade 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. Shantou Uni Hospital has a construction area of approximately 110,000 square metres. In 2013, Shantou Uni Hospital, the core hospital, formed a Medical Treatment Combination (醫療聯合體) which covers several Class One Grade to Class Three Grade medical institutions.

Zhejiang GSCB engages in the business of commercialization of stem cells 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 cells technology, including but not limited to liquid separation, extraction, cultivation and enlargement of stem cells. In 2015, the founder of Zhejiang GSCB, Dr. Lu Min (陸敏博士) 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 under Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and as such, the entering into the Framework Agreement as well as the establishment of the New Company do not constitute connected transactions of the Company under the Listing Rules.

BJ Sanyouli engages in stem cells technology operation. It has advanced knowledge of using stem cells technology in dental therapy and established the first dental cell resources storehouse in the PRC. The founder of BJ Sanyouli, Wu Zuze (吳祖澤) is Member of the Chinese Academic of Sciences (中國科學院院士) and is a well-known hematopoietic stem cells expert in the world. He is also hailed as the father of hematopoietic stem cells in the PRC (中國造血幹細胞之父). In 2015, an asteroid discovered by the Purple Mountain Observatory, Chinese Academy of Science (中國科學院紫金山天文台) was named as “Wu Zuze Asteroid” (吳祖澤星) for his special contribution.

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) to propose that the bio industry will be developed as a pillar of the national economy in year 2020.

In July 2015, the People’s Government of Guangdong Province of the PRC (中國廣東省人民政府) announced the Action Plan for Advancement of Health Services Development in Guangdong Province (2015-2020) (廣東省促進健康服務業發展行動計劃(2015-2020)), which emphasized the advancement of high-end technology including stem cells therapy, tumour immunotherapy and gene therapy, in order to develop an international high-end medical industry cluster.

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 cells industry is expected to become a growth industry 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. With favorable demographic trends, the Board is of the view that the biomedical industry will be in a long growth cycle.

With the Group’s intention to enter into the pharmaceutical and medical related industry, the Group’s wholly-owned subsidiary, Jiangxi Asia City Real Estate Development Co., Ltd., had entered into a subscription agreement on 27 November 2015 to subscribe for a 30% equity interest in Zhejiang Davi Pharmaceutical Co., Ltd. In addition, SH BioTech HK had entered into a joint venture agreement on 15 December 2015 to subscribe for a 60% equity interest in a new company which will engage in pharmaceutical inspection business. The Board is of the view that the entering into of the Framework Agreement will provide a further opportunity for the Group to enter into the healthcare relevant 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.

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.

By order of the Board
Sino Harbour Holdings Group Limited
SHI Feng
Deputy Chairman and Executive Director

Hong Kong, 22 February 2016

*As at the date of this announcement, the Board comprises seven directors of the Company (the “**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.*