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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
SUBSCRIPTION FOR 30% EQUITY INTEREST IN
ZHEJIANG DAVI PHARMACEUTICAL CO., LTD.**

On 27 November 2015, JX Asia City entered into the Subscription Agreement to subscribe for the equity interest in the Target Company. Upon the completion of the Subscription, JX Asia City will hold 30% of the equity interest of the Target Company as enlarged by the increase of its registered capital.

As all the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Subscription by the Company are less than 5%, the Subscription does not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

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 of the Company (the “**Board**”) is pleased to announce that on 26 November 2015, 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) (“**JX Asia City**”), entered into a subscription agreement (the “**Subscription Agreement**”) to subscribe for the equity interest in Zhejiang Davi Pharmaceutical Co., Ltd. (浙江大為藥業有限公司) (the “**Target Company**”) at a consideration of USD3.2 million (approximately RMB20.4 million or HK\$24.8 million) (the “**Consideration**” and the “**Subscription**”, respectively). Upon the completion of the Subscription, JX Asia City will hold 30% of the equity interest in the Target Company as enlarged by the increase of its registered capital.

INFORMATION OF THE TARGET COMPANY

The Target Company was incorporated in 2004 in the People's Republic of China (the "PRC") with a registered capital of USD8.0 million (approximately HK\$62.0 million) (the "**Existing Registered Capital**"). Currently, it has a paid-up capital of USD4,420,784.21 (approximately HK\$34.3 million) and is wholly owned by Smartway Trading Limited (卓威貿易有限公司) ("**Smartway**"). The principal activities of the Target Company are research and development, manufacturing and sale of active pharmaceutical ingredients and intermediates.

The Target Company has been classified as a National New and High Technology Enterprise (國家級高新科技企業) since August 2013. It possesses an experienced research and development team and a senior engineer team in active pharmaceutical ingredients and intermediates.

The Target Company has a facility of 35,000 square metres for its operation. It was awarded the Certificate of Good Manufacturing Practices for Pharmaceutical Products People's Republic of China (**GMP**) (中國藥品生產質量管理規範證書) in May 2010. The facility of the Target Company is established according to the standards of the U.S. Food and Drug Administration (**FDA**). In October 2015, the Target Company obtained the certificate of FAMI-QS. Currently, only a few companies have obtained the FAMI-QS qualification in the PRC. FAMI-QS is the "Community Guide to Good Practice" recognised by the European Commission. With the accreditation of FAMI-QS, the Target Company is able to export its products to Europe.

The major products of the Target Company are calcium folinate, calcium levofolate, methotrexate, methotrexate sodium, omeprazole magnesium, esomeprazole magnesium and esomeprazole sodium.

SUBSCRIPTION AGREEMENT

Consideration and Payment

Smartway has agreed to waive its pre-emptive right of the subscription for new equity interest in the Target Company while JX Asia City has agreed to subscribe for 30% of the equity interest in the Target Company as enlarged by the increase of its registered capital by way of capital injection into the Existing Registered Capital at the Consideration. Upon the completion of the Subscription, the Target Company will be an associated company of the Company.

The Consideration will be settled in Renminbi and translated at a designated exchange rate of RMB6.375 : USD1.000. Hence, the total Consideration to be paid by JX Asia City for the Subscription shall be RMB20.4 million (approximately HK\$24.8 million).

55.26% of the Consideration (the “**First Tranche of the Consideration**”) (i.e. RMB11,273,000 or equivalent to approximately USD1,768,313 or HK\$13.7 million) will be settled within 15 days after the date of the entering into of the Subscription Agreement (the “**Payment Date**”). The remaining 44.74% of the Consideration (i.e. RMB9,127,000 or equivalent to approximately USD1,431,687 or HK\$11.1 million) will be paid according to the operation needs of the Target Company in the operation period and at the same pace that Smartway pays the remaining tranche of the Existing Registered Capital. If JX Asia City is not able to settle the First Tranche of the Consideration within 3 days from the Payment Date, Smartway has the right to rescind the Subscription Agreement.

The Consideration was arrived at after arm’s length negotiations amongst JX Asia City, Smartway and the Target Company on normal commercial terms.

In the event that the change of particulars of the business registration of the Target Company in the PRC (the “**Change**”) is not able to be completed within two months from the date of the entering into the Subscription Agreement, JX Asia City has the right to rescind the Subscription Agreement. However, if the Target Company, for any of its own reason, is not able to complete the Change pursuant to the relevant legal procedures, JX Asia City has the right to request the Target Company to refund the First Tranche of the Consideration before 25 January 2016 and if the Target Company cannot refund the Consideration before 25 January 2016, an interest of 13% per annum will be charged on the Consideration paid by JX Asia City.

Upon the completion of the Subscription, the Existing Registered Capital of the Target Company will be increased to USD11.2 million (approximately HK\$86.8 million) and JX Asia City and Smartway will hold 30% and 70% of the equity interest in the Target Company respectively.

Exiting Arrangement

JX Asia City may exit the Subscription under any one of the following conditions:

- A. The audited net profit of the Target Company for the year ending 31 December 2016 is less than RMB7.0 million (approximately HK\$8.5 million); or

- B. The audited net profit of the Target Company for the year ending 31 December 2017 is less than RMB9.0 million (approximately HK\$10.9 million); or
- C. The audited net profit of the Target Company for the year ending 31 December 2018 is less than RMB11.0 million (approximately HK\$13.4 million); or
- D. The aggregate audited net profit of the Target Company for the years ending 31 December 2016, 2017 and 2018 is less than RMB27.0 million (approximately HK\$32.8 million).

Upon JX Asia City exiting the Subscription, Smartway will have to refund all the tranches of the Consideration paid by JX Asia City, with an additional amount equivalent to 13% per annum of all the tranches of the Consideration paid as from 1 January 2016, and excluding any the dividend distributed and paid to JX Asia City (the “**Exiting Arrangement**”).

Nevertheless, when all the conditions mentioned above are met, JX Asia City can still choose to exit the Subscription in accordance with the Exiting Arrangement.

REASONS FOR THE SUBSCRIPTION

The Group is principally engaged in property development in the PRC.

In recent years, the PRC government has started to reform the national medical system by introducing a series of policies. The medical reform aims to build a nationwide insurance system to provide all of PRC’s population with affordable medical services. Driven by favourable government policies, the pharmaceutical industry is expected to become a growth industry in the PRC. In addition, the aging population in the PRC is expected to continuously drive the demand for pharmaceutical products as it has the largest elderly population in the world, with its pharmaceutical industry experiencing a rapid growth.

With an intent to enter into the pharmaceutical inspection industry, a wholly-owned subsidiary of the Company had entered into a strategic cooperation framework agreement with other independent third parties on 5 October 2015. The Board is of the view that the entering into of the Subscription Agreement will provide further opportunity for the Group to enter into the pharmaceutical industry and potentially expand its income sources. The Exit Arrangement will help to safeguard the Group’s investment.

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

GENERAL

As all the applicable percentage ratios set out in Rule 14.07 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) in respect of the Subscription by the Company are less than 5%, the Subscription does not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

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

Hong Kong, 27 November 2015

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.