

PAN HONG HOLDINGS GROUP LIMITED

(Incorporated in Bermuda)
(Registration Number: 37749)



Acquisition of additional Equity Interest in Zhejiang Gene Stem Cell Biotech Company Limited

1. Introduction

The Board of Directors of Pan Hong Holdings Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Group had through Ms. Wang Cuiping, an Executive Director of the Company, entered into an equity transfer agreement (“**ETA**”) to further acquire 6.6% equity interest in Zhejiang Gene Stem Cell Biotech Company Limited (“**Zhejiang GSCB**”) for a total cash consideration of RMB15.0 million (“**Acquisition**”).

Together with the 10.0% equity interest of Zhejiang GSCB acquired by the Group in September 2013, the Group will hold an aggregate of 16.6% equity interest (“**Investment**”) in Zhejiang GSCB after completion of the Acquisition.

Pursuant to a declaration of trust, Ms. Wang Cuiping shall continue to hold the entire Investment in trust for the Group.

2. Background of Zhejiang GSCB

Zhejiang GSCB is a high-tech biomedical company established jointly by renowned domestic and foreign scientists in life sciences and biotechnology, and bio-industry entrepreneurs, which mainly engages in commercialisation of stem cell technology in the People’s Republic of China (“**PRC**”). The principal activities of Zhejiang GSCB include cell therapy and genetic engineering technology services, research of cell therapy technology, storage of biological resources and genetic testing services etc.

3. Rationale for the Acquisition

With the increase in the national income of the PRC, the health and regimen consciousness for people in the more developed regions of the PRC will be gradually strengthened.

Stem cell is a type of cell with the unique ability to develop into specialized cell types in the body. Because of this unique capability, stem cells are used in therapy to treat or even prevent a disease or condition. Stem cell biotechnology is a field of biotechnology that develops tolls and therapeutics through modification and engineering of stem cells.

The Group believes that stem cell biotechnology industry will be developed rapidly with great market demand and potential. In view of the above, the Board considers that the Acquisition and its Investment in Zhejiang GSCB is in the interests of the Group and the Shareholders.

4. Details of the consideration pursuant to Rule 1010(3), value and net profit of asset acquired pursuant to Rule 1010(5) and Rule 1010(7)

The purchase consideration for the Acquisition is RMB15.0 million ("**Purchase Consideration**") of which RMB5.9 million will be paid within 10 days from the date of the execution of the agreement in relation to the Acquisition ("**Execution Date**") and the remaining RMB9.1 million is required to be settled within two months from Execution Date. The Purchase Consideration was arrived at on a "willing-buyer-and-willing-seller" basis and will be funded by the Group's internal resources.

The net asset value of Zhejiang GSCB is approximately RMB69.0 million as at 31 December 2018. The net profit of Zhejiang GSCB is approximately RMB534,000 for the year ended 31 December 2018.

5. 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 of the assets to be disposed of, compared with the group's net asset value	Not applicable as this transaction is not a disposal of assets.
Rule 1006 (b) Net profits attributable to the assets acquired or disposed of, compared with the group's net profits	Approximately 0.98%.
Rule 1006 (c) Aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares	Approximately 6.57%.
Rule 1006 (d) Number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable as the Purchase Consideration is to be fulfilled by cash payment.

As the relative figure computed on the bases set out in Rule 1006(b) of the Listing Manual of the SGX-ST exceeded 5% but did not exceed 20%, the Acquisition is considered a "Discloseable Transaction" under Rule 1010 of the Listing Manual of the SGX-ST.

6. Further Information

The above transaction is not expected to have any material impact on the Group's earnings per share or net tangible assets for the current financial year ending 31 March 2020. None of the Directors or controlling shareholders of the Company has any direct or indirect interest in the above transaction, save for their shareholdings in the Company and Ms. Wang Cuiping holding the entire Investment in trust for the Group.

No director is proposed to be appointed to the Company in connection with the Investment.

7. Document for Inspection

A copy of the ETA is available for inspection at the office of the Company's Singapore Share Transfer Agent, B.A.C.S. Private Limited, at 8 Robinson Road #03-00 ASO Building Singapore 048544 during normal business hours for three months from the date of this announcement.

By Order of the Board

Wong Lam Ping
Executive Chairman

13 June 2019