

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **Sinopharm Tech Holdings Limited**

**國藥科技股份有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8156)**

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION  
IN RELATION TO THE ACQUISITION OF  
25% EQUITY INTEREST IN THE TARGET COMPANY  
INVOLVING THE ISSUE OF CONSIDERATION SHARES  
UNDER SPECIFIC MANDATE;  
AND  
(2) CONTINUING CONNECTED TRANSACTION**

**THE SALE AND PURCHASE AGREEMENT**

On 17 February 2021 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendor, entered into the Sale and Purchase Agreement pursuant to which the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the Sale Shares, which represent 25% of the issued share capital of the Target Company upon completion of the Reorganisation, at the Consideration of HK\$200 million. The Consideration will be settled by allotment and issue of the Consideration Shares by the Company to the Vendor under the Specific Mandate at the Issue Price of HK\$0.28 per Consideration Share. The Consideration Shares represent (i) approximately 16.65% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 14.27% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares, subject to Completion and assuming that there will be no other changes in the issued share capital of the Company.

Upon Completion, the Target Company will be owned as to 75% by the Vendor and 25% by the Company. As such, the Target Company will be accounted for as an associated company of the Company and the financial performance of the Target Company will not be consolidated into the financial statements of the Company.

### **THE LICENSING AND MASTER SERVICE AGREEMENT**

On 17 February 2021 (after trading hours), the SZCo and the Licensee, being an indirect wholly-owned subsidiary of the Company, entered into the conditional Licensing and Master Service Agreement in relation to the Licensing Arrangement and the Anti-counterfeit Device Services. The effectiveness of the Licensing and Master Services Agreement and completion of the Sale and Purchase Agreement shall be inter-conditional upon each other.

### **GEM LISTING RULES IMPLICATIONS**

#### **The Sale and Purchase Agreement**

As the highest applicable percentage ratio (as defined under the GEM Listing Rules) in respect of the Sale and Purchase Agreement exceeds 5% but all are less than 25%, the entering into of the Sale and Purchase Agreement constitutes a disclosable transaction of the Company and the transaction contemplated thereunder are subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

In addition, as at the date of this announcement, the Vendor is beneficially owned as to 75% by Ms. Woo who is in turn the spouse of Mr. Chan Ting, an executive Director, the chairperson of the Board and the chief executive officer of the Company, and accordingly is a connected person of the Company. As such, the entering into of the Sale and Purchase Agreement constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules, and the transactions contemplated thereunder (including the granting of the Specific Mandate) are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

#### **The Licensing and Master Service Agreement**

The SZCo is currently owned as to 100% by the Vendor (which in turn is owned as to 75% by Ms. Woo), and will be indirectly owned as to 75% by the Vendor upon Completion and hence the SZCo is an associate of the connected person of the Company. As such, the transactions contemplated under the Licensing and Master Service Agreement shall constitute continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

As the largest of the Proposed Annual Caps is expected to exceed 5% of certain applicable percentage ratios under the GEM Listing Rules and is expected to exceed HK\$10 million, the continuing connected transactions contemplated under the Licensing and Master Service Agreement (including the Proposed Annual Caps) therefore are subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

## **GENERAL**

### **EGM**

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve (i) the Sale and Purchase Agreement and the transactions contemplated thereunder (including the granting of the Specific Mandate); and (ii) the Licensing and Master Service Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps).

As at the date of this announcement, the Vendor is not interested in any Shares. Madam Cheung Kwai Lan and Mr. Chan Tung Mei, being the parents-in-law of Ms. Woo who in turn beneficially owns 75% equity interest of the Vendor, hold in aggregate 7,676,000 Shares, and their respective associates, being Best Frontier Investment Limited, hold in 632,920,856 Shares, or in total 640,596,856 Shares, representing approximately 14.93% of the total issued share capital of the Company as at the date of this announcement. In view of the Vendor's interests in the Sale and Purchase Agreement and the Licensing and Master Service Agreement and the respective transactions contemplated thereunder, the Vendor and its associates will abstain from voting at the EGM. Save for the aforementioned and to the best knowledge, information and belief of the Directors, no other Shareholder has a material interest in (i) the Sale and Purchase Agreement and the transactions contemplated thereunder (including the granting of the Specific Mandate); and (ii) in the Licensing and Master Service Agreement and the transactions contemplated thereunder, and is required to abstain from voting on the relevant resolution(s) at the EGM. Save for Mr. Chan Ting, Madam Cheung Kwai Lan and Mr. Chan Tung Mei, who are the associates of the Vendor and considered to have a material interest in the Sale and Purchase Agreement and the Licensing and Master Service Agreement and the respective transactions contemplated thereunder (including the granting of the Specific Mandate), none of the Directors had abstained from voting on the relevant Board resolutions pursuant to the Listing Rules and the bye-laws of the Company.

### **The Independent Board Committee**

An Independent Board Committee (comprising all independent non-executive Directors) has been established to advise the Independent Shareholders on the terms of the Sale and Purchase Agreement (including the granting of the Specific Mandate) and the Licensing and Master Service Agreement and the respective transactions contemplated thereunder. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement and the Licensing and Master Service Agreement and the respective transactions contemplated thereunder (including the granting of the Specific Mandate) are fair and reasonable, on normal commercial terms and in the interest of the Company and the Shareholders as a whole, and as to how to vote in respect of the relevant resolutions at the EGM.

### **Circular**

A circular containing, among others, (i) further details of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) further details of the Licensing and Master Service Agreement and the transactions contemplated thereunder; (iii) a letter from the Independent Board Committee containing its opinions and recommendations relating to the transactions above; (iv) a letter from the independent financial adviser containing its advice on the transactions above; (v) the valuation report on the business of the Target Group; and (vi) a notice convening the EGM will be dispatched to the Shareholders on or before 31 March 2021 in order to allow sufficient time for the preparation of the relevant information for inclusion therein.

**Completion of the Sale and Purchase Agreement is subject to the fulfilment or waiver (as the case may be) of the conditions precedent thereto, and is inter-conditional upon the Licensing and Master Service Agreement having become effective. Accordingly, the transactions contemplated under each of the Sale and Purchase Agreement and the Licensing and Master Service Agreement may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

## **INTRODUCTION**

On 17 February 2021 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendor, entered into the Sale and Purchase Agreement.

On the same date, the Licensee, an indirect wholly-owned subsidiary of the Company, and the SZCo entered into the Licensing and Master Service Agreement.

Completion of the transactions contemplated under the Sale and Purchase Agreement and the effectiveness of the Licensing and Master Service Agreement are inter-conditional upon each other. Details of the principal terms of the Sale and Purchase Agreement and the Licensing and Master Service Agreement are set out below.

## **THE SALE AND PURCHASE AGREEMENT**

### **Principal terms of the Sale and Purchase Agreement and the transactions contemplated thereunder**

Set out below are the principal terms of the Sale and Purchase Agreement.

#### ***Date***

17 February 2021 (after trading hours)

#### ***Parties***

- (i) China Success Enterprises Limited, an indirect wholly-owned subsidiary of the Company, as the Purchaser; and
- (ii) Sharp Associates Limited, as the Vendor.

#### ***Assets to be acquired***

Pursuant to the Sale and Purchase Agreement, the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, the Sale Shares, which represent 25% of the entire issued share capital of the Target Company upon completion of the Reorganisation, free from all Encumbrances and together with all rights and title to and interests in the Sale Shares (including the right to receive all dividends and distributions declared, made or paid on or after the Completion).

#### ***Consideration***

The Consideration for the Sale Shares is HK\$200 million, which shall be settled by the Purchaser procuring the Company to allot and issue the Consideration Shares to the Vendor (or its nominee(s)) at the Issue Price of HK\$0.28 per Consideration Share in three tranches when meeting the guaranteed profit targets and in the manner as set out in the section headed “Profit guarantee” below.

The Consideration was determined based on arm's length negotiations between the Company and the Vendor, with reference to, (i) the guarantee provided by the Vendor to the Purchaser on the actual audited net profits after taxation of the Target Group for the guarantee periods, details of which are set out in the sub-section headed "Profit guarantee" below; (ii) the preliminary valuation of the business of the Target Group prepared by an independent valuer of being greater than HK\$800 million as at 31 December 2020; and (iii) the reasons for and the benefits of entering into the Sale and Purchase Agreement and the transactions contemplated thereunder, details of which are set out in the sub-section headed "Reasons for and benefits of entering into the Sale and Purchase Agreement and Licensing and Master Service Agreement and the respective transactions contemplated thereunder" below.

***Conditions precedent***

Completion is conditional upon the fulfilment (or waiver, where applicable) of the following conditions precedent:

- (a) the Purchaser being reasonably satisfied with the results of the due diligence review to be conducted on the Target Group;
- (b) all necessary consents, licences and approvals required to be obtained on the part of the Vendor and the Target Company in respect of the Sale and Purchase Agreement and the transactions contemplated hereby having been obtained and remain in full force and effect;
- (c) the Reorganisation having been completed in the manner satisfactory to the Purchaser in its absolute discretion and the Vendor having produced such evidence proving and confirming the completion of the Reorganisation to the satisfaction of the Purchaser;
- (d) all necessary consents, licences and approvals required to be obtained on the part of the Purchaser and the Company in respect of the Sale and Purchase Agreement and the transactions contemplated hereby having been obtained and remain in full force and effect;
- (e) without prejudice to the generality of (d) above, the Independent Shareholders having passed a resolution at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated hereunder, including but not limited to the allotment and issue of the Consideration Shares;
- (f) the Purchaser having received a valuation report prepared by an independent valuer designated by the Purchaser indicating that the business value of the Target Group is not less than HK\$800,000,000 on a date as close as practicable to but in any event no later than the date of the circular for the EGM;

- (g) the Listing Committee of the Stock Exchange having granted the approval of the listing of and permission to deal in the Consideration Shares;
- (h) the Licensing and Master Service Agreement having become unconditional (save for the condition that the Sale and Purchase Agreement has become unconditional);
- (i) there being no material adverse changes to the Target Group from the date of the Sale and Purchase Agreement until Completion; and
- (j) the warranties given by the vendor under the Sale and Purchase Agreement remaining true and accurate in all respects.

The Vendor shall use its best endeavours to assist the Purchaser in connection with the due diligence review to be conducted and procure the fulfillment of the conditions set out in (a), (b), (c), (f), (h), (i) and (j) above.

The Purchaser shall use its best endeavours procure the fulfillment of the conditions set out in (a), (d), (e), (g) and (h) above.

The Purchaser may at its absolute discretion at any time waive in writing any of the conditions set out in (a), (i) and (j) above (to the extent it is capable of being waived) and such waiver may be made subject to such terms and conditions as are determined by the Purchaser.

If the conditions set out above have not been satisfied (or as the case may be, waived) on or before 4:00 p.m. on the Long Stop Date, the Sale and Purchase Agreement shall cease and determine and neither party shall have any obligations and liabilities towards each other hereunder save for any antecedent breaches of the terms hereof.

### ***Profit guarantee***

The Vendor warranted and guaranteed to the Purchaser that the audited net profits after taxation of the Target Group on a consolidated basis will (i) not be less than HK\$25,000,000 for the period commencing from 1 July 2021 and ending 31 December 2021 (the “**2021 Guarantee Period**”); (ii) not be less than HK\$50,000,000 for the year ending 31 December 2022 (the “**2022 Guarantee Period**”); and (iii) not be less than HK\$50,000,000 for the year ending 31 December 2023 (the “**2023 Guarantee Period**”, together with the 2021 Guarantee Period and the 2022 Guarantee Period, the “**Guarantee Periods**” and each a “**Guarantee Period**”) (each a “**Guaranteed Profit**”).

If the respective actual audited net profits after taxation of the Target Group for the 2021 Guarantee Period, the 2022 Guarantee Period and the 2023 Guarantee Period (the “**Actual Profits**”) as shown in the profit certificate for the relevant Guarantee Period equal to or are more than the Guarantee Profit for the relevant Guarantee Period, the Purchaser shall procure the Company to allot and issue the Consideration Shares to the Vendor (or its nominee(s)) in the following manner:

	<b>For the 2021 Guarantee Period</b>	<b>For the 2022 Guarantee Period</b>	<b>For the 2023 Guarantee Period</b>
Maximum amount of Consideration to be settled (“M”)	HK\$40,000,000	HK\$80,000,000	HK\$80,000,000
Maximum number of Consideration Shares to be issued	142,857,142 Consideration Shares	285,714,286 Consideration Shares	285,714,286 Consideration Shares

Such Consideration Shares shall be allotted and issued by the Company within ten (10) Business Days from the date of the issuance of the relevant profit certificate, which shall be issued by the auditors of the Company within 90 days from the end of the relevant Guarantee Period.

If, however, the respective Actual Profits as shown in the profit certificates for the relevant period is less than the relevant Guaranteed Profit, then the amount of Consideration (and hence the number of Consideration Shares) shall be adjusted in the following manner:

$$C = M \times (\text{Actual Profit for the corresponding period} / \text{Guaranteed Profit for the corresponding period})$$

where C is the amount of Consideration payable by the Purchaser to the Vendor; and M is the respective maximum amount of Consideration to be settled.

For the avoidance of doubt, (i) should the Target Group record a loss in its audited financial statements for the respective Guarantee Period, the Actual Profit for such relevant period shall be deemed as zero and there shall be no obligation for the Purchaser and/or the Holdings to pay the relevant part of the Consideration or to issue the relevant number of Consideration Shares to the Vendor.

Without prejudice to the foregoing, in the event that the relevant Actual Profit for a Guarantee Period exceeds the relevant Guaranteed Profit (the “**Excess**”), such Excess shall be added to Actual Profit of the other Guarantee Period for the purpose of calculating the amount of Consideration payable for the relevant tranche. For the avoidance of doubt, (i) if a shortfall of the Guarantee Profit appeared for a previous Guarantee Period and an Excess appeared for the subsequent Guarantee Period, the

Purchaser shall retrospectively pay the Vendor such additional Consideration on top of the actual Consideration paid for the previous Guarantee Period, together with the Consideration payable for the subsequent Guarantee Period; (ii) if there is a shortfall for the subsequent Guarantee Period(s) and an Excess for the previous Guarantee Period(s), such Excess shall be added to the Actual Profit for the subsequent Guarantee Period(s) for the calculation of the Consideration payable; and (iii) provided that, the aggregate Consideration payable by the Purchaser shall not exceed the aggregate Consideration of HK\$200 million.

### ***Consideration Shares***

The Consideration Shares comprise a maximum of 714,285,714 Shares, which shall represent:

- (i) approximately 16.65% of the existing issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 14.27% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming that there will be no other changes in the issued share capital of the Company other than the allotment and issue of the Consideration Shares).

The aggregate nominal value of the Consideration Shares is HK\$8,928,571.425. The Consideration Shares, when allotted and issued, will be credited as fully paid and will rank *pari passu* in all respects among themselves and with the Shares in issue as at the date of allotment and issue of the Consideration Shares, except that they shall not be entitled to receive any dividend, distribution or entitlement declared, paid or made by reference to a record date prior to the date of allotment and issue of the Consideration Shares.

The Consideration Shares will be allotted and issued by the Company under the Specific Mandate to be sought from the Independent Shareholders at the EGM. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

The Issue Price is HK\$0.28 per Consideration Share, which represents:

- (i) a discount of approximately 12.50% to the closing price of HK\$0.320 per Share as quoted on the Stock Exchange on the date of the Sale and Purchase Agreement;
- (ii) a premium of approximately 9.80% to the average closing price of approximately HK\$0.255 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the date of the Sale and Purchase Agreement; and

(iii) a premium of approximately 16.67% to the average closing price of approximately HK\$0.240 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days immediately prior to the date of the Sale and Purchase Agreement.

The Issue Price was determined after arm's length negotiation between the Company and the Vendor with reference to, among others, the prevailing market prices of the Shares immediately before the date of entering into the Sale and Purchase Agreement.

### Effects on the shareholding structure

The following table illustrates the shareholding structure of the Company (i) as at the date of this announcement and (ii) immediately after allotment and issue of the maximum number of Consideration Shares, assuming that there will be no other changes in the issued share capital of the Company other than the allotment and issue of the Consideration Shares:

	As at the date of this announcement		Immediately following Completion and the allotment and issue of the maximum number of Consideration Shares	
	Number of Shares	Approximate %	Number of Shares	Approximate %
<b>The Vendor and its associates</b>				
The Vendor	—	—	714,285,714	14.27
Madam Cheung Kwai Lan	4,656,000	0.11	4,656,000	0.09
Mr. Chan Tung Mei	3,020,000	0.07	3,020,000	0.06
Best Frontier Investment Limited (Note 1)	<u>632,920,856</u>	<u>14.75</u>	<u>632,920,856</u>	<u>12.65</u>
Sub-total	<u>640,596,856</u>	<u>14.93</u>	<u>1,354,882,570</u>	<u>27.07</u>
<b>Other Directors</b>				
Dr. Cheng Yanjie	1,965,000	0.05	1,965,000	0.04
Mr. Chau Wai Wah Fred	<u>3,800,000</u>	<u>0.09</u>	<u>3,800,000</u>	<u>0.08</u>
Sub-total	<u>5,765,000</u>	<u>0.14</u>	<u>5,765,000</u>	<u>0.12</u>
<b>Other substantial Shareholders</b>				
Sinopharm Traditional Chinese Medicine Overseas Holdings Limited	650,000,000	15.15	650,000,000	12.99
Integrated Asset Management (Asia) Limited (“ <b>Integrated Asset Management</b> ”) and its concert parties (Note 2)	461,733,000	10.76	461,733,000	9.23
Other public Shareholders	<u>2,531,629,777</u>	<u>59.02</u>	<u>2,531,629,777</u>	<u>50.59</u>
Sub-total	<u>3,643,362,777</u>	<u>84.93</u>	<u>3,643,362,777</u>	<u>72.81</u>
Total	<u>4,289,724,633</u>	<u>100.00</u>	<u>5,004,010,347</u>	<u>100.00</u>

*Notes:*

1. The 632,920,856 Shares were held by Best Frontier Investment Limited which was owned as to 99.89% and 0.11% by Madam Cheung Kwai Lan and Mr. Chan Tung Mei who are spouses to each other and each a Director.
2. The 461,733,000 Shares were owned by Integrated Asset Management which was wholly-owned by Mr. Yam Tak Cheung. A 8% coupon convertible bonds in aggregate amount of HK\$89,625,000 for a term of six months were issued to Integrated Asset Management pursuant to the first amendment agreement dated 18 January 2017 (the “CBs”). The Company received a written consent from Integrated Asset Management, of which the maturity date of the CBs would be extended for the further six months to 17 January 2018. A maximum number of 249,651,810 Shares would be allotted and issued to Integrated Asset Management upon conversion of the CBs in full. The adjusted conversion price is HK\$0.359 per conversion share subject to adjustment.

Pursuant to the second amendment agreement approved by the Shareholders at the extraordinary general meeting of the Company held on 18 April 2018, the amendments were that the maturity date of the CBs was extended for six months from 17 January 2018 to 17 July 2018, and further extended to 17 January 2019 upon a prior written consent from Integrated Asset Management. Such written consent from Integrated Asset Management has been received by the Company. A maximum number of 249,651,810 Shares would be allotted and issued to Integrated Asset Management upon conversion of the CBs in full.

Pursuant to the third amendment agreement approved by the Shareholders at the extraordinary general meeting of the Company held on 19 March 2019, the amendments were that the maturity date of the CBs was extended for six months from 17 January 2019 to 17 July 2019, and further extended to 17 January 2020 upon a prior written consent from Integrated Asset Management. Such written consent from Integrated Asset Management has been received by the Company. A maximum number of 249,651,810 Shares would be allotted and issued to Integrated Asset Management upon conversion of the CBs in full.

As a result of the adjustments of the CBs on 10 May 2019 upon the allotment and issue of the consideration shares to Sinopharm Traditional Chinese Medicine Overseas Holdings Limited, a maximum number of 263,602,941 Shares shall be allotted and issued to Integrated Asset Management upon conversion of the CBs in full. The adjusted conversion price is HK\$0.34 per conversion share subject to further adjustment.

Pursuant to the fourth amendment agreement approved by the Shareholders at the extraordinary general meeting of the Company held on 25 March 2020, the amendments were that the maturity date of the CBs was extended for six months from 17 January 2020 to 17 July 2020, and further extended to 17 January 2021 upon a prior written consent from Integrated Asset Management. Such written consent from Integrated Asset Management has been received by the Company. A maximum number of 263,602,941 Shares would be allotted and issued to Integrated Asset Management upon conversion of the CBs in full.

Upon completion of the fifth amendment agreement, a maximum number of 405,542,986 Shares will be allotted and issued to Integrated Asset Management upon conversion of the CBs in full and thereafter the shareholding of Integrated Asset Management will be increased to approximately 20.22% of the current issued Share capital of the Company and approximately 18.47% of the enlarged issued Share capital of the Company. The adjusted conversion price is HK\$0.221 per conversion share subject to adjustment.

## ***Completion***

Completion shall take place within seven business days following the fulfilment (or waiver, as the case may be) of all the conditions precedent to the Sale and Purchase Agreement or such other date as the Vendor and the Purchaser may agree.

## **The Shareholders' Agreement**

The Shareholders' Agreement shall be entered into between the Purchaser, the Vendor and the Target Company on the date of Completion to regulate, *inter alia*, the management and operations of business of the Target Company upon Completion. Set out below are the proposed principal terms of the Shareholders' Agreement:

### ***Nature of business***

Unless the shareholders of the Target Company agree in writing otherwise to change the same, the Target Group is and shall continue to be principally engaged in the businesses of licensing its intellectual properties, provision of services of design, production and customisation of anti-counterfeiting devices for customers with well-known consumer brand names.

### ***Constitution of the board of directors***

The board of directors of the Target Company shall consist of three (3) directors, of which the Vendor shall be entitled to appoint two (2) directors for so long as he holds 75% or more of the voting rights, and the Purchaser shall be entitled to appoint one (1) director for so long as it holds 25% or more of the voting rights.

The chairman of the board of directors shall be a director nominated by the Vendor, who shall have a casting vote, in the event of an equality of votes.

### ***Actions requiring approval of the shareholders of the Target Company***

The Target Company and each of its subsidiaries shall not without prior written consent of all the shareholders of the Target Company do any of the following:

- (i) cease to conduct or carry on the business of the Target Company and/or any of its subsidiaries substantially as now conducted or, in the case of its subsidiary, as conducted at the time it became a subsidiary of the Target Company or change any part of its business activities;
- (ii) increase, reduce or cancel its authorised or issued share capital or issue, allot, purchase or redeem any shares or securities convertible into or carrying a right of subscription in respect of shares or any share warrants or grant or issue any options rights or warrants or which may require the issue of shares in the future or do any act which has the effect of diluting or reducing the effective shareholding or shareholding interests of the shareholders;

- (iii) pass any resolution for the winding up, or undertake any amalgamation, merger, reconstruction or liquidation exercise, in respect of any of the Target Company and its subsidiaries or apply for the appointment of a receiver, manager, judicial manager or like officer; and
- (iv) amend its memorandum and articles of association or such other constitutive documents or part thereof.

### ***No transfer of shares***

Each of the shareholders undertakes that it will not without the prior written consent of all other shareholders (such consent cannot be unreasonably withheld save and except the transferee is the connected person of the Company and its associates) sell, transfer, or otherwise dispose or encumber any of its shares in the Target Company to other third party. Any transfer of shares in the Target Company should be made in accordance with terms of the Shareholders' Agreement.

### **Information on the Vendor and the Purchaser**

The Vendor is a company incorporated in the British Virgin Islands with limited liability and principally engaged in investment holding. As at the date of this announcement, the Vendor is beneficially owned as to 25% by Ultima Top Limited, a party independent of and not connected with the Company and its connected persons, and 75% by Ms. Woo, who is in turn the spouse of Mr. Chan Ting, the executive Director, the chairperson of the Board and the chief executive officer of the Company. Accordingly, the Vendor is a connected person of the Company.

The Purchaser is a company incorporated in the British Virgin Islands with limited liability and principally engaged in investment holding. As at the date of this announcement, the Purchaser is an indirect wholly-owned subsidiary of the Company.

The Group is principally engaged in (i) the provision of lottery-related services; (ii) Internet plus services (solution and supply chain); (iii) manufacturing and distribution of personal protective equipment; and (iv) other services.

### **Information on the Target Group**

On 29 January 2021, the Target Company was established in the British Virgin Islands with limited liability. On 5 February 2021, the HKCo was established in Hong Kong with limited liability. Each of the Target Company and the HKCo is principally engaged in investment holding. As at the date of this announcement, the Target Group, which comprises the Target Company and the HKCo, its sole direct wholly-owned subsidiary, has not yet commenced to recognise any revenue or profits or loss since the date of incorporation. The unaudited net asset value of the Target Company as at 29 January 2021 was approximately US\$100 (equivalent to approximately HK\$775), and the unaudited net asset value of the HKCo as at 5 February 2021 was approximately

HK\$1. As at the date of the Sale and Purchase Agreement and immediately prior to completion of the Reorganisation, the Vendor is the sole beneficial owner of the SZCo. Immediately upon completion of the Reorganisation, the SZCo would have disposed of the Excluded Assets and Liabilities, and the SZCo would be wholly-owned by the HKCo, which in turn would be wholly-owned by the Target Company, with the Vendor being the sole shareholder of the Target Company. Completion will only take place after the Reorganisation is completed.

The SZCo is a company incorporated in the PRC with limited liability and is the registered holder of the Patents, and is engaged in the business of provision of services in relation to the design, development and provision of anti-counterfeiting devices in the PRC. The SZCo was incorporated by the Vendor and the Patents were self-developed by the SZCo. As such, there was no original acquisition costs of the SZCo and the Patents by the Vendor. As at the date of this announcement, the Patents have been registered in the PRC and Japan, and applications for registration in Hong Kong, Taiwan, Indonesia, Korean and Malaysia are in progress.

The financial information of the SZCo (after excluding the Excluded Assets and Liabilities) prepared in accordance with the Hong Kong Financial Reporting Standard for the years ended 31 December 2019 and 31 December 2020 are set out below:

	<b>For the financial year ended 31 December 2019</b>	<b>For the financial year ended 31 December 2020</b>
	<i>RMB</i>	<i>RMB</i>
	(unaudited)	(unaudited)
Revenue	—	—
Profit/(loss) before taxation ( <i>Note</i> )	(21)	401
Profit/(loss) after taxation ( <i>Note</i> )	(21)	401

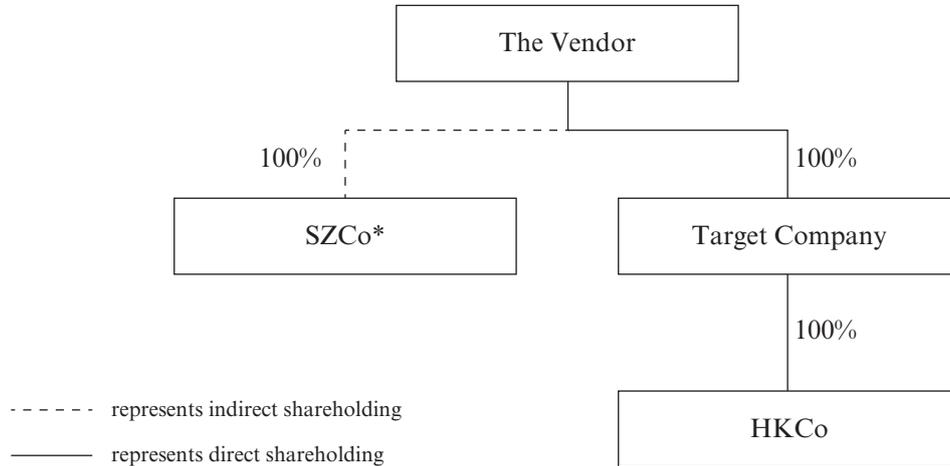
*Note:* Profit/loss before taxation and profit/loss after taxation referred to herein have already excluded the Excluded Expenses.

As at the date of this announcement, the SZCo has not yet commenced to recognise any revenue from its principal businesses. The unaudited net asset value of the SZCo (after excluding the Excluded Assets and Liabilities) as at 31 December 2020 was approximately RMB380 (equivalent to approximately HK\$456).

Upon Completion, the Target Company will be owned as to 75% by the Vendor and 25% by the Company. As such, the Target Company will be accounted for as an associated company of the Company and the financial performance of the Target Company will not be consolidated into the financial statements of the Company.

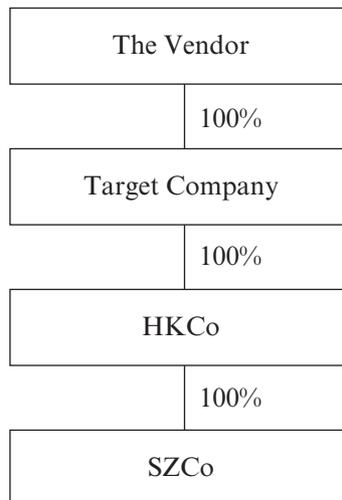
The following charts show the group structure of the Target Group (i) as at the date of this announcement; (ii) immediately after the completion of the Reorganisation; and (iii) immediately after Completion:

As at the date of this announcement:

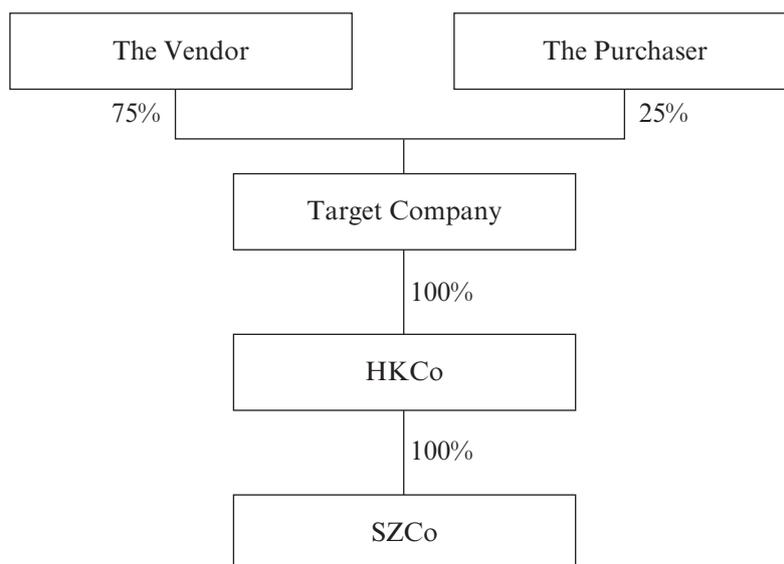


\* As at the date of this announcement, the SZCo holds two subsidiaries in the PRC which will be disposed of under the Reorganisation and will not form part of the Target Group.

Immediately after completion of the Reorganisation:



Immediately after Completion:



### **Right to purchase the remaining shares of the Target Company by the Purchaser**

Pursuant to the Sale and Purchase Agreement, the Vendor irrevocably granted an option to the Purchaser to, at the absolute discretion of the Purchaser, purchase part or all of the remaining issued shares in the share capital of the Target Company (other than the Sale Shares). Such option to purchase shall be exercised by the Purchaser within a period of 3 years from the Completion, and in the event the Purchaser elects to exercise such option, the Vendor shall sell such part or all of the remaining issued shares in the share capital of the Target Company to the Purchaser (or its nominee(s)) at a price to be determined between the parties to the Sale and Purchase Agreement and to be settled in any manner to be agreed, which may include cash, promissory notes or issue of new Shares, or a mixture thereof, and in the event that the parties to the Sale and Purchase Agreement agree to settle the consideration by the allotment and issue of new Shares, such new Shares shall be issued at a price of HK\$0.28 per Share, being the same as the Issue Price.

In the event the Purchaser determines to exercise such option to purchase, parties to the Sale and Purchase Agreement may enter into definitive agreement in relation to such further sale and purchase of the shares of the Target Company, and the completion thereof shall be subject to compliance with all the relevant requirements under the GEM Listing Rules by the Company and the Purchaser. In such event, any further purchase of shares of the Target Company may constitute a notifiable transaction of the Company and the Company will take such action to comply with the applicable GEM Listing Rules.

## **THE LICENSING AND MASTER SERVICE AGREEMENT**

On 17 February 2021 (after trading hours), the Licensee, an indirect wholly-owned subsidiary of the Company, and the SZCo entered into the Licensing and Master Service Agreement.

### **Principal terms of the Licensing and Master Service Agreement**

Set out below are the principal terms of the Licensing and Master Service Agreement.

#### ***Date***

17 February 2021 (after trading hours)

#### ***Parties***

- (i) 深圳國科防偽科技有限公司 (Shenzhen Guoke Anti-Counterfeit Technology Company Limited\*) (formerly known as 深圳生港科技有限公司 (Shenzhen Sheng-Gang Technology Co. Limited\*)), an indirect wholly-owned subsidiary of the Company, as the Licensee; and
- (ii) the SZCo, as the licensor and the service provider

#### ***Term***

The Licensing and Master Service Agreement shall commence on the next business day immediately after the conditions precedent are fulfilled and shall, unless terminated, continue in full force and effect for a term of not more than three (3) years and until 30 June 2023.

#### ***Conditions precedent***

Effectiveness of the Licensing and Master Service Agreement shall be subject to the fulfilment of the following conditions precedent:

- (a) the Company having obtained the approval at the EGM on the Licensing and Master Service Agreement and the transactions contemplated thereunder, including the Proposed Annual Caps;
- (b) the Licensee having obtained all necessary approval for the entering into of the Licensing and Master Service Agreement and for the performance of its obligations thereunder;
- (c) the SZCo having obtained all necessary approval for the entering into of the Licensing and Master Service Agreement and for the performance of its obligations thereunder;

- (d) the Sale and Purchase Agreement becoming unconditional (save for the condition that the Licensing and Master Service Agreement have become unconditional).

All the conditions precedent above cannot be waived. If the conditions precedent above have not been satisfied on or before the Long Stop Date, the Licensing and Master Service Agreement shall automatically terminate and none of the parties thereto shall have any claims against each other.

### ***Subject matters***

Subject to the terms and conditions of the Licensing and Master Service Agreement, the SZCo shall:

- (i) grant the Licensee during the term of the Licensing and Master Service Agreement, a non-exclusive and royalty-bearing license to the Patents to use, sell, and offer to sell its Licensed Products in the PRC (the “**Licensing Arrangement**”); and
- (ii) provide services in relation to design, production arrangement, material procurement and quality control, and customisation service of the anti-counterfeiting device with lottery tickets pursuant to the specification required by the Licensee and with the quality satisfactory to the Licensee at reasonable costs under each individual purchase order, and provide and sell such customised anti-counterfeiting device with lottery tickets to the Licensee (the “**Anti-counterfeit Device Services**”).

### ***Pricing policies***

In consideration of the Licensed Patent Rights licensed to the Licensee under the Licensing Arrangement, for all Licensed Product that are either made, used, sold, offered for sale, or imported in the PRC, the Licensee agrees to pay the SZCo the Royalty of 3% (the “**Royalty Rate**”) of the Net Sale Price per Licensed Product sold by the Licensee and/or its contractors. The Royalty Rate was determined based on the prevailing market prices of the market comparables. Royalty paid on the Licensed Product which are returned or not accepted by the customer of the Licensee due to quality issue or mistakes in production specification shall be creditable towards future Royalty payments to be made under the subsequent purchase order.

In respect of the Anti-counterfeit Device Services, the Anti-counterfeit Device Services Price(s) shall be charged by the SZCo at a rate of 15% (the “**Anti-counterfeit Device Services Rate**”) of the Net Sale Price under each purchase order, provided that the Licensee and the SZCo may from time to time agree on other Anti-counterfeit Device Services Prices so far as they are determined on an arm’s length basis and with reference to the prevailing market prices or rate. The Anti-counterfeit Device Services Rate was determined based on the prevailing market prices of the market comparables. For the avoidance of doubt, the Licensee shall be the costs of material for the production of the Licensed Products which have been pre-approved by the Licensee and will pay such costs

directly to the relevant suppliers. In any event, the Anti-counterfeit Device Services Price agreed under each purchase order shall not be less favorable than the SZCo offered to other independent third parties.

***Payment terms***

Invoices for the Royalty and the Anti-counterfeit Device Services Prices to be charged shall be settled within such time period as specified under each purchase order placed by the Licensee from time to time.

***The Proposed Annual Caps***

The Board proposes the Proposed Annual Caps under the Licensing and Master Service Agreement for each of the three years ending 30 June 2023 respectively as follows:

	<b>For the year ending 30 June 2021 HK\$</b>	<b>For the year ending 30 June 2022 HK\$</b>	<b>For the year ending 30 June 2023 HK\$</b>
Proposed Annual Caps	1,400,000	115,000,000	143,000,000

The Proposed Annual Caps were determined by the Company after taking into account of (i) the potential demand of anti-counterfeiting lottery devices from the customers of the Group based on the relevant executed agreements and potential agreements to be entered into between the Group and its customers; (ii) the potential growing trend of the anti-counterfeiting lottery market in the PRC with reference to the generally optimistic prospect of the anti-counterfeiting market in the PRC; and (iii) other relevant principal terms under the Licensing and Master Service Agreement such as the Royalty Rate and the Anti-counterfeit Device Services Rate.

The Directors (other than Mr. Chan Ting, Madam Cheung Kwai Lan and Mr. Chan Tung Mei who are the associates of the Vendor and considered to have a material interest in the Sale and Purchase Agreement and the Licensing and Master Services Agreement and the respective transactions contemplated thereunder, and the independent non-executive Directors whose opinion will be included in the letter from the Independent Board Committee of the circular to be despatched) are of the view that the Proposed Annual Caps are in line with the estimated development of the business of the Group, and are determined based on the principles of fairness and reasonableness.

***Historical Transactions Amount***

There is no historical transactions amount under the Licensing Arrangement and the Anti-Counterfeit Device Services.

### *Information on the Licensee*

The Licensee is a company incorporated in the PRC with limited liability and principally engaged in the business of offering comprehensive solutions with innovative anti-counterfeiting technology. As at the date of this announcement, the Licensee is an indirect wholly-owned subsidiary of the Company.

### **REASONS FOR AND BENEFITS FOR ENTERING INTO THE SALE AND PURCHASE AGREEMENT AND THE LICENSING AND MASTER SERVICE AGREEMENT AND THE RESPECTIVE TRANSACTIONS CONTEMPLATED THEREUNDER**

The patented and an innovative anti-counterfeit solution owned by the SZCo, features unique lottery ticket component in the Patents which are easily recognized by the consumers and welcomed by the brand owners due to the creditable nature of lottery system established in the PRC. Each anti-counterfeiting lottery device comprises a physical lottery ticket and an embedded QR code forming part of the packaging of products such as tobacco, medicine and alcoholic beverages allowing the consumers to continue to access an on-line authenticity platform integrated with real-time authenticity verification and lottery ticket redemption and interactive marketing features. It is expected that the above business arrangements shall enable the Group to, after excluding the costs to be incurred to the lottery distributor as well as the product platform developer and operator on a performance-based basis, generate an additional income stream, whereas the Target Group shall generate revenue from (i) the provision of the Anti-counterfeit Device Services; and (ii) the receipt of royalty fees under the Licensing Arrangement, from which the Group can enjoy the potential return as a minority shareholder.

According to 《中國防偽行業深度分析及發展戰略研究諮詢報告(2021–2026版)》(the “The Panoramic Research and Development Strategy Research Consulting Report on the PRC Anti-Counterfeit Industry for 2021 to 2026\*”) issued in January 2021 by 北京中道泰和信息諮詢有限公司 (Beijing Zhongdao Taihe Information Consulting Co., Ltd.\*), a company engaged in providing investment consulting and industry research in the PRC, demand for the anti-counterfeit technology has been continuously expanding and monetizing, and its application has been increasingly applied across the wide range of sectors and industries in various consumer goods such as food, medicine, tobacco and alcoholic beverages in the PRC. It is expected that the anti-counterfeiting market size of the PRC will reach approximately RMB350 billion by 2025, representing a significant growth of approximately 66.67% from 2020.

Engaged in welfare and sports lottery business for years, with the incubation of Internet plus technology and interactive marketing, the Group’s technological innovation has integrated traditional lottery tickets with new anti-counterfeiting technology in order to seize opportunities from the growing anti-counterfeiting market. Offering comprehensive solutions to the immature anti-counterfeiting industry in the PRC and cover the insufficiencies of the prevailing technology in the market, in 2019, the Group started to

formulate an anti-counterfeiting traceability solution with anti-counterfeiting packaging devices and online anti-counterfeiting information verification platform as the core contents. Since then, the Group has been utilising such anti-counterfeiting solution for marketing, as well as formulating comprehensive solutions with patented technologies for the actual application on the products of its customers. As of the date of this announcement, the Group has contracted with brands owners in the tea leaves and natural food industry while expecting entry into other consumer sectors.

The Acquisition presents the Group a timely opportunity to maximize its market share in the field of anti-counterfeiting in the PRC utilizing the legal protection of the Patents.

The settlement of the Consideration for the Acquisition is linked with the financial performance of the Target Group whereby payment of the Consideration will be made against the achievement of the applicable guarantee profit over the course of 3 years. Additionally, the Group has no cash outlay for payment of the Consideration as payment is entirely by allotment and issuance of Consideration Shares. Pursuant to the Sale and Purchase Agreement, the Purchaser is entitled to exercise a right to purchase part or all of the remaining issued shares of the Target Company within three years following Completion. By assessing the performance and prospect of the Target Group after Completion, such arrangements provide Group with the flexibility for making any potential further investments in the Target Group, thereby reducing its investment and business risks.

In light of the foregoing, the Directors (other than Mr. Chan Ting, Madam Cheung Kwai Lan and Mr. Chan Tung Mei who are the associates of the Vendor and considered to have a material interest in the Sale and Purchase Agreement and the Licensing and Master Services Agreement and the respective transactions contemplated thereunder, and the independent non-executive Directors whose opinion will be included in the letter from the Independent Board Committee of the circular to be despatched) consider that the terms of each of the Sale and Purchase Agreement and the Licensing and Master Service Agreement and the respective transactions contemplated thereunder are on normal commercial terms, fair and reasonable, and the entering into of such transactions is in the interests of the Company and the Shareholders as a whole.

## **GEM LISTING RULES IMPLICATIONS**

### **The Sale and Purchase Agreement**

As the highest applicable percentage ratio (as defined under the GEM Listing Rules) in respect of the Sale and Purchase Agreement exceeds 5% but all are less than 25%, the entering into of the Sale and Purchase Agreement constitutes a disclosable transaction of the Company and the transaction contemplated thereunder are subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

In addition, as at the date of this announcement, the Vendor is beneficially owned as to 75% by Ms. Woo who is in turn the spouse of Mr. Chan Ting, an executive Director, the chairperson of the Board and the chief executive officer of the Company, and accordingly is a connected person of the Company. As such, the entering into of the Sale and Purchase Agreement constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules, and the transactions contemplated thereunder (including the granting of the Specific Mandate) are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

### **The Licensing and Master Service Agreement**

The SZCo is currently owned as to 100% by the Vendor (which in turn is owned as to 75% by Ms. Woo), and will be indirectly owned as to 75% by the Vendor upon Completion and hence the SZCo is an associate of the connected person of the Company. As such, the transactions contemplated under the Licensing and Master Service Agreement shall constitute continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

As the largest of the Proposed Annual Caps is expected to exceed 5% of certain applicable percentage ratios under the GEM Listing Rules and is expected to exceed HK\$10 million, the continuing connected transactions contemplated under the Licensing and Master Service Agreement (including the Proposed Annual Caps) therefore are subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

## **GENERAL**

### **EGM**

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve (i) the Sale and Purchase Agreement and the transactions contemplated thereunder (including the granting of the Specific Mandate); and (ii) the Licensing and Master Service Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps).

As at the date of this announcement, the Vendor is not interested in any Shares. Madam Cheung Kwai Lan and Mr. Chan Tung Mei, being the parents-in-law of Ms. Woo who in turn beneficially owns 75% equity interest of the Vendor, hold in aggregate 7,676,000 Shares, and their respective associates, being Best Frontier Investment Limited, hold in 632,920,856 Shares, or in total 640,596,856 Shares, representing approximately 14.93% of the total issued share capital of the Company as at the date of this announcement. In view of the Vendor's interests in the Sale and Purchase Agreement and the Licensing and Master Service Agreement and the respective transactions contemplated thereunder, the Vendor and his associates will abstain from voting at the EGM. Save for the aforementioned and to the best knowledge, information and belief of the Directors, no

other Shareholder has a material interest in (i) the Sale and Purchase Agreement and the transactions contemplated thereunder (including the granting of the Specific Mandate); and (ii) in the Licensing and Master Service Agreement and the transactions contemplated thereunder, and is required to abstain from voting on the relevant resolution(s) at the EGM. Save for Mr. Chan Ting, Madam Cheung Kwai Lan and Mr. Chan Tung Mei, who are the associates of the Vendor and considered to have a material interest in the Sale and Purchase Agreement and the Licensing and Master Service Agreement and the respective transactions contemplated thereunder (including the granting of the Specific Mandate), none of the Directors had abstained from voting on the relevant Board resolutions pursuant to the Listing Rules and the bye-laws of the Company.

### **The Independent Board Committee**

An Independent Board Committee (comprising all independent non-executive Directors) has been established to advise the Independent Shareholders on the terms of the Sale and Purchase Agreement (including the granting of the Specific Mandate) and the Licensing and Master Service Agreement and the respective transactions contemplated thereunder. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement and the Licensing and Master Service Agreement and the transactions contemplated thereunder (including the granting of the Specific Mandate) are fair and reasonable, on normal commercial terms and in the interest of the Company and the Shareholders as a whole, and as to how to vote in respect of the relevant resolutions at the EGM.

### **Circular**

A circular containing, among others, (i) further details of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) further details of the Licensing and Master Service Agreement and the transactions contemplated thereunder; (iii) a letter from the Independent Board Committee containing its opinions and recommendations relating to the transactions above; (iv) a letter from the independent financial adviser containing its advice on the transactions above; (v) the valuation report on the business of the Target Group; and (vi) a notice convening the EGM will be dispatched to the Shareholders on or before 31 March 2021 in order to allow sufficient time for the preparation of the relevant information for inclusion therein.

**Completion of the Sale and Purchase Agreement is subject to the fulfilment or waiver (as the case may be) of the conditions precedent thereto, and is inter-conditional upon the Licensing and Master Service Agreement having become effective. Accordingly, the transactions contemplated under each of the Sale and Purchase Agreement and the Licensing and Master Service Agreement may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Acquisition”	the proposed acquisition of the Sale Shares by the Purchaser pursuant to the terms and conditions of the Sale and Purchase Agreement
“Actual Net Profit”	the actual consolidated profit after taxation of the Target Company
“Anti-counterfeit Device Services Price(s)”	the price(s) to be charged to the Licensee by the SZCo for the Anti-counterfeit Device Services pursuant to the Licensing and Master Service Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Sinopharm Tech Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
“Completion”	completion of the Acquisition pursuant to the terms and conditions of the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the consideration for the Sale Shares pursuant to the Sale and Purchase Agreement
“Consideration Shares”	a maximum of 714,285,714 new Shares to be allotted and issued by the Company for satisfying the Consideration pursuant to the Sale and Purchase Agreement
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder (including the granting of the Specific Mandate), as well as the Licensing and Master Service Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps)

“Encumbrances”	rights of pre-emption, options, liens, claims, equities, charges, mortgages, pledges, third-party rights or interests of any nature
“Excluded Assets and Liabilities”	the assets and liabilities of the SZCo including the total assets and total liabilities of the two existing subsidiaries of the SZCo, who are principally engaged in the business irrelevant to the Patents, which shall be excluded from the consolidated accounts of the Target Company upon completion of the Reorganisation
“Excluded Expenses”	the expenses of the SZCo including the total expenses incurred by the two existing subsidiaries of the SZCo, who are principally engaged in the business irrelevant to the Patents, which shall be excluded from the consolidated accounts of the Target Company upon completion of the Reorganisation
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
“Group”	collectively, the Company and its subsidiaries
“HKCo”	All Max Investment Limited (興盛投資有限公司), a company incorporated in Hong Kong with limited liability which will be holding the entire issued share capital of the SZCo immediately upon completion of the Reorganisation
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Board (comprising all the independent non-executive Directors) established to advise the Independent Shareholders in respect of the Sale and Purchase Agreement and the Licensing Service Agreement and the respective transactions contemplated thereunder
“Independent Shareholders”	Shareholders who are independent of and have no interest in the transactions contemplated under the Sale and Purchase Agreement and/or the Licensing and Master Service Agreement
“Issue Price”	the issue price per Consideration Shares pursuant to the Sale and Purchase Agreement

“Licensed Patent Rights”	the SZCo’s legal rights or interests that exist in the Patents, which shall include any patents, or other intellectual property rights of the SZCo listed in the Licensing and Master Service Agreement, as well as any other patent or intellectual property right owned by the SZCo that is necessary for the Company to make, use, sell, offer to sell, or import Licensed Product
“Licensed Product”	any apparatus, systems or product that, without a license from the SZCo with respect to such products, would infringe at least one claim in any of the Licensed Patent Rights, and any apparatus, systems, or products that, without a license from the SZCo with respect to such products when made, imported, sold, offered for sale, and/or used, would (a) actively induce infringement of at least one claim in Licensed Patent Rights, or (b) cause contributory infringement of at least one claim in the Licensed Patent Rights
“Licensee”	深圳國科防偽科技有限公司 (Shenzhen Guoke Anti-Counterfeit Technology Company Limited*) (formerly known as 深圳生港科技有限公司 (Shenzhen Sheng-Gang Technology Co. Limited*)), an indirect wholly-owned subsidiary of the Company as at the date of the announcement and the licensee to the Licensing and Master Service Agreement
“Licensing and Master Service Agreement”	the conditional master agreement dated 17 February 2021 entered into between the SZCo and the Licensee in respect of the Licensing Arrangement and the Anti-counterfeit Device Services
“Long Stop Date”	30 June 2021, or such later date as the Vendor and the Purchaser may agree
“Ms. Woo”	Woo, Theresa, the spouse of Mr. Chan Ting, an executive Director, the chairperson of the Board and the chief executive officer of the Company, and accordingly a connected person of the Company
“Net Sale Price”	the invoice price per Licensed Product charged by the Licensee, less the face value of the lottery tickets contained in the Licensed Product sold by the Licensee and/or its contractors to its customers

“Patents”	the patents registered and held by the SZCo, being (i) Anti-counterfeit Packaging Device for Products (商品防偽用包裝裝置) (registration numbers: ZL 2019 2 1449828. X and 3229334 in the PRC and Japan, respectively) and Anti-counterfeit Packaging Device for Adhesive Parts (粘附件及其組件、防偽用包裝裝置) (registration numbers: ZL 2019 2 1579150. 7 and 3229631 in the PRC and Japan, respectively)
“PRC”	The People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region and Taiwan
“Proposed Annual Caps”	the proposed annual caps in respect of the transactions contemplated under the Licensing and Master Service Agreement
“Purchaser”	China Success Enterprises Limited, a wholly-owned subsidiary of the Company as at the date of the announcement and the purchaser to the Sale and Purchase Agreement
“Reorganisation”	the reorganisation of the SZCo under progress as at the date of this announcement, details of which are set out in the sub-section headed “Information on the Target Group” of this announcement
“Royalty”	the royalty fee to be payable by the Licensee to the SZCo in consideration of the Licensed Patent Rights licensed to the Licensee pursuant to the Licensing and Master Service Agreement
“RMB”	renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 17 February 2021 entered into between the Purchaser and the Vendor in relation to the Acquisition
“Sale Shares”	such number of fully paid or credited as fully paid up ordinary shares representing 25% of the total issued shares in the capital of the Target Company held by Vendor immediately upon completion of the Reorganisation
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, modified and supplemented from time to time
“Share(s)”	share(s) of HK\$0.0125 each in the share capital of the Company

“Shareholder(s)”	the holder(s) of the Share(s)
“Shareholders’ Agreement”	the shareholders’ agreement to be entered into between the Purchaser, the Vendor and the Target Company on the date of Completion to regulate, <i>inter alia</i> , the management and operations of business of the Target Company upon Completion
“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders in respect of the allotment and the issue of the Consideration Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SZCo”	Shenzhen Ficus Technology Holdings Ltd. (深圳細葉榕科技控股有限公司), a company incorporated in the PRC with limited liability and is wholly-owned by the Vendor as at the date of the Sale and Purchase Agreement, being the registered holder of the Patents
“Target Company”	Rich General Limited (富將有限公司), a company incorporated in the British Virgin Islands with limited liability which will be holding the entire issued share capital of the HKCo and in turn the SZCo immediately upon completion of the Reorganisation
“Target Group”	collectively, the Target Company and its subsidiaries upon completion of the Reorganisation
“US\$”	United States dollars, the lawful currency of the United States of America
“Vendor”	Sharp Associates Limited, a company incorporated in the British Virgins Islands with limited liability and the vendor to the Sale and Purchase Agreement
“%”	per cent.

By order of the Board  
**Sinopharm Tech Holdings Limited**  
**國藥科技股份有限公司**  
**CHAN Ting**  
*Chairperson*

Hong Kong, 18 February 2021

*For the purpose of this announcement, unless otherwise indicated, the exchange rates at RMB1 = HK\$1.20 and US\$1 = HK\$7.75 have been used, where applicable, for the purpose of illustration only and not constitute a representation that any amounts have been, could have been or may be exchange*

*As at the date of this announcement, the Board comprises Mr. CHAN Ting as executive Director; Madam CHEUNG Kwai Lan, Mr. CHAN Tung Mei and Dr. CHENG Yanjie as non-executive Directors and Mr. LAU Fai Lawrence, Dr. LIU Ta-pei and Mr. CHAU Wai Wah Fred as the independent non-executive Directors.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company, The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Listed Company Information” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for a minimum period of 7 days from the date of its publication and on the website of the Company at [www.sinopharmtech.com.hk](http://www.sinopharmtech.com.hk).*

*\* For identification purpose only*