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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)

VOLUNTARY ANNOUNCEMENT POSSIBLE DILUTION OF INTEREST IN AN ASSOCIATE

This announcement is made by Sinopharm Tech Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to keep the shareholders and potential investors of the Company informed of the latest development of the Group.

BACKGROUND

The board of directors of the Company (“**Board**”) wishes to announce that on 31 May 2022, Sinopharm Tech Corporate Management Limited (“**STCM**”), a wholly-owned subsidiary of the Company, received a letter of offer (the “**Offer Letter**”) from Ever Development Holdings Limited (the “**Offeror**”), which is an associate of the Company, to invite subscription of new shares by each of the shareholders of the Offeror. As at the date of this announcement, the Offeror was owned as to 40% by STCM and 60% by third parties independent of the Company and its connected persons.

Pursuant to the Offer Letter, the Offeror and its subsidiaries (collectively, the “**Offeror’s Group**”) were facing financial difficulties and the Offeror’s Group would be in need of financing in the sum of at least HK\$4.0 million for the operation. In view of such shortage of funds, the Offeror proposed that the Offeror should raise a sum of HK\$4.0 million by way of equity issue and all shareholders of the Offeror, inclusive of STCM, would be entitled to take up their respective new shares in proportion to their existing shareholding in the Offeror and any new shares not taken up by any shareholder of the Offeror would be taken up by other willing shareholders of the Offeror at the same subscription price of HK\$4,000 per new share (the “**Fund Raising Proposal**”).

Under the Fund Raising Proposal, STCM was entitled to elect to (a) subscribe for new shares with the total amount of up to HK\$1.6 million to maintain its shareholding percentage in the Offeror; or (b) agree to the Fund Raising Proposal but decide not to subscribe for new shares from the Offeror; or (c) disapprove the Fund Raising Proposal. Where STCM elects not to participate in the Fund Raising Proposal, its shareholding in the Offeror may be diluted to approximately 20%.

INFORMATION OF THE OFFEROR'S GROUP

The Offeror is an investment holding company and holds 100% of the equity interests in Kenford Medical Group Company Limited, which is principally engaged in modernized Chinese medical clinic business in Hong Kong.

As disclosed in the interim report of the Company for the six months ended 31 December 2021, the unaudited carrying value of the Group's investment in the Offeror's Group amounted to approximately HK\$48.9 million. The Group also recorded a share of profit of associates approximately HK\$3.2 million from the investment in the Offeror's Group for the six months ended 31 December 2021.

POSSIBLE DILUTION OF INTEREST IN THE OFFEROR

The Board wishes to announce that on 6 June 2022, STCM replied to the Offeror that STCM agreed to the Fund Raising Proposal but would not subscribe for new shares to participate in the Fund Raising Proposal. After careful consideration, the Directors are of the view that there is imminent need for the Offeror's Group to raise capital to repay its liabilities and fund its future operations. However, it is better for the Group to focus its resources and manpower on its core businesses, while avoiding any financial and management risk arising from further investment in the Offeror's Group.

Upon completion of the Fund Raising Proposal, the shareholding of STCM in the Offeror may be diluted to approximately 20% (the "**Possible Dilution**") and the Offeror will maintain to be recognised as an associate in the consolidated financial statements of the Company.

Subject to completion of the Fund Raising Proposal, any gain or loss on the Possible Dilution will be disclosed in the financial results announcement of the Company upon finalisation of such figures.

Shareholders of the Company (the "Shareholders") should note that the Fund Raising Proposal may or may not proceed. Shareholders and potential investors are advised to exercise caution in dealing in the securities of the Company.

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

Hong Kong, 7 June 2022

As at the date of this announcement, the Board comprises Mr. CHAN Ting, Mr. LIAO Zhe and Mr. CHEUK Ka Chun Kevin as executive Directors, Madam CHEUNG Kwai Lan and Dr. CHENG Yanjie as non-executive Directors and Mr. LAU Fai Lawrence, Dr. LIU Ta-pei and Mr. CHAU Wai Wah Fred as 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 in 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 Stock Exchange at www.hkexnews.hk 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.