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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)**

### **UPDATE ON THE PROFIT GUARANTEE IN RELATION TO THE ACQUISITION OF THE TARGET COMPANY INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE**

Reference is made to the announcements of the Company dated 4 January 2019, 6 May 2019 and 23 May 2022 (the “**Announcements**”) and the circular of the Company dated 2 April 2019 (the “**Circular**”). Capitalised terms used herein shall have the same meanings as those defined in the Announcements and the Circular unless the context requires otherwise.

#### **BACKGROUND**

As set out in the Announcements and the Circular, the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendor entered into the Sale and Purchase Agreement pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Shares, which represents 100% of the equity interest in the Target Company. The consideration of the Sale Shares is HK\$139.10 million, which will be settled by the allotment and issue of 650,000,000 Consideration Shares by the Company to the Vendor under the specific mandate at the issue price of HK\$0.214 per Consideration Share. The Completion took place on 6 May 2019.

Pursuant to the Sales and Purchase Agreement, the Consideration Shares, upon the allotment and issue, will be subject to lock-up arrangement and held by the Purchaser in accordance with the terms and conditions of the Sale and Purchase Agreement. The Consideration Shares shall be released from the lock-up arrangement upon satisfaction of the Guaranteed Profit by the Target Company. For the avoidance of doubt, the lock-up period of the Consideration Shares shall not be less than three years since the allotment and issue thereof.

In the event that the aggregate Net Profit does not meet the Guaranteed Profit, the Consideration Shares will be released from the lock-up arrangement only after the cash compensation is made by the Vendor to the Purchaser in accordance with the Sale and Purchase Agreement. In the event that the Vendor fails to compensate the Purchaser in accordance with the Sale and Purchase Agreement, the Purchaser shall have the right to sell the locked-up Consideration Shares in return for such compensation amount in cash. There was no such option to dispose of the Sale Shares to the Vendor in accordance with the Sale and Purchase Agreement.

## **NON-FULFILLMENT OF THE PROFIT GUARANTEE AND COMPENSATION**

As disclosed in the announcement of the Company dated 23 May 2022, the Vendor has not fulfilled its obligations in relation to the Guaranteed Profit of the Sale and Purchase Agreement. On 23 May 2022, the Purchaser and the Vendor signed a confirmation letter and mutually agreed on the amount of the Compensation of approximately HK\$92.8 million and entered into a settlement agreement in relation to the settlement arrangement of the Compensation (the “**Settlement Agreement**”).

Pursuant to the Settlement Agreement, the Compensation will be settled by 24 instalments, which will be payable on the 15<sup>th</sup> and the last day of each month commencing on 15 July 2022 and ending on 30 June 2023. The minimum payment amount of each instalment is HK\$3,869,028. If the Vendor fails to pay the minimum compensation amount in any one of instalments, the Purchaser has the right to request settlement of the remaining amount of the Compensation from the Vendor immediately.

## **THE SALE OF THE LOCKED-UP CONSIDERATION SHARES**

The Vendor failed to settle the first installment of the Compensation on 15 July 2022. Even the Purchaser issued the Vendor a written request of settlement on 18 July 2022, the Vendor still failed to do the same on 31 July 2022 which was the scheduled settlement date for the second installment of the Compensation. In accordance with the Sale and Purchase Agreement, the Purchaser shall have the right to sell the locked-up Consideration Shares in return for such Compensation amount in cash. The Purchaser will exercise the right to sell the locked-up Consideration Shares and seek subscriber(s) who is/are third party(ies) independent of and not connected with the Company and any of its connected persons within the meaning of the GEM Listing Rules, to subscribe for the locked-up Consideration Shares.

By order of the Board  
**Sinopharm Tech Holdings Limited**  
國藥科技股份有限公司  
**CHAU Wai Wah Fred**  
*Executive Director*

Hong Kong, 22 August 2022

*As at the date of this announcement, the Board comprises Mr. CHAU Wai Wah Fred, Mr. LIAO Zhe and Mr. CHEUK Ka Chun Kevin as executive Directors, Dr. CHENG Yanjie as non-executive Director and Mr. LAU Fai Lawrence, Dr. LIU Ta-pei and Mr. LAM Kit Sun 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.*

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