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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)

CONNECTED TRANSACTION
PROPOSED AMENDMENT TO
THE TERMS OF THE CONVERTIBLE BONDS

Reference is made to the announcements (the "**Announcements**") of Sinopharm Tech Holdings Limited (the ‘‘**Company**’’, together with its subsidiaries, the "**Group**") dated 13 January 2014, 17 January 2014, 18 January 2017, 7 August 2017, 18 January 2018, 17 January 2019, 10 May 2019 and 17 January 2020. Unless the context requires otherwise, capitalized terms used herein but not otherwise defined shall have the same meanings as those given to them in the Announcements.

On 13 January 2014, the Company entered into the Subscription Agreement with Integrated Asset Management (as the Subscriber and the Bondholder) pursuant to which the Company conditionally agreed to issue the Convertible Bonds due 2017, in the aggregate principal amount of HK$89,625,000, to the Bondholder. On 17 January 2014, the Company completed the issue of the Convertible Bonds to the Bondholder pursuant to the Subscription Agreement. On 18 January 2017, 18 January 2018 and 17 January 2019, the Company entered into the First Amendment Agreement, the Second Amendment Agreement and the Third Amendment Agreement with the Bondholder respectively to amend certain terms and conditions of the Convertible Bonds.

As disclosed in the announcement of the Company dated 17 January 2019, the Convertible Bonds was due on 17 January 2020 pursuant to the Third Amendment Agreement. As at the date of this announcement, the total number of issued Shares is 4,108,855,068 Shares. None of the Convertible Bonds have been redeemed nor converted and the Bondholder has not exercised its right to demand immediate repayment of the outstanding amounts due under the terms of the Convertible Bonds.

THE FOURTH AMENDMENT AGREEMENT

The Board announces that on 7 February 2020 (after trading hours), the Company and the Bondholder entered into an amendment agreement (the "**Fourth Amendment Agreement**") to further extend the Maturity Date of the Convertible Bonds. Principal terms of the Fourth Amendment Agreement are set out below:-

Date : 7 February 2020

Parties : The Company and the Bondholder

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, as at the date of this announcement, the Bondholder is interested in 461,733,000 Shares (excluding such number of Shares which may be converted upon exercise of conversion rights of the Bondholder under the Convertible Bonds), representing approximately 11.24% of the issued Shares of the Company. Therefore, the Bondholder is a substantial Shareholder and a connected person of the Company under Rule 20.07(1) of the GEM Listing Rules.

As disclosed in the announcement of the Company dated 10 May 2019, pursuant to the terms of the Convertible Bonds, as a result of the allotment and issue of the consideration shares to Sinopharm Traditional Chinese Medicine Overseas Holdings Limited on 10 May 2019, the maximum number of conversion shares which may be allotted and issued to the Bondholder under the Convertible Bonds (if all conversion rights attaching to the Convertible Bonds in the principal amount of HK$89,625,000 are exercised by the Bondholder in full) shall be 263,602,941 Conversion Shares. If the Bondholder shall exercise its conversion rights in full, it will be interested in an aggregate number of 725,335,941 Shares, representing approximately 17.65% of the existing issued share capital of the Company and approximately 16.59% of the enlarged issued share capital of the Company.

The Proposed Amendment

Pursuant to the Fourth Amendment Agreement, the Company and the Bondholder agreed to amend the terms and conditions of the Convertible Bonds as follows:

1. The Maturity Date of the Convertible Bonds issued under the Subscription Agreement shall be extended for six months from 17 January 2020 to 17 July 2020. The Maturity Date may be further extended to 17 January 2021 upon a prior written consent from the Bondholder.

Save and except for the aforesaid, there are no other amendments to the terms of the Convertible Bonds.

Conditions Precedent

Pursuant to the Fourth Amendment Agreement, the Proposed Amendment shall take effect upon the fulfilment of the following conditions precedent:-

i) all necessary consents and approvals required to be obtained on the part of the Company in respect of the Proposed Amendment having been obtained;

ii) passing of all necessary resolutions by the Independent Shareholders at the EGM to approve the Fourth Amendment Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate; and

iii) approval from the Stock Exchange having been granted for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange during the Conversion Period.

None of the above conditions could be waived by the parties to the Fourth Amendment Agreement. As at the date of this announcement, none of the conditions have been fulfilled.

Specific Mandate for the Issuance of the Conversion Shares

Under the Fourth Amendment Agreement, the Adjusted Conversion Price remains to be HK$0.34 per Conversion Share and the maximum number of Conversion Shares upon conversion of the Convertible Bonds in full remains to be 263,602,941. In view of the fact that the Proposed Amendment is effectively a new arrangement that involves the allotment and issue of new Shares, issuance of the Conversion Shares shall be subject to the Independent Shareholders' approval.

Listing application

Application will be made to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission of deal in, the Conversion Shares falling to be allotted and issued under the terms and conditions of the Convertible Bonds.

Ranking of Conversion Shares

The Conversion Shares, when fully paid, issued and allotted, will rank *pari passu* in all respects with all Shares in issue as at the date of issuance of the Conversion Shares.

REASONS FOR THE PROPOSED AMENDMENT

The Group's principal business activities are (i) the provision of lottery-related services; (ii) the provision of Internet Plus services (solutions and supply chain); and (iii) other services.

The Bondholder is principally engaged in investment holding, and is wholly-owned by Mr. YAM Tak Cheung.

The Proposed Amendment was arrived at after arm's length negotiation between the Company and the Bondholder. The Board considers that the extended time for the repayment to the Bondholder will be beneficial to the Company and its operations by mitigating the pressure on its cashflows. Based on the above, the Directors (including all independent non-executive Directors) are of the view that the terms of the Fourth Amendment Agreement and the Convertible Bonds (as amended by the Fourth Amendment Agreement) are fair and reasonable and are in the interest of the Company and its Shareholders as a whole.

None of the Directors and their respective associates has material interest in the Fourth Amendment Agreement, the Proposed Amendment and the transactions contemplated thereunder and no Director was required to abstain from voting on the Board resolutions in relation to the Fourth Amendment Agreement, the Proposed Amendment and the transactions contemplated thereunder.

FUND RAISING ACTIVITY IN THE PAST TWELVE-MONTH PERIOD

Save for the fund raising activities mentioned below, the Board confirms that there has not been any fund raising exercise made by the Company in the twelve months immediately preceding the date of this announcement.

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
07/01/2019 22/01/2019	Placing of 168,000,000 Shares under general mandate at HK$0.238 per Share	Approximately HK$39.5 million	General working capital of the Group	Used as intended
03/01/2020	Proposed issue of 200,000,000 units of unlisted warrants under specific mandate at the issue price of HK$0.04 per warrant and exercise price of HK$0.35 per warrant share	Approximately HK$77.8 million	General working capital, repayment of debts and future investment of the Group	Not applicable (completion of the issue of warrants is subject to certain conditions and has not taken place)

CHANGES IN SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) for illustration purpose only, immediately after the allotment and issuance of all the Conversion Shares upon exercise of the conversion rights under the Convertible Bonds in full at HK$0.34 per Share, assuming there is no change in the number of issued Shares from the date of this announcement up to the date of allotment and issue of the Conversion Shares is as follows:

Shareholders	As at the date of this announcement		Immediately after allotment and issuance of all the Conversion Shares upon exercise of the conversion rights in full under the Convertible Bonds	
	Number of Shares	*Approximate %*	*Number of Shares*	*Approximate %*
Directors				
Madam Cheung Kwai Lan	4,656,000	0.11	4,656,000	0.11
Mr. Chan Tung Mei	3,020,000	0.07	3,020,000	0.07
Dr. Cheng Yanji	1,965,000	0.05	1,965,000	0.04
Mr. Chau Wai Wah Fred	3,800,000	0.09	3,800,000	0.09
Sub-total	13,441,000	0.32	13,441,000	0.31

Sinopharm Traditional Chinese Medicine Overseas Holdings Limited	650,000,000	15.82	650,000,000	14.87
Best Frontier Investments Limited *(Note 1)*	632,920,856	15.40	632,920,856	14.48
Integrated Asset Management (Asia) Limited ("**Integrated Asset Management**") and its concert parties (*Note 2*)	461,733,000	11.24	725,335,941	16.59
Public Shareholders	2,350,760,212	57.22	2,350,760,212	53.75
Total	**4,108,855,068**	**100.00**	**4,372,458,009**	**100.00**

Notes:

1. *The 632,920,856 Shares are held by Best Frontier Investments Limited which is 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 are owned by Integrated Asset Management which is wholly-owned by Mr. YAM Tak Cheung. 8% coupon convertible bonds in aggregate amount of HK$89,625,000 (the "**CBs**") for a term of six months were issued to Integrated Asset Management pursuant to the first amendment agreement dated 18 January 2017 approved by the Shareholders at the extraordinary general meeting of the Company held on 29 March 2017. The Company received a written consent from Integrated Asset Management, on which the maturity date of the CBs would be extended for 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 amended 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 maturity date upon a prior written consent from Integrated Asset Management would be 17 January 2019. 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.

   An ordinary resolution was passed at the extraordinary general meeting of the Company held on 19 March 2019 in which pursuant to the third amendment agreement, the amendments are that the maturity date of the CBs shall be 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 shall 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.*

Upon the Fourth Amendment Agreement taking effect, a maximum number of 263,602,941 Conversion Shares may be allotted and issued to Integrated Asset Management upon conversion of the CBs in full.

GEM LISTING RULES IMPLICATIONS

Pursuant to Rule 34.05 of the GEM Listing Rules, any alterations in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities. The Company will apply to the Stock Exchange for its approval of the Proposed Amendment contemplated under the Fourth Amendment Agreement pursuant to Rule 34.05 of the GEM Listing Rules.

As at the date of this announcement, the Bondholder is interested in 461,733,000 Shares, representing approximately 11.24% of the issued share capital of the Company. Accordingly, the Bondholder is a substantial Shareholder and a connected person of the Company under Rule 20.07(1) of the GEM Listing Rules. Accordingly, the Proposed Amendment as contemplated under the Fourth Amendment Agreement constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

As the Fourth Amendment Agreement and the transactions contemplated thereunder do not fall into any exemption under Rule 20.71 of the GEM Listing Rules, the Fourth Amendment Agreement (and the Proposed Amendment contemplated thereunder) is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The EGM will be convened and held for the purpose of considering, and if thought fit, approving the Fourth Amendment Agreement and the transactions contemplated thereunder, including the Proposed Amendment and the Specific Mandate for the issue and allotment of the Conversion Shares. The Bondholder and its associates will abstain from voting at the EGM on the resolution(s) relating to the Fourth Amendment Agreement and all transactions contemplated thereunder. Other than the Bondholder and its associates, none of the Shareholders has a material interest in the transactions contemplated under the Fourth Amendment Agreement and accordingly, no other Shareholder will be required to abstain from voting on the relevant resolutions(s) at the EGM.

An Independent Board Committee (comprising all the independent non-executive Directors) has been formed to advise the Independent Shareholders and the Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders regarding the Proposed Amendment.

A circular containing, amongst other things, (i) further details of the Fourth Amendment Agreement; (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Fourth Amendment Agreement; and (iv) a notice of the EGM is expected to be despatched to the Shareholders on or before 28 February 2020 in accordance with the GEM Listing Rules.

DEFINITIONS

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

"Best Frontier"	Best Frontier Investments Limited, a limited company incorporated in the British Virgin Islands
"Bondholder" or "Subscriber"	Integrated Asset Management
"Conversion Shares"	the maximum number of 263,602,941 new Shares which may be allotted and issued upon conversion of the Convertible Bonds in full
"Conversion Period"	the period from 18 January 2020 to 17 January 2021
"EGM"	the extraordinary general meeting of the Company to be convened and held to consider, and if thought fit, to approve the Fourth Amendment Agreement and the transactions contemplated therein, including the grant of the Specific Mandate to issue the Conversion Shares
"First Amendment Agreement"	the amendment agreement dated 18 January 2017 entered into between the Company and the Bondholder
"Fourth Amendment Agreement"	the fourth amendment agreement dated 7 February 2020 entered into between the Company and the Bondholder in relation to the Proposed Amendment
"Independent Board Committee"	an independent committee of the Board comprising all the independent non-executive Directors formed for the purpose of advising the Independent Shareholders as to the terms of the Fourth Amendment Agreement and the transactions contemplated thereunder, including the Proposed Amendment and the grant of the Specific Mandate to issue the Conversion Shares
"Independent Shareholder(s)"	Shareholders other than those who have a material interest in the relevant resolutions to be proposed at the EGM
"Integrated Asset Management"	Integrated Asset Management (Asia) Limited, a limited company incorporated in the British Virgin Islands

"Proposed Amendment"	the proposed amendment to the Convertible Bonds pursuant to the terms of the Fourth Amendment Agreement
"Second Amendment Agreement"	the second amendment agreement dated 18 January 2018 entered into between the Company and the Bondholder
"Share(s)"	ordinary share(s) of HK$0.0125 each in the share capital of the Company
"Shareholder(s)"	the holder(s) of issued Shares
"Specific Mandate"	the specific mandate to be granted to the Directors at the EGM for the allotment and issuance of the Conversion Shares to the Bondholder upon its exercise of the conversion rights
"Third Amendment Agreement"	the third amendment agreement dated 17 January 2019 entered into between the Company and the Bondholder

By Order of the Board
Sinopharm Tech Holdings Limited
國藥科技股份有限公司
CHAN Ting
Executive Director and Chief Executive Officer

Hong Kong, 7 February 2020

As at the date of this announcement, the Board comprises Madam CHEUNG Kwai Lan, Mr. CHAN Ting as executive Directors, 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 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 Company Announcements" page of the GEM website at 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.