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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 IN RELATION TO FORMATION OF JOINT VENTURE

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 business development of the Group.

The board of directors (the "**Board**") of the Company is pleased to announce that, on 18 February 2020, the Company, through its direct wholly-owned subsidiary Shenzhen Guoke Anti-Counterfeit Technology Company Limited* (深圳國科防偽科技有限公司) ("**Guoke**"), entered into a joint venture contract (the "**Joint Venture Contract**") with Mr. Cui Guodong and Mr. Li Wei (the "**Original Shareholders**") and Beijing Xinyoushitong Investment Consultant Company Limited* (北京信郵世通投資顧問有限公司) ("**Beijing Xinyoushitong**") on the transfer of 51% equity interest of Shandong Deji Medical Goods Company Limited* (山東德吉醫療用品有限公司) (the "**JV Company**").

Pursuant to the Joint Venture Contract, after an arm's length negotiation, the Original Shareholders shall transfer 51% of equity interest of the JV Company to Guoke with a total consideration of RMB1; Guoke shall make capital contribution to the JV Company in proportion to its equity interest in the JV Company. The JV Company shall be operated by all parties.

Principal Terms of the Joint Venture Contract

The principal terms of the Joint Venture Contract are set forth below:

Date of execution	: 18 February 2020
Parties	: Guoke, Mr. Cui Guodong, Mr. Li Wei and Beijing Xinyoushitong
Name of the JV Company	: Shandong Deji Medical Goods Company Limited
Shareholding structure of the JV Company	: Guoke holds 51%, Mr. Cui Guodong holds 24%, Mr. Li Wei holds 12% and Beijing Xinyoushitong holds 13%
Principal activities of the JV Company	: the JV Company mainly engages in the production and sales of disposable protective masks, protective masks for medical use, medical protective clothing, surgical gowns, surgical caps and surgical shoes.
Domicile of the JV Company	: Shandong

Purposes of the cooperation

1. All parties shall hold equity interest in the JV Company and will cooperate with each other to operate the JV Company. The JV Company shall produce and sell mainly disposable protective masks, protective masks for medical use, medical protective clothing, surgical gowns, surgical caps and surgical shoes under the brands authorized by the Company;

2. The existing production management team of the Original Shareholders as well as their existing plant, equipment and production personnel will be deployed by the JV Company to meet the production standards required. The Original Shareholders will also be responsible for the application of the Medical Device Manufacturing License and other related permits, while Guoke shall utilize its advantages on capital, brands, platform and sales channels to maximize the production and sales of the JV Company;

3. The Original Shareholders guarantee that the JV Company shall obtain the Medical Device Manufacturing License and other related permits for the production of disposable protective masks, protective masks for medical use and medical protective clothing before 15 March 2020. After the production commences, the minimum production capacity of disposable protective masks and protective masks for medical use will not be less than 500,000 units per day, while the minimum production capacity of medical protective

clothing will not be less than 5,000 units per day. After that, the production capacity shall be planned in accordance to the actual circumstances in the future.

Registered Capital and Share Capital Structure

The registered capital of the JV Company is RMB5,000,000. The JV Company has four shareholders, with Guoke holdings 51% equity interest of the JV Company (contributing RMB2,550,000 of capital), Mr. Cui Guodong holdings 24% equity interest of the JV Company (contributing RMB1,200,000 of capital), Mr. Li Wei holdings 12% equity interest of the JV Company (contributing RMB600,000 of capital) and Beijing Xinyoushitong holdings 13% equity interest of the JV Company (contributing RMB650,000 of capital). As at the date of this announcement, none of the parties has made capital contribution to the JV Company. Pursuant to the Joint Venture Contract, all parties shall complete their capital contribution on or before 31 May 2020 in proportion to their respective equity interest in the JV Company.

The JV Company will apply for the relevant approvals and authorizations on the establishment and the operation as required.

The Board considers that the Joint Venture Contract was entered into in the ordinary course of business of the Company and on normal commercial terms after arm's length negotiation.

To the best of the Board's knowledge, information and belief having made all reasonable enquiries, the Original Shareholders and Beijing Xinyoushitong are third parties independent of and not connected with the Company and its core connected persons (as defined in the Rules Governing the Listing of Securities on the GEM ("**GEM**") of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**")).

REASONS FOR AND BENEFITS OF FORMATION OF JV COMPANY

The spread of the Coronavirus Disease 2019 ("COVID-19") since the beginning of 2020 has posed challenges to China in terms of prevention, containment and treatment of the disease. With the sudden onset of the communicable disease, there is insufficient total production capacity of protective devices, creating a mismatch between demand and supply in both medical and civilian markets. With the background of strong medical resources and business network from the Company's strategic shareholder, the Company possesses a strong advantage on capital, self-owned brand, and sales platform and resources. The Company, through cooperating with the Original Shareholders, acquiring the equity interest in the JV Company, and jointly operating the JV Company, creates synergy utilizing our respective resources. Guoke has previously established a long-term strategic cooperation relationship with Zhuhai Huafa Group Co., Ltd. on the procurement of emergence medical supplies, the entering into the the field of physical medical supplies production by the Company can provide a stable supply of medical supplies and control the cost. With the advantage of the diversified resources of the Company, and the ability of the JV Company to commence production in a short period of time, medical supplies can be produced timely at this critical period in fighting against the epidemic, and can be rapidly absorbed by the market. In addition, amidst the fear that the Chinese economy may be severely hit by the epidemic, the positive profit and income from medical related industries shall provide support to the economic recovery and the rejuvenation of the Chinese market. The online and offline resources make it easier for the Company to perform well in the industry of medical protection and outperform its rivals in a short time. The new branch of the Company's business deployment shall enrich the strategic blueprint and achieve new revenue stream.

ABOUT THE JV COMPANY

The JV Company is a limited company that mainly engages in the production and sales of disposable medical protective products.

ABOUT THE GROUP

The Group mainly provides lottery and "Internet Plus" solutions. With the advantage of an excellent R&D team and abundant industry experience, the Group has been applying the relevant" Internet Plus" solutions into multiple market segments, including public security, government affairs, leasing, health and lottery. The Group also possesses advantages in extensive experience in the field of lottery operation for many years and self-developed comprehensive solution to the lottery industry in the PRC. Meanwhile, the Group is also the priority strategic partner of Tencent Cloud Computing (Beijing) Company Limited on a nationwide basis in four specific market segments, namely government affairs, public security, health and lottery. The Group has signed a business cooperation agreement with Shenzhen branch of China UnionPay (中國銀聯股份有限公司深圳分公司) on nationwide authorization on the "Mobile QuickPass" ("雲閃付") platform.

IMPLICATION UNDER THE GEM LISTING RULES

As all of the applicable percentage ratios under Rule 19.07 of the GEM Listing Rules in respect of the establishment of the JV Company and the transactions contemplated under the Joint Venture Contract are less than 5%, the entering into the Joint Venture Contract and the transactions contemplated thereunder does not constitute a notifiable transaction under Chapter 19 of the GEM Listing Rules.

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, 18 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.

** for identification purposes only*