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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 ANTI-COUNTERFEITING LOTTERY BUSINESS UPDATE**

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.

Reference is made to the announcement of the Company dated 1 November 2019 in relation to the Group’s cooperation with Beijing Cai-Yan Technology Co., Ltd. (“**CY Technology**”) to launch a scientific, efficient and unique anti-counterfeiting traceability solution with anti-counterfeiting packaging devices and online anti-counterfeiting information verification platform as the core content.

As at the date of this announcement, CY Technology has obtained the authorization to use two patented technologies, namely product anti-counterfeiting packaging device (being notified in granting the patent, patent application number: 201921449828.X) (the “**Anti-counterfeiting Traceability**”), and adhesive parts and components and anti-counterfeiting packaging device (patent number: ZL 2019 2 1579150.7) (the “**Anti-counterfeiting Device(s)**”). The Group also has the right to use these patents through signing a licensing agreement with CY Technology (“**Authorization**”), authorizing the use of such anti-counterfeiting patent solutions for market promotion, and the formation of an overall solution for the patented technology to be applied to consumer products (the “**Commercial Cooperation**”).

The two anti-counterfeiting patents mainly provide efficient and unique anti-counterfeiting methods for consumer products circulated in the market through the use of lottery as an anti-counterfeiting mechanism. With the combination of the unique anti-counterfeiting characteristics of lottery tickets and other product design and technological elements such as

Radio Frequency Identification, the goals of anti-counterfeiting, easy identification and traceability can be achieved. The overall anti-counterfeiting patent application solution described in this announcement innovatively combines the lottery characteristics of credibility endorsement, anti-counterfeiting and public welfare features together with anti-counterfeiting packaging. When the anti-counterfeiting packaging is opened, the integrity of the effective area of the lottery ticket is also destroyed, effectively avoiding loopholes of secondary use. The national lottery industry has a complete management system and mature laws and regulations to protect the legitimate rights and interests of lottery participants. In addition, these lottery tickets are recognized and issued by national institutions and are unique and unforgeable. As a part of multiple verifications in the Anti-counterfeiting Devices, the lottery tickets have significant advantages with comprehensive effects. The Anti-counterfeiting Devices not only allow the consumers to easily and intuitively judge whether the product packaging is intact, but also enable the consumers to easily and reliably identify the authenticity of the product. At the same time, the public welfare characteristic of the lottery itself is not available in other existing anti-counterfeiting technologies. This anti-counterfeiting patent solution encourages the consumers to actively participate in authenticity verification and form the consumers' authenticity verification habits, while the promotion effects of the sales of goods will also increase the demand for the Anti-counterfeiting Devices by merchants. The demand closed-loop effect will help drive the market demand for the Anti-counterfeiting Devices and spread across different industries.

These patented solutions are designed to help companies capture the demand for genuine goods, increase sales revenue, increase industry and corporate credit, while the companies participate in public welfare undertakings at the same time. In this Commercial Cooperation, the Group plays an important role in the development of the market and the formation of overall solutions for practical applications, and promotes the full commercialization of anti-counterfeiting patent solutions. The Group will set up a large-scale technology applications R&D and marketing team to provide strong support to the new business sector from the front line to the back end. The Group's revenue from the Commercial Cooperation is divided into two parts: Firstly, for every product sold by a manufacturer that adopts the patented application solution, the Group will receive a certain percentage of service fees from the sales revenue of the solution. Secondly, the patented overall application solution is embedded with lottery elements, the Group will obtain a certain lottery sales commission through the sale of lottery tickets.

The Anti-counterfeiting Traceability and the Anti-counterfeiting Device are connected to the entrance of the anti-counterfeiting information interactive system from which the consumers can enter the authenticity verification platform. Interactive functions such as real-time authenticity verification, lottery ticket redemption, and marketing lottery draw attract the customers. After completion of the online business platform jointly established by the Group's e-commerce system and genuine goods manufacturers, the accumulated customer base can be tapped into and the multi-dimensional marketing function of the CY Technology's online platform will be fully utilized.

The Group is optimistic about the anti-counterfeiting demand and revenue potential of commercial products with high value-added attributes. The first batch of targeted users are in the tobacco, medicine, and alcohol industries with relatively strong consumer demand, higher consumption amount, and high anti-counterfeiting requirements. The Anti-counterfeiting Devices help limit and crack down on the circulation of counterfeit goods, help businesses regain real market demand, and consolidate corporate image.

In view of the fact that the Group has been deeply involved in the lottery industry for more than ten years, the Group has independent sales channel resources and outstanding sales capabilities and experience. In the future, the Group will strive to promote the in-depth integration of lottery sales, the Anti-counterfeiting Device, “Internet Plus” and block chain technology. While implementing multi-dimensional marketing functions in the backend of the anti-counterfeiting information system, the Group will ensure the security and integrity of data information. The Group is confident in creating new application scenarios, tapping potential demand in the anti-counterfeiting industry, and accelerating the market-oriented practice of combining lottery and anti-counterfeiting technologies.

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 August 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 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).*