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Sipai Health Technology Co., Ltd. 思派健康科技有限公司

(A company incorporated in the Cayman Islands with limited liability)
(Stock Code: 0314)

DISCLOSEABLE TRANSACTION SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCTS

SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCTS

The Board announces that, between January 1, 2023 and August 3, 2023, each of Sipai Guangzhou, and the Company had subscribed for several wealth management products offered by SPD Bank and HSBC, respectively.

LISTING RULES IMPLICATIONS

As each of the SPD Subscriptions and the HSBC Subscriptions were subscribed with the same bank and are of similar nature, they would, in each case, during the relevant period be aggregated as if there were one transaction with that bank for the purpose of calculating the relevant percentage ratios pursuant to Rule 14.22 of the Listing Rules. As the highest applicable percentage ratio, on standalone or an aggregate basis, in respect of each of the SPD Subscriptions and the HSBC Subscriptions during the relevant period exceeds 5% but is less than 25%, each of the SPD Subscriptions and the HSBC Subscriptions constitutes a discloseable transaction of the Company for the purpose of the Listing Rules and are subject to the notification and announcement requirements but are exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

Due to unintentional and inadvertent oversight, the Subscriptions were not disclosed by the Company in accordance with Chapter 14 of the Listing Rules in a timely manner. Accordingly, remedial actions have been taken to prevent similar incidents from occurring in the future.

SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCTS

The Board announces that, between January 1, 2023 and August 3, 2023, each of Sipai Guangzhou and the Company had subscribed for several wealth management products offered by SPD Bank and HSBC, respectively. The key terms of the Subscriptions are set out in the tables below:

I. SPD Subscriptions

No.	Subscription Date	Product Name	Principal Amount Subscribed (RMB)	Expected Annual Return Rate	Maturity Date	Type of Product	Investment Scope
1.	January 3, 2023	Li Duo Duo Corporate Stable Profit 22JG8342 (Three-tier Bullish) RMB-denominated Structured Deposit (利多多公司穩利22JG8342期(三層看漲)人民幣對公結構性存款)	500,000,000	2.80%	April 3, 2023	Principal guaranteed with floating return	Note
2.	April 6, 2023	Li Duo Duo Corporate Stable Profit 23JG5536 (Three-tier Bullish) RMB-denominated Structured Deposit (利多多公司穩利23JG5536期(三層看漲)人民幣對公結構性存款)	300,000,000	2.82%	July 5, 2023	Principal guaranteed with floating return	Note

Note: The relevant structured deposit products are linked structured deposit. The linked indicator is EUR/US\$ exchange rate.

As of the date of this announcement, all of the structured deposit products subscribed from the SPD Bank had been redeemed.

II. HSBC Subscriptions

No.	Subscription Date	Product Name	Principal Amount Subscribed	Expected Annual Return Rate	Maturity Date	Type of Product	Investment Scope
1.	July 20, 2023	HSBC USD LIQUIDITY FUND CLASS G	US\$5,500,000	5.12%	September 11, 2023	Principal guaranteed with floating return	<i>Note (a)</i>
			US\$16,000,000	5.49%	<i>Note (c)</i>		
2.	August 3, 2023	HSBC GLOBAL MONEY FUND-RMB CLASS GD	RMB70,000,000	1.90%	August 25, 2023	Principal guaranteed with floating return	<i>Note (b)</i>

Notes:

- (a) The relevant wealth management products may invest in short-term securities, instruments and obligations, financial derivative instruments (such as certificates of deposits, commercial papers, government bonds, treasury bills etc.) and enter into repurchase agreements for liquidity management purposes, etc.
- (b) The relevant wealth management product may invest in short-term deposit and other money market instruments.
- (c) This product can be redeemed at any time.

As of the date of this announcement, wealth management products subscribed from HSBC with a principal amount of US\$5,500,000 and RMB70,000,000 had been redeemed, and the aggregate outstanding principal amount of the HSBC Subscriptions was US\$16,000,000.

BASIS OF DETERMINATION FOR THE CONSIDERATION

The Directors confirmed that the considerations of the Subscriptions were determined on the basis of commercial terms negotiated at arm's length between the Group and each of SPD Bank and HSBC, having considered the then available surplus cash of the Company for treasury management purpose.

REASONS FOR AND BENEFITS OF SUBSCRIPTIONS

Each of the wealth management products is characterized by its nature of principal guaranteed and convenient trading with satisfactory liquidity, and the Subscriptions were used by the Company for treasury management purpose in order to maximize its return on the surplus cash received from its business operations. The Group expects that the wealth management products will earn a better yield than current deposits generally offered by commercial banks in the PRC while at the same time offer flexibility to the Group in terms of treasury management.

As such, the Directors (including independent non-executive Directors) are of the view that the terms of each of the Subscriptions are fair and reasonable, and are on normal commercial terms and the Subscriptions are in the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE PARTIES

The Company and Sipai Guangzhou

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on May 19, 2015. The Company and its subsidiaries connect and deliver clear values to patients, doctors, medical institutions, pharmaceutical companies and payers across China's healthcare system through the Group's robust technology platform and data-enabled operational capabilities. The Group currently runs three business lines, including specialty pharmacy business, physician research assistance, and health insurance services.

Sipai Guangzhou is a limited liability company established under the laws of the PRC on April 17, 2019, which was a wholly-owned subsidiary of the Company as of the date of this announcement. Sipai Guangzhou is the holding company for pharmacy sector business of the Group.

SPD Bank

SPD Bank is a national joint stock commercial bank, whose A shares are listed on the Shanghai Stock Exchange (stock code: 600000). SPD Bank principally engages in the provision of banking and the relevant financial services.

HSBC

HSBC is one of the world's leading international banks, whose shares are listed on the Stock Exchange (stock code: 0005) and the London Stock Exchange (stock code: HSBA). HSBC principally engages in the provision of banking and the relevant financial services.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, according to the information publicly disclosed by SPD Bank and HSBC, SPD Bank and HSBC and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

LISTING RULES IMPLICATIONS

As each of the SPD Subscriptions and the HSBC Subscriptions were subscribed with the same bank and are of similar nature, they would, in each case, during the relevant period be aggregated as if there were one transaction with that bank for the purpose of calculating the relevant percentage ratios pursuant to Rule 14.22 of the Listing Rules. As the highest applicable percentage ratio, on standalone or an aggregate basis, in respect of each of the SPD Subscriptions and the HSBC Subscriptions during the relevant period exceeds 5% but is less than 25%, each of the SPD Subscriptions and the HSBC Subscriptions constitutes a discloseable transaction of the Company for the purpose of the Listing Rules and are subject to the notification and announcement requirements but are exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

The Company should have complied with the relevant notification and announcement requirements under Rule 14.34 of the Listing Rules in respect of each of the SPD Subscriptions and the HSBC Subscriptions as and when such obligations arose. The Company regrettably acknowledges that it has failed to timely comply with the Listing Rules due to its unintentional and inadvertent oversight. The Board has always put great emphasis on the importance of complying with the Listing Rules and the risk assessment of its wealth management products. The Company has established its internal control policy for the compliance with the Listing Rules. However, no specific detailed guideline for the assessment of the subscription of wealth management products under Chapter 14 of the Listing Rules was included thereof. The failure to make timely disclosure was due to the lack of a comprehensive understanding of the disclosure requirements for purchase of wealth management products under Chapter 14 of the Listing Rules.

REMEDIAL ACTIONS

The Company deeply regrets its non-compliance with the Listing Rules but it would like to stress that such non-compliance was unintentional and inadvertent. The Company has no intention to withhold any information relating to the Subscriptions from disclosure to the public. To prevent similar cases from occurring in the future, the Company has implemented the following remedial actions from September 2023:

- (a) the Company has conducted a comprehensive review and self-examination of the purchase of wealth management products, and hereby makes this announcement on the purchase of the wealth management products that should have been disclosed but were not previously disclosed;
- (b) the Company has provided and will continue to strengthen the training provided to staffs in the finance department and reinforce their existing knowledge relating to notifiable and connected transactions;
- (c) with the assistance of the compliance adviser and legal advisers, the Company further understands the definition of a wealth management product and has reminded the responsible staff, senior management and Directors and strengthen their understanding to identify the circumstances which are expected to trigger the announcement requirement under the Listing Rules and potential problems at an early stage to avoid the recurrence of such matters;
- (d) the Company has reinforced the coordination and reporting arrangements for notifiable transactions within the Group to reduce human clerical error by designating specific employees to monitor the transaction amount of any transactions falling into the definition under Rule 14.04(1) of the Listing Rules, especially the subscription for wealth management products;

- (e) the Company has circulated a detailed guideline relating to notifiable and connected transactions under the Listing Rules as of the date of this announcement and will provide regular training to remind the responsible staff, senior management and Directors in order to strengthen and reinforce their existing knowledge relating to notifiable and connected transactions, as well as their ability to identify potential issues at an early stage; and
- (f) the Company will work more closely with its internal legal and compliance department on compliance issues; and shall, as and when appropriate and necessary, consult other professional advisers before entering into any potential notifiable transaction. If necessary, the Company might also consult the Stock Exchange on the proper treatment of the proposed transaction.

Going forward, the Company will continue to comply with the management procedures of its investments on wealth management products and make such disclosure in a timely manner to ensure compliance with the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Sipai Health Technology Co., Ltd. (思派健康科技有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands on May 19, 2015, with its shares initially listed on the Main Board of the Stock Exchange on December 23, 2022 (stock code: 0314)
“Directors”	the director(s) of the Company
“EUR”	European dollars, the lawfully currency of the European Union
“Group”	the Company and its subsidiaries
“HSBC”	The Hongkong and Shanghai Banking Corporation
“HSBC Subscriptions”	the subscriptions by the Company of the wealth management products issued by HSBC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC, and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holder(s) of ordinary share(s) in the share capital the Company
“Sipai Guangzhou”	Sipai Wisdom Pharmacy (Guangzhou) Co., Ltd. (思派智慧大藥房(廣州)有限公司), a company established under the laws of the PRC on April 17, 2019 and a wholly-owned subsidiary of our Company
“SPD Bank”	Shanghai Pudong Development Bank
“SPD Subscriptions”	the subscriptions by Sipai Guangzhou of the wealth management products issued by SPD Bank
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriptions”	the HSBC Subscriptions and the SPD Subscriptions
“subsidiary(ies)”	has the same meaning ascribed to it under the Listing Rules
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

By Order of the Board
Sipai Health Technology Co., Ltd.
MA Xuguang
Chairman of the Board and Executive Director

Hong Kong, September 28, 2023

As at the date of this announcement, the Board comprises Mr. MA Xuguang and Mr. LI Ji as executive directors, Mr. YAO Leiwen as non-executive director, Mr. CHANG Stanley Yi (張翊, alias 張翌軒), Mr. FAN Xin, Mr. HE Haijian and Ms. HUANG Bei as independent non-executive directors.