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## **Value Convergence Holdings Limited**

*(Incorporated in Hong Kong with limited liability)*

Website: <http://www.vcgroup.com.hk>

(Stock Code: 821)

### **VOLUNTARY ANNOUNCEMENT ENTERING INTO THE SUB-LICENCE AGREEMENT**

This is a voluntary announcement made by Value Convergence Holdings Limited (the “**Company**”) to provide its shareholders and potential investors with the latest information on the Company’s business development.

Reference is made to the announcement of the Company dated 24 July 2020 (the “**Announcement**”). Vast Sea, LLC (“**Vast Sea**”) and Success Health Global Limited (the “**Licensee**”) (a subsidiary of the Company) entered into a licence agreement dated 17 July 2020 under and pursuant to which Vast Sea licensed the patent (the “**Patent**”) exclusively to the Licensee under and in accordance with the provisions therein (the “**Licence**”). Capitalised terms used herein, unless otherwise defined, shall have the same meanings as those defined in the Announcement.

On 17 December 2020 (after trading hours), Vast Sea Biotechnology, Inc. (successor in interest to Vast Sea) (and Vast Sea, interchangeably the “**Licensor**”), the Licensee, and Hopkins Biotech Company (a company incorporated in the United States of America) (the “**Sub-Licensee**”) (collectively, the “**Parties**”) entered into a sub-licence agreement (the “**Sub-Licence Agreement**”), pursuant to which the Licensee sub-licence certain procedures in relation to the Licence to the Sub-Licensee (the “**Sub-Licensing**”).

## **Grant of Rights**

Pursuant to the Sub-Licence Agreement, under the supervision of the Licensor, the Licensee may sub-license to the Sub-Licensee during the Sub-Licensing Period (as defined below):

- (a) the sole and exclusive right to manufacture and produce two delivery mechanisms, namely, the eye-drop form and the tablet form of the tangible materials (the “**Licensed Products**”) which in the course of manufacture would be within the scope of one or more claims of the Patent (the “**Relevant Product**”) in the United States of America (“**USA**”) and the Sub-Licensed Territories (as defined below), and for avoidance of any doubt, the Relevant Product shall only be part of the Licensed Product; and
- (b) the sole and exclusive right to distribute and sell the Relevant Product to all countries in North America, European Union, Middle East and Arab League (the “**Sub-Licensed Territories**”).

## **Royalty Fee**

The Sub-Licensee shall pay royalty to the Licensee for the Relevant Product, which royalty shall be equivalent to 5% of the sale price of the Relevant Product sold by the Sub-Licensee (the “**Royalty**”).

The minimum amount of Royalty for the first 12 months period commencing on the Commencement Date (as defined below) shall be US\$3,000,000, and in the case of there being any shortfall, the Sub-Licensee shall make good the difference on dollar-to-dollar basis within the 13th month after the Commencement Date (as defined below), and likewise, the minimum amount of Royalty for the remaining 12 months period commencing on the anniversary of the Commencement Date (as defined below) shall also be US\$3,000,000, and in the case of there being any shortfall, the Sub-Licensee shall make good the difference on dollar-to-dollar basis within 25th month after the Commencement Date (as defined below). Any failure and/or refusal of the Sub-Licensee to make good any shortfall in Royalty for any Sub-Licensing Period (as defined below) shall be an event of default and shall result in non-extension of the relevant Sub-Licensing Period (as defined below).

### **Sub-Licensing Period**

The period of the Sub-Licensing, which shall be for an initial fixed term commencing on the date when the toxicity test and in-vivo studies (In Vivo Pharmacokinetics (PK) Studies) have been duly completed to the satisfaction of the Licensor, Licensee and Sub-Licensee (the “**Commencement Date**”) and expiring on the second anniversary of the Commencement Date (both days inclusive). The initial Sub-Licensing period will be automatically renewed for a period of 12 months upon satisfaction or accomplishment of benchmarks and targets designated by the Licensee during the initial Sub-Licensing period (the “**Sub-Licensing Period**”).

In case the Sub-Licensing Period shall not commence by 30 June 2021 or such later dates as the Parties may agree in writing, the Sub-Licence Agreement, notwithstanding that it has already been executed, shall become null and void forthwith.

### **Reasons for and benefits of the entering into of the Sub-Licence Agreement**

The Company and its subsidiaries are principally engaged in the provision of financial services and proprietary trading.

The sub-licence of the Relevant Products to the Sub-Licensee will enable the Sub-Licensee to manufacture and produce the Relevant Product in the USA and the Sub-Licensed Territories together and market and sell the Relevant Product in the Sub-Licensed Territories. The Sub-Licence Agreement can secure steady and recurrent revenue through the Royalty fee.

In light of the above, the Board is of the view that the terms of the Sub-Licence Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

By Order of the Board of  
**Value Convergence Holdings Limited**  
**Fu Yiu Man, Peter**  
*Chairman & Executive Director*

Hong Kong, 17 December 2020

*As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Fu Yiu Man, Peter (Chairman), Mr. Lin Hoi Kwong, Aristo and Mr. Tang Hao; and three independent non-executive Directors, namely, Mr. Wong Chung Kin, Quentin, Mr. Wong Kam Choi, Kerry, MH and Mr. Siu Miu Man, Simon, MH.*