



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)

THIRD QUARTERLY REPORT 2021/2022



CHARACTERISTICS OF GEM (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

*This report, for which the directors (the “**Directors**”) of Sinopharm Tech Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (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 report 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 report misleading.*

QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 31 MARCH 2022

RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to announce that the unaudited consolidated financial results of the Company and its subsidiaries (collectively the “**Group**”) for the three months and nine months ended 31 March 2022 (the “**Period 2022**”), together with the selected comparative unaudited figures for the corresponding period in 2021 (the “**Period 2021**”), are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 31 March 2022

	Notes	(Unaudited)		(Unaudited)	
		Three months ended		Nine months ended	
		2022	2021	2022	2021
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	2	26,197	12,918	37,927	68,118
Costs of sales and services		(24,836)	(9,269)	(33,973)	(44,917)
Gross profit		1,361	3,649	3,954	23,201
Other income and gains/(expenses)		4	(320)	15,269	1,745
Selling and distribution expenses		(131)	(116)	(751)	(4,782)
Administrative and operating expenses		(9,122)	(15,160)	(33,913)	(40,604)
Share of (losses)/profits of associates		(173)	(716)	3,074	3,165
Operating loss		(8,061)	(12,663)	(12,367)	(17,275)
Finance costs		(1,808)	(4,960)	(10,879)	(14,975)
Loss before tax	3	(9,869)	(17,623)	(23,246)	(32,250)
Income tax credit/(expense)	4	—	—	—	—
Loss for the period		(9,869)	(17,623)	(23,246)	(32,250)
Loss for the period attributable to:					
Equity holders of the Company		(9,910)	(17,243)	(23,413)	(31,383)
Non-controlling interests		41	(380)	167	(867)
		(9,869)	(17,623)	(23,246)	(32,250)



QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 31 MARCH 2022

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	31 March		31 March	
	2022	2021	2022	2021
<i>Notes</i>	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other comprehensive income for the period, net of tax:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences arising on translation of financial statements of overseas operations	506	538	549	782
Total comprehensive expenses for the period	(9,363)	(17,085)	(22,697)	(31,468)
Total comprehensive income/(expenses) for the period attributable to:				
Equity holders of the Company	(9,444)	(17,619)	(23,051)	(31,872)
Non-controlling interests	81	534	354	404
	(9,363)	(17,085)	(22,697)	(31,468)
Loss per share attributable to equity holders of the Company				
Basic	5 (HK0.22 cents)	(HK0.40 cents)	(HK0.52 cents)	(HK0.73 cents)
Diluted	N/A	N/A	N/A	N/A

The accompanying notes on page 3 to 8 form an integral part of this quarterly financial report.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2022

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited consolidated financial results for the nine months ended 31 March 2022 have been prepared in accordance with accounting principles generally accepted in Hong Kong under which Hong Kong Financial Reporting Standards (“**HKFRSs**”), Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of the GEM Listing Rules.

Except as described below, the principal accounting policies and methods of computation used in the preparation of the unaudited consolidated financial results for the nine months ended 31 March 2022 are consistent with the financial statements of the Group for the year ended 30 June 2021.

The Group has adopted all of the new and revised standards, amendments and interpretations which are relevant to its operations and effective for the accounting period beginning on 1 July 2021. The adoption of these new and revised standards, amendments and interpretation does not have significant impact on the accounting policies of the Group, and the amounts reported for the current period and prior periods.

The Group has not early applied any new and revised HKFRSs that have been issued but are not yet effective.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2022

2. REVENUE

The principal activities of the Group are provision of (i) lottery-related services, (ii) internet plus services (solution and supply chain), (iii) manufacturing and distribution of personal protective equipment and (iv) other services.

Revenue represents income from the following services rendered by the Group, net of returns, discounts allowed or sales taxes:

	(Unaudited) Three months ended 31 March		(Unaudited) Nine months ended 31 March	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Point in time				
Internet plus services (supply chain)				
— Trading of goods	22,597	4,358	28,687	27,126
Manufacturing and distribution of personal protective equipment	3,253	8,560	7,698	38,516
	25,850	12,918	36,385	65,642
Over time				
Lottery-related service	344	—	1,176	2,476
Internet plus services (solution)	3	—	366	—
	347	—	1,542	2,476
	26,197	12,918	37,927	68,118



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2022

3. LOSS BEFORE TAX

Loss before tax has been arrived at after charging/(crediting):

	(Unaudited) Three months ended 31 March		(Unaudited) Nine months ended 31 March	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Cost of services	21,220	330	27,436	1,614
Cost of inventories sold	3,616	8,939	6,537	43,303
Equity-settled share-based payments	523	1,040	3,917	3,716
Depreciation of property, plant and equipment	53	2,321	721	3,908
Amortization of intangible assets	—	5	—	16
Exchange (gains)/losses, net	—	(15)	7	13

4. INCOME TAX CREDIT/(EXPENSE)

For the nine months ended 31 March 2022 and 31 March 2021, Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporation will be taxed at the rate of 8.25%, and profits above HK\$2 million will be taxed at the rate of 16.5%. No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits for the period (three months and nine months ended 31 March 2021: Nil).

Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2022

5. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of basic and diluted loss per share attributable to the ordinary equity holders of the Company is based on the following data:

Loss

	(Unaudited) Three months ended 31 March		(Unaudited) Nine months ended 31 March	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Loss for the period attributable to the equity holders of the Company	<u>(9,910)</u>	<u>(17,243)</u>	<u>(23,413)</u>	<u>(31,383)</u>

Number of shares

	(Unaudited) Three months ended 31 March		(Unaudited) Nine months ended 31 March	
	2022 '000	2021 '000	2022 '000	2021 '000
Weighted average number of ordinary shares for the purposes of basic loss per share	<u>4,483,524</u>	<u>4,289,725</u>	<u>4,483,524</u>	<u>4,289,725</u>
Weighted average number of ordinary shares for the purposes of diluted loss per share	<u>4,483,524</u>	<u>4,289,725</u>	<u>4,483,524</u>	<u>4,289,725</u>



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2022

5. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY — CONTINUED

Number of shares — Continued

For the three months and nine months ended 31 March 2022, outstanding share options, warrants and convertible bonds of the Company are anti-dilutive (three months and nine months ended 31 March 2021: anti-dilutive) since their exercise or conversion would result in a decrease in loss per share (three months and nine months ended 31 March 2021: decrease in loss per share).

6. MOVEMENTS OF RESERVES

For the nine months ended 31 March 2022

	Attributable to equity holders of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Share option reserve HK\$'000	Translation reserve HK\$'000	Convertible bonds reserve HK\$'000	Special reserve HK\$'000	Capital reserve HK\$'000	Retained profits/ (Accumulated losses) HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 July 2021 (audited)	55,050	2,675,328	1,484	11,290	7,968	4,507	(1)	10,184	(2,904,690)	(138,880)	(1,676)	(140,556)
Loss for the period	—	—	—	—	—	—	—	—	(23,413)	(23,413)	167	(23,246)
Exchange differences arising from translation of financial statements of overseas operations	—	—	—	—	362	—	—	—	—	362	187	549
Total comprehensive (loss)/ income for the period	—	—	—	—	362	—	—	—	(23,413)	(23,051)	354	(22,697)
Recognition of equity-settled share-based payments	—	—	—	3,917	—	—	—	—	—	3,917	—	3,917
Release on disposal of subsidiaries	—	—	—	—	—	—	—	—	—	—	1,288	1,288
Equity component recognized for CB	—	—	—	—	—	6	—	—	—	6	—	6
Share issued on loan settlement	1,671	26,674	—	—	—	—	—	—	—	28,345	—	28,345
At 31 March 2022 (unaudited)	56,721	2,702,002	1,484	15,207	8,330	4,513	(1)	10,184	(2,928,103)	(129,663)	(34)	(129,697)



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2022

6. MOVEMENT OF RESERVES — CONTINUED

For the nine months ended 31 March 2021

	Attributable to equity holders of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Share option reserve HK\$'000	Translation reserve HK\$'000	Convertible bonds reserve HK\$'000	Special reserve HK\$'000	Capital reserve HK\$'000	Retained profits/ (Accumulated losses) HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 July 2020 (audited)	53,621	2,644,794	1,484	8,265	8,194	5,950	(1)	10,184	(2,805,571)	(73,080)	(305)	(73,385)
Loss for the period	—	—	—	—	—	—	—	—	(31,383)	(31,383)	(867)	(32,250)
Exchange differences arising from translation of financial statements of overseas operations	—	—	—	—	(489)	—	—	—	—	(489)	1,271	782
Total comprehensive (loss)/ income for the period	—	—	—	—	(489)	—	—	—	(31,383)	(31,872)	404	(31,468)
Recognition of equity-settled share-based payments	—	—	—	3,716	—	—	—	—	—	3,716	—	3,716
Capital injection from non-controlling interests	—	—	—	—	—	—	—	—	—	—	1,470	1,470
Share issued upon placement of Shares	—	—	—	—	—	—	—	—	—	—	—	—
At 31 March 2021 (unaudited)	53,621	2,644,794	1,484	11,981	7,705	5,950	(1)	10,184	(2,836,954)	(101,236)	1,569	(99,667)

7. APPROVAL OF UNAUDITED CONDENSED CONSOLIDATED THIRD QUARTERLY FINANCIAL STATEMENTS

The unaudited condensed consolidated third quarterly financial statements were approved and authorised for issue by the Board on 13 May 2022.



FINANCIAL REVIEW

The principal activities of the Group are provision of (i) lottery-related services; (ii) Internet Plus services (solutions and supply chain); (iii) manufacturing and distribution of personal protective equipment; and (iv) other services.

For Period 2022, the Group recorded unaudited consolidated revenue of HK\$37.9 million, decreased by 44% against Period 2021 of HK\$68.1 million. The gross profit ratio decreased to about 10% as compared with 34% for Period 2021. For Period 2022, the Group recorded a net loss attributable to the equity holders of HK\$23.4 million, decreased 25% from HK\$31.4 million for Period 2021. Loss attributable to equity holders was HK\$9.9 million from the third quarter of Period 2022, which decreased by 43% from HK\$17.2 million for Period 2021. Selling and distribution expenses and administrative and operating expenses in Period 2022 amounted to HK\$34.7 million, decreased by 24% as compared to HK\$45.4 million in Period 2021.

BUSINESS REVIEW

During the period under review, the fifth wave of the COVID-19 pandemic swept in Hong Kong. The Group's personal protective equipment business was supported and continued to contribute revenue to the Group.

During the period under review, upon the delivery of the first batch of Guoke innovative anti-counterfeiting products ("**Guoke Innovative Anti-counterfeiting Products**") by the anti-counterfeiting business division under the Internet Plus business segment, Guoke Innovative Anti-counterfeiting Products have been delivered to various industries, including tea leaves, health food and other, which has gradually enhanced the market awareness and customer recognition within the industry. In March 2022, the Group also entered into a cooperation agreement with a company, in Zhejiang Province, which agreed to cooperate in the procurement of Guoke Innovative Anti-counterfeiting products.

Guoke Innovative Anti-counterfeiting Products are patent-protected and have four main features, namely, "anti-counterfeit", "credibility", "marketability" and "social responsibility", and have a comprehensive chain of anti-counterfeit system together with anti-counterfeit packaging and online anti-counterfeit verification platform. Guoke Innovative Anti-counterfeiting Products can also have various functions and properties depending on different application scenarios, redefining the traditional anti-counterfeit technology and attracting consumers to actively participate in the authentication of products. Through the "Trio Code in One" (三碼合一) entrance, consumers could easily enter the online anti-counterfeit verification platform, forming a closed loop of functions, such as authentication of products and interactive marketing, thus creating a unique marketing angle.



Guoke Innovative Anti-counterfeiting Products enable Corporate Social Responsibility (“CSR”). The Group, through Guoke Innovative Anti-counterfeiting Products, is providing its customers with the tools to achieve a greater level of CSR. The very nature of Guoke Innovative Anti-counterfeiting Products embeds the elements of consumer protection as well as contributing to the social welfare and sports development funds, two of the most important elements in CSR. By leveraging the capabilities of the Guoke Innovative Anti-counterfeiting Products regarding brand protection and brand endorsement, it is expected to support the sustainable development of the brand, achieve prosperity of the industries and its high-quality development and promote rural vitalization. By using Guoke Innovative Anti-counterfeiting Products, the corporate users will be able to achieve CSR in an effective way. The wide and extensive reach of Guoke Innovative Anti-counterfeiting Products in consumer products will take CSR to a new level of achievement. The Group will also be able to achieve and enhance the Group’s participation in CSR through supplying Guoke Innovative Anti-counterfeiting Products.

During the period under review, affected by the fifth wave of the pandemic, the Group manufactured and distributed personal protective equipment to the local market, which continued to bring cash inflow to the Group. In March 2022, the Group was included in a 24-month Standing Offer Agreement from the Government Logistics Department of the Hong Kong Special Administrative Region.

In respect of the lottery-related services segment, the Group continued to provide lottery-related services to customers in the Mainland for income during the period under review.

FUTURE OUTLOOK

In future, the anti-counterfeiting business division under the Internet Plus business segment will not only continue to enhance the anti-counterfeiting traceability function of Guoke Innovative Anti-counterfeiting Products, but will also explore the integration and application of such products with different consumer products. In particular, the NFT (non-fungible token) digital collectables domain has gained very high level of market interest recently. The Group is developing a commercial model that attaches Guoke Innovative Anti-counterfeiting Products with NFT digital collectables that are bundled with physical products as an enhancement in authenticity and promotional effects.

DIVIDEND

The Board does not recommend the payment of dividend for the nine months ended 31 March 2022 (nine months ended 31 March 2021: Nil).



DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 March 2022, the interests and short positions of the Directors and chief executive in the ordinary share(s) of HK\$0.0125 each of the Company (the "Share(s)"), underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange, were as follows:

Long Positions in the Shares of the Company or Any of Its Associated Corporation

Name of Directors	The Company/ Name of Associated Corporation	Number of Shares Held					Approximate Percentage of Shareholding
		Interest in Controlled Corporation	Personal Interest (ordinary shares)	Personal Interest (underlying shares) (Note 2)	Interest of Spouse	Total Interest	
Madam CHEUNG Kwai Lan ("Madam CHEUNG") (Note 1)	The Company	697,364,364	4,656,000	4,000,000	3,020,000	709,040,364	15.63%
Madam CHEUNG	Best Frontier Investments Limited ("Best Frontier") (Note 1)	—	909	—	1	910	—
Mr. CHAN Ting	The Company	—	—	4,000,000	—	4,000,000	0.09%
Mr. LIAO Zhe	The Company	—	—	2,300,000	—	2,300,000	0.05%
Mr. CHEUK Ka Chun Kevin	The Company	—	178,000	20,555,000	—	20,733,000	0.46%
Dr. CHENG Yanjie	The Company	—	1,965,000	3,600,000	—	5,565,000	0.12%
Dr. LIU Ta-pei	The Company	—	—	3,600,000	—	3,600,000	0.08%
Mr. CHAU Wai Wah Fred	The Company	—	3,800,000	3,600,000	—	7,400,000	0.16%



Notes:

1. The 697,364,364 Shares were owned by Best Frontier which was owned as to 99.89% and 0.11% by Madam CHEUNG and Mr. CHAN Tung Mei (“**Mr. CHAN**”) respectively. In addition, Madam CHEUNG and Mr. CHAN directly held 4,656,000 Shares and 3,020,000 Shares respectively. Accordingly, Madam CHEUNG is the spouse of Mr. CHAN so both of them were deemed to be interested in the Shares.
2. These share options were granted by the Company on 7 January 2020 under the share option scheme adopted by the Company on 31 January 2013.

Save as disclosed above, as at 31 March 2022, none of the Directors and chief executive of the Company had or was deemed to have any interests or short positions in any Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) that were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURE

Save as disclosed in the paragraph headed “Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporation” above, at no time during the period was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors and chief executive of the Company to acquire benefits by means of acquisition of the Shares in, or debentures of, the Company or any body corporate, and none of the Directors and chief executive or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right during the nine months ended 31 March 2022.



SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2022, according to the register kept by the Company pursuant to Section 336 of the SFO, and so far as was known to any Directors or chief executive of the Company, the following persons (other than the Directors or chief executive of the Company) had, or were deemed or taken to have, interests or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, as follows:

Long Positions in the Shares

<u>Name of Shareholders</u>	<u>Capacity</u>	<u>Number of issued Shares Held</u>	<u>Approximate Percentage of the Shareholding</u>
Best Frontier & its concert parties (<i>Note 1</i>)	Beneficial Owner	705,040,364	15.54%
Sinopharm Traditional Chinese Medicine Overseas Holdings Limited	Beneficial Owner	650,000,000	14.32%
Integrated Asset Management (Asia) Limited (“ Integrated Asset ”) & its concert parties (<i>Note 2</i>)	Beneficial Owner	542,363,000	11.95%
Mr. Tse Siu Hoi	Beneficial Owner	310,650,000	6.85%



Notes:

1. 697,364,364 Shares were owned by Best Frontier which was owned as to 99.89% and 0.11% by Madam CHEUNG and Mr. CHAN respectively. In addition, Madam CHEUNG and Mr. CHAN directly held 4,656,000 and 3,020,000 Shares respectively. Madam CHEUNG is the spouse of Mr. CHAN so both of them were deemed to be interested in the Shares. Madam CHEUNG was granted 4,000,000 share options by the Company on 7 January 2020 under the share option scheme adopted by the Company on 31 January 2013.
2. The 542,363,000 Shares were owned by Integrated Asset which was 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 maturing on 17 July 2017 were issued to Integrated Asset 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, 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 upon conversion of the CBs in full. The amended conversion price was 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 to 17 January 2019 upon a prior written consent from Integrated Asset. Such written consent from Integrated Asset has been received by the Company. A maximum number of 249,651,810 Shares would be allotted and issued to Integrated Asset upon conversion of the CBs in full.

Pursuant to the third amendment agreement approved by the Shareholders at the extraordinary general meeting of the Company held on 19 March 2019, the amendments were that the maturity date of the CBs was 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. Such written consent from Integrated Asset has been received by the Company. A maximum number of 249,651,810 Shares would be allotted and issued to Integrated Asset 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 would be allotted and issued to Integrated Asset upon conversion of the CBs in full. The adjusted conversion price was HK\$0.34 per conversion share subject to further adjustment.



Pursuant to the fourth amendment agreement approved by the Shareholders at the extraordinary general meeting of the Company held on 25 March 2020, the amendments were that the maturity date of the CBs was extended for six months from 17 January 2020 to 17 July 2020, and further extended to 17 January 2021 upon a prior written consent from Integrated Asset. Such written consent from Integrated Asset has been received by the Company. A maximum number of 263,602,941 Shares would be allotted and issued to Integrated Asset upon conversion of the CBs in full.

Pursuant to the fifth amendment agreement approved by the Shareholders at the extraordinary general meeting of the Company held on 22 March 2021, the Company amended some principal terms of the CBs, including to extend the maturity date of the CBs for one year from 17 January 2021 to 17 January 2022. Its conversion price shall be amended from HK\$0.34 to HK\$0.221 per conversion share (subject to adjustment), which can be converted into the maximum number of 405,542,986 Shares. The interest rate of the CBs shall be increased to 10% per annum and paid annually (the “**Fifth Amendments**”). Save for the Fifth Amendments, all other terms and conditions of the CBs shall remain unchanged.

As at the date of this third quarterly report, the Company has not received any notice of event of default from the bondholder demanding immediate repayment nor notice of exercise of the CBs. The Company will negotiate with the bondholder for the renewal of or further extension on the CBs and disclose further developments on the above matters by way of further announcement(s) in a timely manner in accordance with regulatory requirements.

Save as disclosed above, as at 31 March 2022, the Directors or chief executive of the Company were not aware of any person (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which was recorded in the register required to be kept by the Company under Section 336 of the SFO.



SHARE OPTION SCHEME

The Company adopted a share option scheme (the “**Old Share Option Scheme**”) on 31 January 2013 under which the Board may, at its discretion, invite eligible persons to take up share options to subscribe for the Shares. The purpose of the Old Share Option Scheme is to enable the Company to grant share options to selected eligible persons as incentives or rewards for their contribution to the Group. Eligible persons shall include any employee, any Director (including executive, non-executive and independent non-executive Directors) and any consultant of the Company or of any subsidiary of the Company or such other persons who, at the sole determination of the Board, have contributed to the Group at the time when an option is granted to such persons. The Old Share Option Scheme will remain valid for a period of 10 years commencing from the date of its adoption. The Old Share Option Scheme was terminated on 9 June 2021.

The Company adopted a new share option scheme (the “**New Share Option Scheme**”) on 9 June 2021 under which the Board may, at its discretion, invite eligible persons to take up share options to subscribe for the Shares. The purpose of the New Share Option Scheme is to enable the Group to grant the share options to selected eligible persons (the “**Eligible Persons**”) as incentives or rewards for their contribution to the Group. The New Share Option Scheme will provide the Eligible Persons with an opportunity to acquire proprietary interests in the Company with the view to achieving the following principal objectives: (i) motivate the Eligible Persons (in case of the Eligible Employees, as defined below) to optimise their performance and efficiency for the benefit of the Group; (ii) attract and retain or otherwise maintain ongoing business relationship with the Eligible Persons (in case of the Eligible Consultants, as defined below) whose contributions are, will be or are expected to be beneficial to the Group; and (iii) align the interests of the Eligible Persons with the Shareholders. Eligible persons shall include any employee and any Director (including executive, non-executive and independent non-executive Directors) (both collectively, the “**Eligible Employee(s)**”) and any consultant (collectively, the “**Eligible Consultant(s)**”) of the Company or of any subsidiary of the Company or such other persons who, at the sole determination of the Board, have contributed to the Group at the time when an option is granted to such persons. The New Share Option Scheme will remain valid for a period of 10 years commencing from the date of its adoption.



The details of the movements in share options under the Old Share Option Scheme during the nine months ended 31 March 2022 were as follows:

Name/Category of Participants	Grant Date	Exercise Price per Share (HK\$)	Vesting Period	Exercise Period	Number of Share Options				As at 31 March 2022	
					As at 1 July 2021	Granted	Exercised	Cancelled		Lapsed
Directors										
Madam CHEUNG Kwai Lan	07/01/2020	0.33	07/01/2020-31/05/2020	01/06/2020-31/12/2022	1,200,000	—	—	—	—	1,200,000
	07/01/2020	0.33	07/01/2020-28/02/2021	01/03/2021-31/12/2022	1,200,000	—	—	—	—	1,200,000
	07/01/2020	0.33	07/01/2020-30/11/2021	01/12/2021-31/12/2022	1,600,000	—	—	—	—	1,600,000
Mr. CHAN Ting	07/01/2020	0.33	07/01/2020-31/05/2020	01/06/2020-31/12/2022	1,200,000	—	—	—	—	1,200,000
	07/01/2020	0.33	07/01/2020-28/02/2021	01/03/2021-31/12/2022	1,200,000	—	—	—	—	1,200,000
	07/01/2020	0.33	07/01/2020-30/11/2021	01/12/2021-31/12/2022	1,600,000	—	—	—	—	1,600,000
Dr. CHENG Yanjie	07/01/2020	0.33	07/01/2020-31/05/2020	01/06/2020-31/12/2022	1,080,000	—	—	—	—	1,080,000
	07/01/2020	0.33	07/01/2020-28/02/2021	01/03/2021-31/12/2022	1,080,000	—	—	—	—	1,080,000
	07/01/2020	0.33	07/01/2020-30/11/2021	01/12/2021-31/12/2022	1,440,000	—	—	—	—	1,440,000
Dr. LIU Ta-pei	07/01/2020	0.33	07/01/2020-31/05/2020	01/06/2020-31/12/2022	1,080,000	—	—	—	—	1,080,000
	07/01/2020	0.33	07/01/2020-28/02/2021	01/03/2021-31/12/2022	1,080,000	—	—	—	—	1,080,000
	07/01/2020	0.33	07/01/2020-30/11/2021	01/12/2021-31/12/2022	1,440,000	—	—	—	—	1,440,000
Mr. CHAU Wai Wah Fred	07/01/2020	0.33	07/01/2020-31/05/2020	01/06/2020-31/12/2022	1,080,000	—	—	—	—	1,080,000
	07/01/2020	0.33	07/01/2020-28/02/2021	01/03/2021-31/12/2022	1,080,000	—	—	—	—	1,080,000
	07/01/2020	0.33	07/01/2020-30/11/2021	01/12/2021-31/12/2022	1,440,000	—	—	—	—	1,440,000
Directors' Associates										
Ms. CHAN Siu Sarah	07/01/2020	0.33	07/01/2020-31/05/2020	01/06/2020-31/12/2022	1,080,000	—	—	—	—	1,080,000
	07/01/2020	0.33	07/01/2020-28/02/2021	01/03/2021-31/12/2022	1,080,000	—	—	—	—	1,080,000
	07/01/2020	0.33	07/01/2020-30/11/2021	01/12/2021-31/12/2022	1,440,000	—	—	—	—	1,440,000
Sub-total					22,400,000	—	—	—	—	22,400,000
Employees										
Employees	07/01/2020	0.33	07/01/2020-31/05/2020	01/06/2020-31/12/2022	19,965,000	—	—	—	180,000	19,785,000
	07/01/2020	0.33	07/01/2020-28/02/2021	01/03/2021-31/12/2022	19,965,000	—	—	—	180,000	19,785,000
	07/01/2020	0.33	07/01/2020-30/11/2021	01/12/2021-31/12/2022	26,620,000	—	—	—	240,000	26,380,000
Sub-total					66,550,000	—	—	—	600,000	65,950,000
Other eligible participants										
<i>(Note)</i>	14/08/2019	0.33	14/08/2019-31/12/2019	01/01/2020-31/12/2022	11,600,000	—	—	—	—	11,600,000
	14/08/2019	0.33	14/08/2019-31/05/2020	01/06/2020-31/12/2022	18,540,000	—	—	—	—	18,540,000
	14/08/2019	0.33	14/08/2019-31/08/2020	01/09/2020-31/12/2022	8,700,000	—	—	—	—	8,700,000
	14/08/2019	0.33	14/08/2019-28/02/2021	01/03/2021-31/12/2022	18,540,000	—	—	—	—	18,540,000
	14/08/2019	0.33	14/08/2019-30/04/2021	01/05/2021-31/12/2022	8,700,000	—	—	—	—	8,700,000
	14/08/2019	0.33	14/08/2019-30/11/2021	01/12/2021-31/12/2022	24,720,000	—	—	—	—	24,720,000
Sub-total					90,800,000	—	—	—	—	90,800,000
Total					179,750,000	—	—	—	600,000	179,150,000

Note:

Other eligible participants include certain consultants of the Group.



GENERAL INFORMATION

The details of the movements in share options under the New Share Option Scheme during the nine months ended 31 March 2022 were as follows:

Name/Category of Participants	Grant Date	Exercise Price per Share (HK\$)	Vesting Period	Exercise Period	Number of Share Options				As at 31 March 2022	
					As at 1 July 2021	Granted	Exercised	Cancelled		Lapsed
Employees	27/08/2021	0.25	27/08/2021-30/09/2021	01/10/2021-30/09/2024	—	25,200,000	—	—	—	25,200,000
	27/08/2021	0.25	27/08/2021-31/12/2021	01/01/2022-30/09/2024	—	18,900,000	—	—	—	18,900,000
	27/08/2021	0.25	27/08/2021-31/12/2022	01/01/2023-30/09/2024	—	18,900,000	—	—	—	18,900,000
				Sub-total	—	63,000,000	—	—	—	63,000,000
Other eligible participants <i>(Note)</i>	27/08/2021	0.25	27/08/2021-30/09/2021	01/10/2021-30/09/2024	—	5,600,000	—	—	—	5,600,000
	27/08/2021	0.25	27/08/2021-31/12/2021	01/01/2022-30/09/2024	—	4,200,000	—	—	—	4,200,000
	27/08/2021	0.25	27/08/2021-31/12/2022	01/01/2023-30/09/2024	—	4,200,000	—	—	—	4,200,000
				Sub-total	—	14,000,000	—	—	—	14,000,000
				Total	—	77,000,000	—	—	—	77,000,000

Note:

Other eligible participants include certain consultants of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the nine months ended 31 March 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Shares.

COMPETING INTERESTS

As at 31 March 2022, none of the Directors, the substantial shareholders nor the controlling shareholders of the Company or any of their respective close associates (as defined under the GEM Listing Rules) have any interest in any business which competes or is likely to compete, directly or indirectly, with the business of the Group.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the articles of association of the Company (the "**Articles of Association**") or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.



CORPORATE GOVERNANCE PRACTICES

The Company has adopted and complied with the applicable code provisions as set out in Appendix 15 to the GEM Listing Rules (the “**CG Code**”) during the nine months ended 31 March 2022, except for the following deviations which are summarized below:

Code Provision A.2.1

The chairperson of the Company is responsible for overseeing the functions of the Board and formulating the overall strategies and policies of the Company. The chief executive officer of the Company is responsible for the day-to-day management of the business of the Group, implementing major strategies, making day-to-day decisions and the overall coordination of business operations. For the nine months ended 31 March 2022, the roles of the chairperson and chief executive officer have not been separate and have not been exercised by different individuals. The responsibilities of both roles are same as mentioned above. The Board considers that vesting the roles of chairperson and chief executive officer in the same individual is beneficial to the business prospects and management of the Group. The Board will review the need of appointing suitable candidate to assume the role of the chief executive officer when necessary.

Code provision A.4.1

The non-executive Directors of the Company (the “**NED(s)**”) and the independent non-executive Directors of the Company (the “**INED(s)**”) were not appointed for specific terms but are subject to retirement by rotation and re-election at the annual general meetings of the Company at least once every three years in accordance with the Articles of Association. The Company does not consider that fixed terms on the Directors’ services are appropriate given that the Directors ought to be committed to representing the long-term interests of the Shareholders. The retirement and re-election requirements of the NEDs and INEDs have given the rights to the Shareholders to consider and approve the continuation of the NEDs’ and INEDs’ offices.

The corporate governance practices of the Company will be reviewed and updated from time to time in order to comply with the GEM Listing Rules requirements when the Board considers appropriate.



DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct (the “**Code of Conduct**”) regarding the Directors’ securities transactions in the Shares. Having made specific enquires, the Company has confirmed with all Directors that they have complied with the required standard as set out in the Code of Conduct during the nine months ended 31 March 2022.

AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the GEM Listing Rules. The Audit Committee comprises three INEDs, namely Mr. LAU Fai Lawrence, Dr. LIU Ta-pei and Mr. CHAU Wai Wah Fred. Mr. LAU Fai Lawrence has been appointed as the chairperson of the Audit Committee.

The primary duties of the Audit Committee are to review the Company’s annual report and accounts, interim report and quarterly reports and to provide advice and comments thereon to the Board. The Audit Committee is also responsible for reviewing and supervising the Company’s financial reporting, risk management and internal control systems.

The Group’s unaudited results for the nine months ended 31 March 2022 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results has complied with applicable accounting standards and requirements and that adequate disclosures have been made.

By Order of the Board
Sinopharm Tech Holdings Limited
國藥科技股份有限公司
CHAN Ting
Chairperson

Hong Kong, 13 May 2022

As at the date of this report, the Board comprises Mr. CHAN Ting, Mr. LIAO Zhe and Mr. CHEUK Ka Chun Kevin as executive Directors, Madam CHEUNG Kwai Lan 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.

