



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)

2022/2023

Interim Report

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INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

RESULTS

The board of Directors of the Company (the “**Board**”) announces that the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the three months and six months ended 31 December 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 six months ended 31 December 2022

	Notes	(Unaudited) Three months ended 31 December		(Unaudited) Six months ended 31 December	
		2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue	3	9,398	10,051	15,025	11,730
Costs of sales and services		(7,859)	(7,820)	(11,986)	(9,137)
Gross profit		1,539	2,231	3,039	2,593
Other income and gains/(losses)	4	17,324	6,495	28,003	15,265
Selling and distribution expenses		(1,219)	(456)	(1,301)	(620)
Administrative and operating expenses		(4,182)	(11,019)	(9,439)	(24,791)
Share of (loss)/profits of associates		—	3,185	(531)	3,247
Operating profit/(loss)		13,462	436	19,771	(4,306)
Finance costs	5	(2,187)	(4,439)	(4,002)	(9,071)
Profit/(Loss) before tax	6	11,275	(4,003)	15,769	(13,377)
Income tax expense	7	—	—	—	—
Profit/(Loss) for the period		11,275	(4,003)	15,769	(13,377)
Profit/(Loss) for the period attributable to:					
Equity holders of the Company		11,026	(4,108)	15,408	(13,503)
Non-controlling interests		249	105	361	126
		11,275	(4,003)	15,769	(13,377)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

	(Unaudited) Three months ended 31 December		(Unaudited) Six months ended 31 December	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
<i>Notes</i>				
Other comprehensive (expenses)/ 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	(1,718)	281	(2,227)	43
Total comprehensive income/ (expenses) for the period	9,557	(3,722)	13,542	(13,334)
Total comprehensive income/ (expenses) for the period attributable to:				
Equity holders of the Company	9,075	(3,974)	13,692	(13,607)
Non-controlling interests	482	252	(150)	273
	9,557	(3,722)	13,542	(13,334)
Earnings/(Loss) per share attributable to equity holders of the Company				
Basic	HK0.24 cents	(HK0.09 cents)	HK0.34 cents	(HK0.30 cents)
Diluted	N/A	N/A	N/A	N/A

The accompanying notes on pages 7 to 23 form an integral part of this interim financial report.

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	Notes	(Unaudited) 31 December 2022 HK\$'000	(Audited) 30 June 2022 HK\$'000
Non-current assets			
Property, plant and equipment	9	3,247	3,850
Right-of-use assets		400	800
Goodwill		—	—
Interests in joint ventures		—	—
Interests in associates		—	23,621
Financial assets at fair value through other comprehensive income		21,704	—
Deposits for acquisition of property, plant and equipment		537	537
		25,888	28,808
Current assets			
Inventories		2,472	682
Trade and other receivables and prepayments	10	18,639	44,405
Bank balances and cash		7,283	2,991
		28,394	48,078
Current liabilities			
Trade payables, accruals and other payables	11	54,797	76,633
Amount due to directors		—	8,490
Amounts due to related parties		—	12,144
Amounts due to a shareholder		105,747	105,747
Lease liabilities		644	934
Convertible bonds	12	48,190	44,995
Deferred tax liabilities		1,307	1,307
Tax liabilities		33	33
		210,718	250,283
Net current liabilities		(182,324)	(202,205)
Total assets less current liabilities		(156,436)	(173,397)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

		(Unaudited) 31 December 2022 HK\$'000	(Audited) 30 June 2022 HK\$'000
	<i>Notes</i>		
Net liabilities		(156,436)	(173,397)
Capital and reserves			
Share capital	<i>13</i>	56,912	56,721
Reserves		(206,578)	(223,498)
Capital deficiency attributable to equity holders of the Company		(149,666)	(166,777)
Non-controlling interests		(6,770)	(6,620)
Total capital deficiency		(156,436)	(173,397)

The accompanying notes on pages 7 to 23 form an integral part of this interim financial report.

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 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 2022 (audited)	56,721	2,702,002	1,484	15,694	8,256	8,573	(1)	28,633	(2,988,139)	(166,777)	(6,620)	(173,397)
Profit for the period	—	—	—	—	—	—	—	—	15,408	15,408	361	15,769
Exchange differences arising from translation of financial statements of overseas operations	—	—	—	—	(1,716)	—	—	—	—	(1,716)	(511)	(2,227)
Total comprehensive (expenses)/ income for the period	—	—	—	—	(1,716)	—	—	—	15,408	13,692	(150)	13,542
Recognition of equity-settled share-based payments	—	—	—	742	—	—	—	—	—	742	—	742
Share option lapsed	—	—	—	(16,436)	—	—	—	—	16,436	—	—	—
Equity component recognized for convertible bonds	—	—	—	—	—	—	—	—	—	—	—	—
Share issued on loan settlement	191	2,486	—	—	—	—	—	—	—	2,677	—	2,677
Release on disposal of subsidiaries	—	—	—	—	—	—	—	—	—	—	—	—
At 31 December 2022 (unaudited)	56,912	2,704,488	1,484	—	6,540	8,573	(1)	28,633	(2,956,295)	(149,666)	(6,770)	(156,436)

For the six months ended 31 December 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 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	—	—	—	—	—	—	—	—	(13,503)	(13,503)	126	(13,377)
Exchange differences arising from translation of financial statements of overseas operations	—	—	—	—	(104)	—	—	—	—	(104)	147	43
Total comprehensive (expenses)/ income for the period	—	—	—	—	(104)	—	—	—	(13,503)	(13,607)	273	(13,334)
Recognition of equity-settled share-based payments	—	—	—	3,394	—	—	—	—	—	3,394	—	3,394
Equity component recognized for convertible bonds	—	—	—	—	—	6	—	—	—	6	—	6
Share issued on loan settlement	1,671	26,674	—	—	—	—	—	—	—	28,345	—	28,345
Release on disposal of subsidiaries	—	—	—	—	—	—	—	—	—	—	1,288	1,288
At 31 December 2021 (unaudited)	56,721	2,702,002	1,484	14,684	7,864	4,513	(1)	10,184	(2,918,193)	(120,742)	(115)	(120,857)

The accompanying notes on pages 7 to 23 form an integral part of this interim financial report.

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2022

	(Unaudited) Six months ended 31 December	
	2022 HK\$'000	2021 HK\$'000
Operating activities		
Cash used in operations	8,219	(38,720)
Interest received	1	3
Interest paid	(3,500)	(519)
Net cash generated from/(used in) operating activities	4,720	(39,236)
Investing activities		
Additions in property, plant and equipment	(23)	(121)
Net cash used in investing activities	(23)	(121)
Financing activities		
Repayment of lease liabilities	(290)	(436)
Decrease in amount due to directors	—	(16)
Repayment of other borrowing	—	(13,260)
Additions to convertible bonds	—	50,000
Net cash flow (used in)/generated from financing activities	(290)	36,288
Net increase/(decrease) in cash and cash equivalents	4,407	(3,069)
Cash and cash equivalents at the beginning of the period	2,991	7,482
Effects of foreign exchange rate changes	(115)	(398)
Cash and cash equivalents at the end of the period, represented by cash and bank balances	7,283	4,015

The accompanying notes on pages 7 to 23 form an integral part of this interim financial report.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited interim condensed consolidated financial statements for the six months ended 31 December 2022 have been prepared in accordance with Hong Kong Accounting Standards (“**HKAS**”) 34 “Interim Financial Reporting” 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 interim consolidated financial statements for the six months ended 31 December 2022 are consistent with the financial statements of the Group for the year ended 30 June 2022.

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 2022. 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 six months ended 31 December 2022

2. SEGMENT INFORMATION

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segments:

Six months ended 31 December 2022 (Unaudited)

	Internet plus			Manufacturing and distribution of personal protective equipment HK\$'000	Total HK\$'000
	Lottery-related services HK\$'000	Solution services HK\$'000	Supply chain services HK\$'000		
Segment revenue:					
Sales to external customers	—	—	10,825	4,200	15,025
Segment results	(422)	(1,218)	1,758	9	127
Unallocated income					29,145
Share of loss of associates					(531)
Unallocated expenses					(8,970)
Finance costs					(4,002)
Profit before tax					15,769
Income tax expense					—
Profit for the period					15,769
Amounts included in the measure of segment profit or loss or segment assets:					
Depreciation and amortization	—	—	—	90	90

Six months ended 31 December 2021 (Unaudited)

	Internet plus			Manufacturing and distribution of personal protective equipment HK\$'000	Others HK\$'000	Total HK\$'000
	Lottery-related services HK\$'000	Solution services HK\$'000	Supply chain services HK\$'000			
Segment revenue:						
Sales to external customers	832	363	6,090	4,445	—	11,730
Segment results	(136)	(26)	(515)	(731)	—	(1,408)
Unallocated income						15,160
Share of profits of associates						3,247
Unallocated expenses						(21,846)
Finance costs						(8,530)
Loss before tax						(13,377)
Income tax expense						—
Loss for the period						(13,377)
Amounts included in the measure of segment profit or loss or segment assets:						
Depreciation and amortization	9	—	—	191	—	200

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

2. SEGMENT INFORMATION — CONTINUED**(b) Segment assets and liabilities**

The following is an analysis of the Group's assets and liabilities by operating segments:

As at 31 December 2022 (Unaudited)

	Internet plus				Total HK\$'000
	Lottery-related services HK\$'000	Solution services HK\$'000	Supply chain services HK\$'000	Manufacturing and distribution of personal protective equipment HK\$'000	
Assets					
Segment assets	1,159	199	10,048	15,491	26,897
Unallocated assets					27,385
Total assets					54,282
Liabilities					
Segment liabilities	5,149	4,482	31,088	2,498	43,217
Unallocated liabilities					167,501
Total liabilities					210,718

As at 30 June 2022 (Audited)

	Internet plus				Total HK\$'000
	Lottery-related services HK\$'000	Solution services HK\$'000	Supply chain services HK\$'000	Manufacturing and distribution of personal protective equipment HK\$'000	
Assets					
Segment assets	1,415	4,668	26,201	9,455	41,739
Unallocated assets					35,147
Total assets					76,886
Liabilities					
Segment liabilities	5,748	1,902	43,793	24,799	76,242
Unallocated liabilities					174,041
Total liabilities					250,283

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

3. REVENUE

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

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

	(Unaudited)	
	Six months ended	
	31 December	
	2022	2021
	HK\$'000	HK\$'000
Point in time		
Internet plus services (supply chain)		
— Trading of goods	10,825	6,090
Manufacturing and distribution of personal protective equipment	4,200	4,445
	15,025	10,535
Over time		
Lottery-related services	—	832
Internet plus services (solution)	—	363
	—	1,195
	15,025	11,730

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

4. OTHER INCOME AND GAINS/(LOSSES)

	(Unaudited)	
	Six months ended	
	31 December	
	2022	2021
	HK\$'000	HK\$'000
Compensation income from sales of locked-up consideration shares (<i>note a</i>)	15,501	—
Government subsidies (<i>note b</i>)	391	—
Gain on settlement of loans by shares issued (<i>note c</i>)	12,621	6,418
Gain on disposal of subsidiaries	—	8,680
Interest income	1	3
Others	631	164
Loss on dilution of interests in associates (<i>note d</i>)	(1,142)	—
	28,003	15,265

Notes:

- (a) Pursuant to the sale and purchase agreement dated 4 January 2019, the Purchaser (a wholly-owned subsidiary of the Company) had the right to sell the locked-up consideration shares for the compensation of the shortfall of guaranteed profit. For the six months ended 31 December 2022, the Company exercised the right and sold 498 million locked-up consideration shares in return for the compensation income of approximately HK\$15.5 million. For details, please refer to the announcement dated 4 January 2019 and the circular dated 2 April 2022 issued by the Company.
- (b) There were no unfulfilled conditions or contingencies relating to substantial amount of the government subsidies.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

4. OTHER INCOME AND GAINS/(LOSSES) — CONTINUED*Notes: — Continued*

- (c) On 27 July 2022, the Company entered into an agreement with a connected person who is an ex-Director of the Company, pursuant to which the total outstanding balance of HK\$15,298,533 due by the Company to him was settled which was satisfied by 54,637,617 new ordinary shares issued by the Company on 15 November 2022. The fair value of the shares at the date of issue was estimated to be HK\$2,677,243 by reference to the closing share price of the Company's shares at that date. The gain on settlement, which represents the difference between the outstanding balance settled and the fair value of the new ordinary shares issued, amounted to HK\$12,621,290 which was charged to profit or loss in Period 2022.

On 8 June 2021, the Company entered into an agreement with connected persons of the Company, pursuant to which the total outstanding balance of HK\$34,763,312 due by the Company to connected persons was settled which was satisfied by 133,705,046 new ordinary shares issued by the Company on 20 October 2021. The fair value of the shares at the date of issue was estimated to be HK\$28,345,470 by reference to the closing share price of the Company's shares at that date. The gain on settlement, which represents the difference between the outstanding balance settled and the fair value of the new ordinary shares issued, amounted to HK\$6,417,842 which was charged to profit or loss in Period 2021.

- (d) On 24 October 2022, the shareholders of Ever Development, except STCM, allotted and issued 100 new ordinary shares by way of placing of new shares, which resulted in a dilution of the Group's shareholding in Ever Development from 20% to 19%. As a result, the remaining 19% equity interest in Ever Development has therefore been accounted as a financial asset at fair value through other comprehensive income at the reporting date. The loss on dilution of interest in Ever Development amounted to approximately HK\$1.1 million (2021: Nil) was charged to profit or loss of the Group in Period 2022.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

5. FINANCE COSTS

	(Unaudited)	
	Six months ended	
	31 December	
	2022	2021
	HK\$'000	HK\$'000
Interest on:		
— Convertible bonds	3,680	8,431
— Other loans	—	519
— Finance lease payment	322	121
	4,002	9,071

6. PROFIT/(LOSS) BEFORE TAX

	(Unaudited)	
	Six months ended	
	31 December	
	2022	2021
	HK\$'000	HK\$'000
Profit/(loss) before tax has been arrived at after charging/(crediting):		
Cost of services	—	6,216
Cost of inventories sold	11,986	2,921
Equity-settled share-based payments	742	3,394
Depreciation of property, plant and equipment	692	668
Exchange losses, net	—	7

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

7. INCOME TAX EXPENSE

For the six months ended 31 December 2022 and 31 December 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 8.25%, and profits above HK\$2 million will be taxed at 16.5%.

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

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

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

Profit/(Loss)

	(Unaudited) Three months ended 31 December		(Unaudited) Six months ended 31 December	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Profit/(Loss) for the period attributable to the equity holders of the Company	11,026	(4,108)	15,408	(13,503)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY — CONTINUED

Number of shares

	(Unaudited) Three months ended 31 December		(Unaudited) Six months ended 31 December	
	2022 '000	2021 '000	2022 '000	2021 '000
Weighted average number of ordinary shares for the purposes of basic loss per share	4,537,689	4,403,984	4,551,645	4,457,030
Weighted average number of ordinary shares for the purposes of diluted loss per share	4,537,689	4,403,984	4,551,645	4,457,030

For the three months and six months ended 31 December 2022, outstanding share options and convertible bonds of the Company have been anti-dilutive (Three months and six months ended 31 December 2021: anti-dilutive) since their exercise or conversion would result in an increase in earnings per share (Three months and six months ended 31 December 2021: decrease in loss per share).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

9. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and equipment	Plant and machinery	Leasehold improvement	Motor vehicles	Computer equipment	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Carrying amount at 1 July 2022, net of accumulated depreciation (audited)	151	2,220	1,362	—	117	3,850
Additional for the period	—	23	—	—	—	23
Depreciation provided for the period	(14)	(373)	(219)	—	(18)	(624)
Exchange realignment	—	(2)	—	—	—	(2)
At 31 December 2022, net of accumulated depreciation (unaudited)	137	1,868	1,143	—	99	3,247

10. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	(Unaudited) 31 December 2022 HK\$'000	(Audited) 30 June 2022 HK\$'000
Trade receivables	84,808	117,907
Other receivables and prepayments	46,857	55,309
	131,665	173,216
Less: Allowances for doubtful receivables	(113,026)	(128,811)
	18,639	44,405

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

10. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS — CONTINUED

Payment terms with customers are mainly on credit. Invoices are normally payable within 30 to 180 days of issuance.

The following is an aged analysis of trade receivables at the end of the reporting period:

	(Unaudited) 31 December 2022 HK\$'000	(Audited) 30 June 2022 HK\$'000
0 to 30 days	4,219	61
31 to 60 days	272	—
61 to 180 days	—	23,641
181 to 365 days	—	6,151
Over one year	80,317	88,054
	84,808	117,904

11. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

	(Unaudited) 31 December 2022 HK\$'000	(Audited) 30 June 2022 HK\$'000
Trade payables	28,925	54,589
Accruals and other payables	25,872	22,044
	54,797	76,633

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

11. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES — CONTINUED

An aged analysis of the Group's trade payables at the end of the reporting period, based on the date of goods and services received, is as follows:

	(Unaudited) 31 December 2022 HK\$'000	(Audited) 30 June 2022 HK\$'000
0–30 days	3,106	91
31–120 days	—	2,499
121–180 days	—	25,447
181–365 days	—	5,821
Over one year	25,819	20,731
	28,925	54,589

12. CONVERTIBLE BONDS

	(Unaudited) 31 December 2022 HK\$'000	(Audited) 30 June 2022 HK\$'000
Convertible bonds ^I (Note (i)):		
— Liability component	—	—
Convertible bonds ^{II} (Note (ii)):		
— Liability component	48,190	44,995
Convertible bonds (I & II):		
— Liability component	48,190	44,995
Classified under current liabilities:		
— Convertible bonds	48,190	44,995

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

12. CONVERTIBLE BONDS — CONTINUED*Notes:***(i) Convertible Bonds I**

On 17 January 2014, the Company issued the convertible bonds due on 17 January 2017 with a principal amount of HK\$89,625,000, which was interest bearing at a rate of 2% per annum, as a general working capital and repayment of borrowings (the “CBs”). The CBs were convertible into ordinary shares of the Company with a conversion price of HK\$2.39 per share. As a result of the share subdivision implemented on 17 December 2014, the number of the shares to be issued upon full conversion of the CBs was adjusted to 150,000,000 shares at the conversion price of HK\$0.598 per share.

The CBs contain liability and equity components. The effective interest rate of the liability component was 13.89% per annum. The equity component is presented under the equity heading of “convertible bonds reserve”.

The fair value of the liability component of the CBs at the issue date was valued by an independent valuer determined based on the present value of the estimated future cash outflows discounted at the prevailing market rate for an equivalent non-convertible loan.

On 18 January 2017, the Company entered into an amendment agreement with the bondholder to amend certain terms and conditions of the CBs. The conversion price was amended from HK\$0.598 per share to HK\$0.359 per share and it could be converted into for the maximum of 249,651,810 shares. The maturity date was extended to 17 July 2017 and a further six months extension to 17 January 2018 upon a written consent from the bondholder. The interest rate was 8% per annum and paid semi-annually from the date of the amendment agreement.

On 18 January 2018, the Company entered into a second amendment agreement with the bondholder, under which the maturity date of the CBs was extended to 17 July 2018 and a further six months extension to 17 January 2019 upon a written consent from the bondholder. Interest was payable at the interest rate 8% per annum up to the maturity date, with other terms and conditions remained unchanged.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

12. CONVERTIBLE BONDS — CONTINUED*Notes:* — Continued**(i) Convertible Bonds I — Continued**

On 17 January 2019, the Company entered into a third amendment agreement with the bondholder, under which the maturity date of the CBs was extended to 17 July 2019 and a further six months extension to 17 January 2020 upon a written consent from the bondholder. Interest was payable at the interest rate 8% per annum up to the maturity date, with other terms and conditions remained unchanged.

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.

On 7 February 2020, the Company entered into the fourth amendment agreement with the bondholder, under which the maturity date of the CBs was extended to 17 July 2020 and a further six months extension to 17 January 2021 upon a written consent from the bondholder. Interest is payable at the interest rate 8% per annum up to the maturity date, with other terms and conditions remained unchanged.

On 19 January 2021, the Company entered into the fifth amendment agreement with the bondholder to amend 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. The fifth amendment agreement and transactions contemplated thereunder are subject to the approval of the independent shareholders at the extraordinary general meeting to be held by the Company, and the Stock Exchange approving the Fifth Amendments and the listing of conversion shares arising from the CBs on the Stock Exchange.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

12. CONVERTIBLE BONDS — CONTINUED*Notes:* — Continued**(i) Convertible Bonds I — Continued**

Detail of principal valuation parameters have been applied in determining the liability component and equity component was summarized as follows:

(a) Principal amount:	HK\$89,625,000
(b) Coupon rate:	10% per annum
(c) Maturity date:	17 January 2022
(d) Adjusted conversion price:	HK\$0.221
(e) Risk-free rate:	0.105%
(f) Expected volatility:	75.71%
(g) Expected dividend yield:	0%

The 10% Bonds January 2022 matured on 17 January 2022 and the Bonds were not repaid or converted into shares of the Company upon their maturity. In this respect, the total outstanding balance of the Bonds of HK\$105,747,000, comprising the principal amount of the Bonds of HK\$89,625,000 and the related accrued interests of HK\$16,122,000 (included in accruals and other payables), was reclassified to amount due to a shareholder upon their maturity.

(ii) Convertible Bonds II

On 30 August 2021, the Company issued unlisted convertible bonds to the bondholder due on 20 February 2023 with a principal amount of HK\$50,000,000 at a rate of 7% per annum with interest payable semi-annually in arrears (the “**CBs II**”) for the development and promotion of anti-counterfeiting business of the Group; repayment of loans and other payables; and operating cost and general working capital of the Company. A maximum number of 172,413,793 Shares would be issued by the Company upon full conversion of the CBs II at the initial conversion price of HK\$0.29 per conversion share into fully-paid ordinary shares of the Company.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

12. CONVERTIBLE BONDS — CONTINUED*Notes:* — Continued**(ii) Convertible Bonds II — Continued**

Detail of principal valuation parameters have been applied in determining the liability component and equity component was summarized as follows:

(a) Principal amount:	HK\$50,000,000
(b) Coupon rate:	7% per annum
(c) Maturity date:	20 February 2023
(d) Conversion price:	HK\$0.29
(e) Risk-free rate:	0.096%
(f) Expected volatility:	73.19%
(g) Expected dividend yield:	0%

13. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Authorised:		
At 1 July 2022 (audited) and 31 December 2022 (unaudited), ordinary shares of HK\$0.0125 each	<u>16,000,000</u>	<u>200,000</u>
Issued and fully paid:		
At 1 July 2022 (audited)	4,537,689	56,721
Shares issued for settlement of amounts due to an ex-director	<u>54,637</u>	<u>191</u>
At 31 December 2022 (unaudited)	<u>4,592,326</u>	<u>56,912</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

14. RELATED PARTY TRANSACTIONS**Compensation of directors and key management personnel**

The remuneration of directors and other members of key management during the three and six months ended 31 December 2022 was as follows:

	(Unaudited) Three months ended 31 December		(Unaudited) Six months ended 31 December	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Short-term benefits	1,431	2,300	2,416	4,644
Post-employment benefits	22	23	37	45
	1,453	2,323	2,453	4,689

The remuneration of directors and key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

Balances with related parties

As at 31 December 2022, amounts due to directors of approximately HK\$Nil (30 June 2022: approximately HK\$8,490,000) are unsecured, interest free and have no fixed repayment term.

As at 31 December 2022, amounts due from related companies of approximately HK\$Nil (30 June 2022: approximately HK\$3,078,000). The amounts are unsecured, interest free and have no fixed repayment terms.

15. EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any material event affecting the Group since the end of the Period 2022 and up to the date of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

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

For the Period 2022, the Group recorded unaudited consolidated revenue of HK\$15.0 million, increased by 28% against the Period 2021 of HK\$11.7 million. The gross profit ratio decreased to about 20% as compared with 22% for the Period 2021. For the Period 2022, the Group recorded a profit attributable to the equity holders of HK\$15.4 million, as compared with the Group recorded a loss attributable to the equity holders of HK\$13.5 million for the Period 2021. Profit attributable to equity holders was HK\$11.0 million from the second quarter of the Period 2022, as compared with the Group recorded a loss attributable to the equity holders of HK\$4.1 million for the Period 2021. Selling and distribution expenses and administrative expenses in the Period 2022 amounted to HK\$10.7 million, which decreased by 58% as compared to HK\$25.4 million in the Period 2021.

SEGMENTAL INFORMATION

Lottery-related services business recorded HK\$Nil in revenue for the period in 2022 as compared with the Group recorded \$0.8 million in revenue for the period in 2021.

In the Internet Plus services business, the revenue solutions services and supply chain services recorded HK\$Nil and HK\$10.8 million respectively, representing an increase of 68% over the same period in 2021. The gross profit recorded HK\$1.8 million with the margin of 17% for the reporting period comparing with 5% for the same period in 2021.

Manufacturing and distribution of personal protective equipment business recorded HK\$4.2 million, representing a decrease of 6% over the same period in 2021. The gross profit recorded HK\$1.4 million with the margin of 33% during the reporting period comparing with 34% for the same period in 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the period under review, the Group continued its overall planning and layout of the “Internet Plus” business. Leveraging on the Group’s years of experience in the “Internet Plus” business, the Group is actively exploring cooperation models with various platform operators, jointly developing market share and gradually establishing a supply chain service map within the “Internet Plus” business. Meanwhile, the Group is also discussing the model of cooperation with various industry operators to provide them value-added services leveraging on the Group’s experience in the “Internet Plus” business. The above cooperation will bring new opportunity for the Group in the “Internet Plus” business and mark the acceleration of the Group’s application of the “Internet Plus” business in different business models.

“Internet Plus” Business

During the period under review, the Group is fully expanding the business related to the service agreement signed with platform operators in Mainland China. Through the operator’s affiliated companies platforms, including “Xiaodian Platform” (小店平台), “Global Shopping Platform” (全球購平台), “Toutiao” (今日頭條), “TikTok” (抖音) and “Xigua” (西瓜視頻), the Group provides one-stop product supply chain services. A subsidiary of the Group has successfully entered the “Global Premium Imported Supermarket” on TikTok and become a selected supplier. The Group acts as an online sales channel through various live e-commerce channels and short video platforms, and also provides services such as warehousing and logistics through logistics providers, thereby establishing a high-quality supply chain management system to bring consumers a pleasant shopping experience.

MANAGEMENT DISCUSSION AND ANALYSIS

Personal Protective Equipment Business

During the year under review, the Coronavirus Disease (COVID-19) pandemic (the “**Pandemic**”) continued to affect the normal operation of the society and daily economic activities, but the Group concentrated its strength and experience according to its own conditions to develop epidemic prevention-oriented business. The personal protective equipment manufacturing and distribution business catered to the current epidemic prevention needs and continued to provide each customer with high-quality and strongly protective equipment products. This business also provided the Group with a stable source of income.

FUTURE OUTLOOK

The Group will continue to focus mainly on the development of “Internet Plus” business. Leveraging on its years of experience and technology in “Internet Plus” supply chain services as well as its partnership with various major platform operators, the Group will expand its scope in “Internet Plus” services, which includes strengthening cooperation with various platform operators. At the same time, the Group continues to explore other opportunities for the development of the “Internet Plus” business, including discussing with industry players on “Internet Plus” solutions, so as to expand new development opportunities for the Group.

On the other hand, with the Group’s years of experience in the personal protective equipment business, the Group is now fully exploring new opportunities in the related health industry chain, including the entire business process of manufacturing, distribution and supply chain of comprehensive health products, to further explore new opportunities in the health industry and bring new revenue streams to the Group. After the period under review, the Group has officially launched the distribution of its responsible health product, a Traditional Chinese Medicine-only health supplement product, which marks the beginning of the Group’s related comprehensive health business. The Group will actively invest resources for the Group’s future growth opportunities.

MANAGEMENT DISCUSSION AND ANALYSIS

DIVIDEND

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

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 31 December 2022, the Group's bank balances and cash amounted to HK\$7.3 million (30 June 2022: HK\$3.0 million) which were mainly held in HK\$ and RMB. Current assets amounted to HK\$28.4 million (30 June 2022: HK\$48.1 million), mainly comprising of inventories, trade and other receivables and prepayment, bank balance and cash. Current liabilities amounted to HK\$210.7 million (30 June 2022: HK\$250.3 million), mainly comprising of trade payables, accruals and other payables, amounts due to directors, convertible bonds and other borrowing. As at 31 December 2022, the gearing ratio of the Group was 89% on the basis of the Group's total interest-bearing borrowings divided by total assets (30 June 2022: 59%).

CAPITAL STRUCTURE

During the reporting period, the capital structure of the Group consisted of cash and cash equivalents and equity attributable to holders of the Company, comprising issued share capital and reserves. As at 31 December 2022, the total number of issued shares of the Company was 4,592,326,397 ordinary shares of HK\$0.0125 each (the "**Shares(s)**").

On 15 November 2022, the Company allotted and issued a total number of 54,637,617 loan capitalisation shares at the issue price of HK\$0.28 per loan capitalisation share under the general mandate granted to the ex-Director at the annual general meeting of the Company held on 7 November 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

CONVERTIBLE BONDS

Convertible Bonds due on 17 January 2022

On 17 January 2014, the Company issued unlisted convertible bonds to the bondholder due on 17 January 2017 with a principal amount of HK\$89,625,000 at a rate of 2% per annum (the “**CBs**”) as general working capital and for the repayment of borrowings. A maximum number of 37,500,000 Shares would be issued by the Company upon full conversion of the CBs at the conversion price of HK\$2.390 per conversion share into fully-paid ordinary shares of the Company. As a result of share subdivision on 17 December 2014, the number of Shares falling to be issued upon full conversion of the CBs was adjusted to 150,000,000 at the conversion price of HK\$0.598 per Share.

On 18 January 2017, the Company entered into the first amendment agreement with the bondholder to amend some principal terms of the CBs, including to extend the maturity date of the CBs for six months from 17 January 2017 to 17 July 2017, and further extend to 17 January 2018 upon a written consent from the bondholder. Its conversion price was amended from HK\$0.598 to HK\$0.359 per conversion share (subject to adjustment), which could be converted into the maximum number of 249,651,810 Shares. The interest rate of the CBs shall be increased to 8% per annum and paid semi-annually (the “**Amendments**”). Save for the Amendments, all other terms and conditions of the CBs shall remain unchanged. The Amendments were approved by way of an ordinary resolution by the shareholders of the Company (the “**Shareholders**”) at the extraordinary general meeting of the Company held on 29 March 2017. On 18 July 2017, the Company received a written consent from the bondholder, pursuant to which the maturity date of the CBs would be extended for further six months to 17 January 2018.

On 18 January 2018, the Company entered into the second amendment agreement with the bondholder to extend the maturity date of the CBs from 17 January 2018 to 17 July 2018, and further extend to 17 January 2019 upon a written consent from the bondholder (the “**Second Amendment**”). The Second Amendment was approved by way of an ordinary resolution by the Shareholders at the extraordinary general meeting of the Company held on 18 April 2018. The Company has received a written consent from the bondholder, pursuant to which the maturity date of the CBs would be extended for the further six months to 17 January 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

On 17 January 2019, the Company entered into the third amendment agreement with the bondholder to extend the maturity date of the CBs from 17 January 2019 to 17 July 2019, and further extend to 17 January 2020 upon a written consent from the bondholder (the **“Third Amendment”**). The Third Amendment was approved by way of an ordinary resolution by the Shareholders at the extraordinary general meeting of the Company held on 19 March 2019. The Company has received a written consent from the bondholder, pursuant to which the maturity date of the CBs would be extended for the further six months to 17 January 2020.

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 the bondholder upon conversion of the CBs in full. The adjusted conversion price was HK\$0.34 per conversion share subject to further adjustment.

On 7 February 2020, the Company entered into the fourth amendment agreement with the bondholder to extend the maturity date of the CBs from 17 January 2020 to 17 July 2020, and further extend to 17 January 2021 upon a written consent from the bondholder (the **“Fourth Amendment”**). The Fourth Amendment was approved by way of an ordinary resolution by the Shareholders at the extraordinary general meeting of the Company held on 25 March 2020. The Company has received a written consent from the bondholder, pursuant to which the maturity date of the CBs would be extended for the further six months to 17 January 2021.

On 19 January 2021, the Company entered into the fifth amendment agreement with the bondholder to amend 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. The Fifth Amendments were approved by way of an ordinary resolution by the Shareholders at the extraordinary general meeting of the Company held on 22 March 2021.

As at 31 December 2022, no CBs was converted into Shares by the bondholder or redeemed by the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

The bondholder has no conversion right of the CBs which have been matured since 17 January 2022. Therefore, the CBs have not been convertible since then.

As at the date of this interim report, the Company has not received any notice of event of default from the bondholder demanding immediate repayment. The Company is still in the progress of negotiating with the bondholder for the renewal of or further extension on the CBs and will disclose further developments on the above matters by way of further announcement(s) in a timely manner in accordance with regulatory requirements.

Convertible Bonds due on 20 February 2023

On 30 August 2021, the Company issued unlisted convertible bonds to the bondholder due on 20 February 2023 with a principal amount of HK\$50,000,000 at a rate of 7% per annum with interest payable semi-annually in arrears (the “CBs II”) for the development and promotion of anti-counterfeiting business of the Group; repayment of loans and other payables; and operating cost and general working capital of the Company. A maximum number of 172,413,793 Shares would be issued by the Company upon full conversion of the CBs II at the initial conversion price of HK\$0.29 per conversion share into fully-paid ordinary shares of the Company.

As at 31 December 2022, no CBs II was converted into Shares by the bondholder or redeemed by the Company.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

During the six months ended 31 December 2022, the Group did not make any significant investment or material acquisition or disposal of subsidiaries, associates and joint ventures.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2022, the Group had 36 (30 June 2022: 32) employees in Hong Kong and the PRC, including the Directors.

Employees’ remunerations are determined with reference to their performance, qualifications, experience, positions and the market trend. Apart from the basic salary and participation in the mandatory provident fund scheme and staff benefits including medical and training programs, share options may be granted to individual employees based on performance evaluation in order to provide incentives and rewards.

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN EXCHANGE EXPOSURE

No significant exchange risk is expected as the Group's cash, borrowings, income and expenses are settled in Hong Kong dollars ("HK\$"), Renminbi ("RMB") or United States dollars ("US\$"). The Group's major investment and financing strategies are to invest in domestic projects in the PRC by RMB, HK\$ and US\$ borrowings. As the exchange rate of RMB against HK\$ is relatively stable and the Group's operating income is substantially denominated in RMB, the Group did not perform any foreign currency hedging activities during the period. Nevertheless, the Group will from time to time review and adjust the Group's investment and financing strategies based on the RMB, US\$ and HK\$ exchange rate movement.

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

The Company has no contingent liabilities as at 31 December 2022 (30 June 2022: Nil).

No assets of the Group was pledged as securities to any third parties as at 31 December 2022 (30 June 2022: Nil).

COMMITMENTS

The Group had capital commitments of HK\$Nil and operating lease commitments as lessee of HK\$Nil from operations as at 31 December 2022 (30 June 2022: capital commitments of HK\$Nil and operating lease commitments of HK\$Nil respectively).

EVENT AFTER THE REPORTING PERIOD

There has been no important event affecting the Group since the end of the six months ended 31 December 2022.

GENERAL INFORMATION

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 December 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	Interest in Controlled Corporation	Number of Shares Held				Approximate Percentage of Shareholding
			Personal Interest (ordinary shares)	Personal Interest (underlying shares) (Note)	Interest of Spouse	Total Interest	
Mr. CHAU Wai Wah Fred	The Company	—	3,800,000	40,000,000	—	43,800,000	0.95%
Mr. HO Kam Kin	The Company	—	—	40,000,000	—	40,000,000	0.87%
Ms. KWOK Shuk Yi	The Company	—	—	40,000,000	—	40,000,000	0.87%
Dr. CHENG Yanjie	The Company	—	1,965,000	4,000,000	—	5,965,000	0.13%
Mr. LAU Fai Lawrence	The Company	—	—	4,000,000	—	4,000,000	0.09%
Dr. LIU Ta-pei	The Company	—	—	900,000	—	900,000	0.02%
Mr. LAM Kit Sun	The Company	—	—	4,000,000	—	4,000,000	0.09%

Note: These share options were granted by the Company on 28 December 2022 under the share option scheme adopted by the Company on 9 June 2021.

GENERAL INFORMATION

Save as disclosed above, as at 31 December 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 DEBENTURES

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 six months ended 31 December 2022.

GENERAL INFORMATION

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

As at 31 December 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 Investments Limited (" Best Frontier ") & its concert parties (<i>Note 1</i>)	Beneficial Owner	697,364,364	15.19%
Integrated Asset Management (Asia) Limited (" Integrated Asset ") & its concert parties (<i>Note 2</i>)	Beneficial Owner	542,363,000	11.81%
Mr. Tse Siu Hoi	Beneficial Owner	310,650,000	6.76%

Notes:

1. The 697,364,364 Shares were held by Best Frontier which was wholly owned by Mr. LAM Yui Keung.
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.

GENERAL INFORMATION

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.

Integrated Asset has not exercised any of its conversion right for the Company's shares and has no conversion right of the CBs which have been matured since 17 January 2022. Therefore, the CBs have not been convertible since then.

As at the date of this report, the Company has not received any notice of event of default from Integrated Asset demanding immediate repayment. The Company is still in the progress of negotiating with Integrated Asset for the renewal of or further extension on the CBs and will 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 December 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 number of share options available for grant under the scheme mandate at the beginning and the end of the six months ended 31 December 2022 was 357,537,680 and 170,637,680 respectively.

GENERAL INFORMATION

The details of the movements in share options under the Old Share Option Scheme during the six months ended 31 December 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 December 2022	
					As at 1 July 2022	Granted	Exercised	Cancelled		Lapsed
Directors										
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	—
Mr. HO Kam Kin <i>(appointed on 5 September 2022)</i>	07/01/2020	0.33	07/01/2020-31/05/2020	01/06/2020-31/12/2022	1,620,000	—	—	—	1,620,000	—
	07/01/2020	0.33	07/01/2020-28/02/2021	01/03/2021-31/12/2022	1,620,000	—	—	—	1,620,000	—
	07/01/2020	0.33	07/01/2020-30/11/2021	01/12/2021-31/12/2022	2,160,000	—	—	—	2,160,000	—
Ms. KWOK Shuk Yi <i>(appointed on 5 September 2022)</i>	07/01/2020	0.33	07/01/2020-31/05/2020	01/06/2020-31/12/2022	1,500,000	—	—	—	1,500,000	—
	07/01/2020	0.33	07/01/2020-28/02/2021	01/03/2021-31/12/2022	1,500,000	—	—	—	1,500,000	—
	07/01/2020	0.33	07/01/2020-30/11/2021	01/12/2021-31/12/2022	2,000,000	—	—	—	2,000,000	—
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	—
Madam CHEUNG Kwai Lan <i>(resigned on 1 August 2022)</i>	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 <i>(resigned on 1 August 2022)</i>	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. CHEUK Ka Chun <i>(resigned on 5 September 2022)</i>	07/01/2020	0.33	07/01/2020-31/05/2020	01/06/2020-31/12/2022	6,166,500	—	—	—	6,166,500	—
	07/01/2020	0.33	07/01/2020-28/02/2021	01/03/2021-31/12/2022	6,166,500	—	—	—	6,166,500	—
	07/01/2020	0.33	07/01/2020-30/11/2021	01/12/2021-31/12/2022	8,222,000	—	—	—	8,222,000	—
Mr. LIAO Zhe <i>(resigned on 5 September 2022)</i>	07/01/2020	0.33	07/01/2020-31/05/2020	01/06/2020-31/12/2022	690,000	—	—	—	690,000	—
	07/01/2020	0.33	07/01/2020-28/02/2021	01/03/2021-31/12/2022	690,000	—	—	—	690,000	—
	07/01/2020	0.33	07/01/2020-30/11/2021	01/12/2021-31/12/2022	920,000	—	—	—	920,000	—
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	55,655,000	—	—	—	55,655,000	—
Employees										
	07/01/2020	0.33	07/01/2020-31/05/2020	01/06/2020-31/12/2022	9,718,500	—	—	—	9,718,500	—
	07/01/2020	0.33	07/01/2020-28/02/2021	01/03/2021-31/12/2022	9,718,500	—	—	—	9,718,500	—
	07/01/2020	0.33	07/01/2020-30/11/2021	01/12/2021-31/12/2022	12,958,000	—	—	—	12,958,000	—
				Sub-total	32,395,000	—	—	—	32,395,000	—

GENERAL INFORMATION

Name/Category of Participants	Grant Date	Exercise Price per Share (HK\$)	Vesting Period	Exercise Period	Number of Share Options					
					As at 1 July 2022	Granted	Exercised	Cancelled	Lapsed	As at 31 December 2022
Consultants	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	178,850,000	—	—	—	178,850,000	—

Note:

The number of Shares that may be issued in respect of the share options granted under the Old Share Option Scheme during the six months ended 31 December 2022 divided by the weighted average number of Shares in issue for the six months ended 31 December 2022 was 0.

The details of the movements in share options under the New Share Option Scheme during the six months ended 31 December 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 1 July 2022	Granted	Exercised	Cancelled	Lapsed	As at 31 December 2022
Directors										
Mr. CHAU Wai Wah Fred	28/12/2022	0.04	28/12/2022-30/06/2023	01/07/2023-30/06/2028	—	16,000,000	—	—	—	16,000,000
	28/12/2022	0.04	28/12/2022-30/06/2024	01/07/2024-30/06/2028	—	12,000,000	—	—	—	12,000,000
	28/12/2022	0.04	28/12/2022-30/06/2025	01/07/2025-30/06/2028	—	12,000,000	—	—	—	12,000,000
Mr. HO Kam Kin	28/12/2022	0.04	28/12/2022-30/06/2023	01/07/2023-30/06/2028	—	16,000,000	—	—	—	16,000,000
	28/12/2022	0.04	28/12/2022-30/06/2024	01/07/2024-30/06/2028	—	12,000,000	—	—	—	12,000,000
	28/12/2022	0.04	28/12/2022-30/06/2025	01/07/2025-30/06/2028	—	12,000,000	—	—	—	12,000,000
Ms. KWOK Shuk Yi	28/12/2022	0.04	28/12/2022-30/06/2023	01/07/2023-30/06/2028	—	16,000,000	—	—	—	16,000,000
	28/12/2022	0.04	28/12/2022-30/06/2024	01/07/2024-30/06/2028	—	12,000,000	—	—	—	12,000,000
	28/12/2022	0.04	28/12/2022-30/06/2025	01/07/2025-30/06/2028	—	12,000,000	—	—	—	12,000,000
Dr. CHENG Yanjie	28/12/2022	0.04	28/12/2022-30/06/2023	01/07/2023-30/06/2028	—	1,600,000	—	—	—	1,600,000
	28/12/2022	0.04	28/12/2022-30/06/2024	01/07/2024-30/06/2028	—	1,200,000	—	—	—	1,200,000
	28/12/2022	0.04	28/12/2022-30/06/2025	01/07/2025-30/06/2028	—	1,200,000	—	—	—	1,200,000
Mr. LAU Fai Lawrence	28/12/2022	0.04	28/12/2022-30/06/2023	01/07/2023-30/06/2028	—	1,600,000	—	—	—	1,600,000
	28/12/2022	0.04	28/12/2022-30/06/2024	01/07/2024-30/06/2028	—	1,200,000	—	—	—	1,200,000
	28/12/2022	0.04	28/12/2022-30/06/2025	01/07/2025-30/06/2028	—	1,200,000	—	—	—	1,200,000
Dr. LIU Ta-pei	28/12/2022	0.04	28/12/2022-30/06/2023	01/07/2023-30/06/2028	—	360,000	—	—	—	360,000
	28/12/2022	0.04	28/12/2022-30/06/2024	01/07/2024-30/06/2028	—	270,000	—	—	—	270,000
	28/12/2022	0.04	28/12/2022-30/06/2025	01/07/2025-30/06/2028	—	270,000	—	—	—	270,000
Mr. LAM Kit Sun	28/12/2022	0.04	28/12/2022-30/06/2023	01/07/2023-30/06/2028	—	1,600,000	—	—	—	1,600,000
	28/12/2022	0.04	28/12/2022-30/06/2024	01/07/2024-30/06/2028	—	1,200,000	—	—	—	1,200,000
	28/12/2022	0.04	28/12/2022-30/06/2025	01/07/2025-30/06/2028	—	1,200,000	—	—	—	1,200,000
				Sub-total	—	132,900,000	—	—	—	132,900,000

GENERAL INFORMATION

Name/Category of Participants	Grant Date	Exercise Price per Share (HK\$)	Vesting Period	Exercise Period	Number of Share Options					As at 31 December 2022
					As at 1 July 2022	Granted (Note 1)	Exercised	Cancelled	Lapsed	
Employees	28/12/2022	0.04	28/12/2022–30/06/2023	01/07/2023–30/06/2028	–	42,400,000	–	–	–	42,400,000
	28/12/2022	0.04	28/12/2022–30/06/2024	01/07/2024–30/06/2028	–	31,800,000	–	–	–	31,800,000
	28/12/2022	0.04	28/12/2022–30/06/2025	01/07/2025–30/06/2028	–	31,800,000	–	–	–	31,800,000
	28/12/2022	0.04	28/12/2022–30/06/2023	01/07/2023–30/06/2028	–	12,500,000	–	–	–	12,500,000
	28/12/2022	0.04	28/12/2022–31/12/2023	01/01/2024–30/06/2028	–	12,500,000	–	–	–	12,500,000
					Sub-total	–	131,000,000	–	–	–
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	–
Consultants	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	263,900,000	–	–	77,000,000	263,900,000	

Notes:

- The closing price of the Shares on the trading day immediately before 28 December 2022 on which the share options were granted, was HK\$0.039 per Share.
- The number of Shares that may be issued in respect of the share options granted under the New Share Option Scheme during the six months ended 31 December 2022 divided by the weighted average number of Shares in issue for the six months ended 31 December 2022 was 0.0579.

During the six months ended 31 December 2022, the share options were granted by the Company to subscribe for 263,900,000 new shares of the Company (2021: Nil), details of which are as follows:

Date of grant	Number of shares under options granted	Exercise price per share HK\$	Exercisable period
28 December 2022	263,900,000	0.04	1 July 2023 to 30 June 2028

GENERAL INFORMATION

The fair value of the share options at 28 December 2022 was estimated to be HK\$3.3 million. The fair value of the share options granted was calculated using the Binomial Model. The inputs into the model were as follows:

**Share options
granted on
28 December 2022**

Exercise price	HK\$0.04
Expected volatility	49.16%
Expected life	5.5 years
Risk-free rate	3.995%
Expected dividend yield	0%
Exercise multiple – Directors	2.8 times
– Employees	2.2 times

Expected volatility was determined by reference to the historical volatility of the Company's share prices over 5.5 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

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

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

LOAN CAPITALISATION INVOLVING ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE

As disclosed on P.44 in the annual report 2022, on 27 July 2022 (after trading hours of the Stock Exchange), the Company and Mr. CHAN Ting (the "**Subscriber**") entered into a loan capitalisation agreement (the "**Loan Capitalisation Agreement**"), pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 54,637,617 Shares (the "**Loan Capitalisation Share(s)**") at the subscription price of HK\$0.28 each (the "**LC Subscription Price**"), the same of which shall be satisfied by setting off the full amount of HK\$15,298,533 (the "**Loan**"). Upon completion, the Loan shall be deemed to have been fully repaid and the Company shall be released from its obligations under the Loan (the "**Loan Capitalisation**").

GENERAL INFORMATION

As at the date of the Loan Capitalisation Agreement, the Loan was the aggregate of certain loans which were originally advanced by (i) Ms. WOO Theresa (the spouse of the Subscriber) in the principal sum of HK\$3,493,500, (ii) Ms. CHAN Siu Sarah (the sister of the Subscriber) in the principal sum of HK\$1,196,000, (iii) Mr. FUNG King Him Daniel (a director of various subsidiaries of the Company) in the principal sum of HK\$2,961,948, (iv) Mr. CHEUK Ka Chun Kevin (an executive Director) in the principal sum of HK\$2,151,394 and (v) Mr. LIAO Zhe (an executive Director) in the principal sum of HK\$5,495,691 (collectively, the “**Assignors**”) to the Company as its working capital. Each of the Assignors has executed an assignment of loans in favour of the Subscriber on 26 July 2022, pursuant to which each of the Assignors assigned to the Subscriber the said loans to the Subscriber on dollar-to-dollar basis. The assignment of loans and the Loan Capitalisation Agreement are not inter-conditional with each other.

The Directors considered that the Loan Capitalisation under the Loan Capitalisation Agreement would allow the Company to settle the outstanding sums owing by the Company to the Subscriber without utilising existing financial resources of the Group while reducing the gearing level and hence strengthening the financial position of the Group.

The aggregate nominal value of the 54,637,617 Loan Capitalisation Shares is HK\$682,970.21. The net issue price, after deduction of relevant expenses, is estimated to be approximately HK\$0.28 per Loan Capitalisation Share. The closing price per Share as quoted on the Stock Exchange on 27 July 2022, being the date of the Loan Capitalisation Agreement was HK\$0.064.

The completion of the Loan Capitalisation Agreement is conditional upon fulfillment of the conditions precedent on or before 30 November 2022 (or such other time and date as the parties shall agree in writing) none of which is waivable.

On 7 November 2022, the Loan Capitalisation Agreement and the subscription contemplated respectively thereunder were approved by the independent Shareholders in the extraordinary general meeting of the Company. Furthermore, all other conditions precedent for completion of the Loan Capitalisation have been fully fulfilled.

On 15 November 2022, the Company allotted and issued a total number of 54,637,617 Loan Capitalisation Shares at the LC Subscription Price of HK\$0.28 per Loan Capitalisation Share to the Subscriber under the specific mandate pursuant to the Loan Capitalisation Agreement. The net proceeds of approximately HK\$15,298,533 has been utilized as intended.

Details of the above connected transaction were disclosed in the Company’s announcements dated 27 July 2022 and 7 November 2022 and the circular dated 21 October 2022.

GENERAL INFORMATION

COMPETING INTERESTS

As at 31 December 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.

UPDATE ON DIRECTORS’ INFORMATION PURSUANT TO RULE 17.50A(1) OF THE GEM LISTING RULES

During the six months ended 31 December 2022, there was no change in information of the Directors required to be disclosed in accordance with Rule 17.50A(1) of the GEM Listing Rules.

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 six months ended 31 December 2022, except for the following deviation which are summarized below:

Code Provision C.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 six months ended 31 December 2022, the roles of the chairperson and chief executive officer were exercised by the executive Directors collectively. 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 executive Directors collectively is beneficial to the business prospects and management of the Group. The Board will review the need of appointing suitable candidates to assume the roles of the chairperson and the chief executive officer when necessary.

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.

GENERAL INFORMATION

MODEL CODE FOR 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 transaction 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 throughout the period under review.

AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the GEM Listing Rules and the CG Code. The Audit Committee comprises three INEDs, namely Mr. LAU Fai Lawrence, Dr. LIU Ta-pei and Mr. LAM Kit Sun. 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 six months ended 31 December 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
CHAU Wai Wah Fred
Executive Director

Hong Kong, 14 February 2023

As at the date of this report, the Board comprises Mr. CHAU Wai Wah Fred, Mr. HO Kam Kin and Ms. KWOK Shuk Yi as executive Directors, Dr. CHENG Yanjie as non-executive Director, and Mr. LAU Fai Lawrence, Dr. LIU Ta-pei and Mr. LAM Kit Sun as independent non-executive Directors.