



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
Third Quarterly Report

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 2023

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 2023 (the “**Period 2023**”), together with the selected comparative unaudited figures for the corresponding period in 2022 (the “**Period 2022**”), are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 31 March 2023

	Notes	(Unaudited) Three months ended 31 March		(Unaudited) Nine months ended 31 March	
		2023	2022	2023	2022
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	2	4,729	26,197	19,754	37,927
Costs of sales and services		(3,817)	(24,836)	(15,803)	(33,973)
Gross profit		912	1,361	3,951	3,954
Other income and gains/(losses)	3	1,009	4	29,012	15,269
Selling and distribution expenses		(345)	(131)	(1,646)	(751)
Administrative and operating expenses		(4,433)	(9,122)	(13,872)	(33,913)
Share of (losses)/profits of associates		—	(173)	(531)	3,074
Operating profit/(loss)		(2,857)	(8,061)	16,914	(12,367)
Finance costs		(3,321)	(1,808)	(7,323)	(10,879)
Profit/(Loss) before tax	4	(6,178)	(9,869)	9,591	(23,246)
Income tax expense	5	—	—	—	—
Profit/(Loss) for the period		(6,178)	(9,869)	9,591	(23,246)
Profit/(Loss) for the period attributable to:					
Equity holders of the Company		(6,323)	(9,910)	9,085	(23,413)
Non-controlling interests		145	41	506	167
		(6,178)	(9,869)	9,591	(23,246)

QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 31 MARCH 2023

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	31 March		31 March	
Notes	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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	(299)	506	(2,526)	549
Total comprehensive income/(expenses) for the period	(6,477)	(9,363)	7,065	(22,697)
Total comprehensive income/(expenses) for the period attributable to:				
Equity holders of the Company	(6,622)	(9,444)	7,070	(23,051)
Non-controlling interests	145	81	(5)	354
	(6,477)	(9,363)	7,065	(22,697)
Earnings/(Loss) per share attributable to equity holders of the Company				
Basic	(HK0.14 cents)	(HK0.22 cents)	HK0.20 cents	(HK0.52 cents)
Diluted	N/A	N/A	N/A	N/A

The accompanying notes on page 3 to 9 form an integral part of this quarterly financial report.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2023

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited consolidated financial results for the nine months ended 31 March 2023 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 2023 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 nine months ended 31 March 2023

2. 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) Three months ended		(Unaudited) Nine months ended	
	31 March		31 March	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Point in time				
Internet plus services (supply chain)				
— Trading of goods	4,186	22,597	15,011	28,687
Manufacturing and distribution of personal protective equipment	543	3,253	4,743	7,698
	4,729	25,850	19,754	36,385
Over time				
Lottery-related service	—	344	—	1,176
Internet plus services (solution)	—	3	—	366
	—	347	—	1,542
	4,729	26,197	19,754	37,927

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2023

3. OTHER INCOME AND GAINS/(LOSSES)

	(Unaudited)	
	Nine months ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
Compensation income from sales of locked-up consideration shares (<i>note a</i>)	16,458	—
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	683	168
Loss on dilution of interests in associates (<i>note d</i>)	(1,142)	—
	29,012	15,269

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 nine months ended 31 March 2023, the Company exercised the right and sold 534 million locked-up consideration shares in return for the compensation income of approximately HK\$16.5 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 nine months ended 31 March 2023

3. 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 nine months ended 31 March 2023

4. PROFIT/(LOSS) BEFORE TAX

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

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	31 March		31 March	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost of services	—	21,220	—	27,436
Cost of inventories sold	3,817	3,616	15,803	6,537
Equity-settled share-based payments	865	523	1,607	3,917
Depreciation of property, plant and equipment	303	53	995	721
Exchange (gains)/losses, net	—	—	—	7
Interest on convertible bonds	3,561	1,761	7,241	10,192

5. INCOME TAX EXPENSE

For the nine months ended 31 March 2023 and 31 March 2022, 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 2022: 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 2023

6. EARNINGS/(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:

Profit/(Loss)

	(Unaudited) Three months ended 31 March		(Unaudited) Nine months ended 31 March	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit/(Loss) for the period attributable to the equity holders of the Company	(6,323)	(9,910)	9,085	(23,413)

Number of shares

	(Unaudited) Three months ended 31 March		(Unaudited) Nine months ended 31 March	
	2023	2022	2023	2022
	'000	'000	'000	'000
Weighted average number of ordinary shares for the purposes of basic loss per share	4,578,370	4,483,524	4,578,370	4,483,524
Weighted average number of ordinary shares for the purposes of diluted loss per share	4,578,370	4,483,524	4,578,370	4,483,524

For the three months and nine months ended 31 March 2023, outstanding share options and convertible bonds of the Company have been anti-dilutive (three months and nine months ended 31 March 2022: anti-dilutive) since their exercise or conversion would result in an increase in earnings per share (three months and nine months ended 31 March 2022: decrease in loss per share).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2023

7. MOVEMENTS OF RESERVES

For the nine months ended 31 March 2023

	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	—	—	—	—	—	—	—	—	9,085	9,085	506	9,591
Exchange differences arising from translation of financial statements of overseas operations	—	—	—	—	(2,015)	—	—	—	—	(2,015)	(511)	(2,526)
Total comprehensive (expenses)/income for the period	—	—	—	—	(2,015)	—	—	—	9,085	7,070	(5)	7,065
Recognition of equity-settled share-based payments	—	—	—	1,607	—	—	—	—	—	1,607	—	1,607
Release on disposal of subsidiaries	—	—	—	—	—	—	—	—	—	—	—	—
Equity component recognized for convertible bonds	—	—	—	—	—	—	—	—	—	—	—	—
Share options lapsed	—	—	—	(16,436)	—	—	—	—	16,436	—	—	—
Share issued on loan settlement	191	2,486	—	—	—	—	—	—	—	2,677	—	2,677
At 31 March 2023 (unaudited)	56,912	2,704,488	1,484	865	6,241	8,573	(1)	28,633	(2,962,618)	(155,423)	(6,625)	(162,048)

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 (expenses)/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 convertible bonds	—	—	—	—	—	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)

8. 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 15 May 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

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

For Period 2023, the Group recorded unaudited consolidated revenue of HK\$19.8 million, decreased by 48% against Period 2022 of HK\$37.9 million. The gross profit ratio increased to about 20% as compared with 10% for Period 2022. For Period 2023, the Group recorded a profit attributable to the equity holders of HK\$9.1 million, as compared with the Group recorded a loss attributable to equity holders of HK\$23.4 million for the period 2022. Loss attributable to equity holders was HK\$6.3 million from the third quarter of Period 2023, which decreased by 36% from HK\$9.9 million for Period 2022. Selling and distribution expenses and administrative and operating expenses in Period 2023 amounted to HK\$15.5 million, decreased by 55% as compared to HK\$34.7 million in Period 2022.

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. On the other hand, through the establishment of joint ventures with logistics operators, the Group aims to provide customers with more convenient and real-time supply chain services by leveraging its experience and technology in the “Internet Plus” business.

MANAGEMENT DISCUSSION AND ANALYSIS

Personal Protective Equipment Business

During the period under review, despite the decrease in the demand for personal protective equipment manufacturing and distribution business, the Group continued to provide each customer with high-quality and strongly protective equipment products.

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 establishing joint ventures with industry players on “Internet Plus” solutions and jointly exploring the possibility of applying the “Internet Plus” technology in different fields, 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 exploring new opportunities in the related comprehensive 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 comprehensive health industry and bring new revenue streams to the Group. The Group will also strengthen the sales and supply chain services of various types of comprehensive health products on various platforms, including the sales on relevant platforms in China and Hong Kong, so as to bring new growth opportunities to the Group.

DIVIDEND

The Board does not recommend the payment of dividend for the nine months ended 31 March 2023 (nine months ended 31 March 2022: Nil).

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 March 2023, 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) <i>(Note)</i>	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 March 2023, 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 2023.

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

As at 31 March 2023, 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:

GENERAL INFORMATION

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 (Note 1)	Beneficial Owner	697,364,364	15.19%
Integrated Asset Management (Asia) Limited ("Integrated Asset") & its concert parties (Note 2)	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.

GENERAL INFORMATION

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.

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.

GENERAL INFORMATION

Save as disclosed above, as at 31 March 2023, 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.

GENERAL INFORMATION

The details of the movements in share options under the Old Share Option Scheme during the nine months ended 31 March 2023 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 2023
					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. LU 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 Kevin <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	—
Consultants										
14/08/2019	0.33	14/08/2019-31/12/2019	01/01/2020-31/12/2022	11,600,000	—	—	—	11,600,000	—	
	0.33	14/08/2019-31/05/2020	01/06/2020-31/12/2022	18,540,000	—	—	—	18,540,000	—	
	0.33	14/08/2019-31/08/2020	01/09/2020-31/12/2022	8,700,000	—	—	—	8,700,000	—	
	0.33	14/08/2019-28/02/2021	01/03/2021-31/12/2022	18,540,000	—	—	—	18,540,000	—	
	0.33	14/08/2019-30/04/2021	01/05/2021-31/12/2022	8,700,000	—	—	—	8,700,000	—	
	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	—

GENERAL INFORMATION

The details of the movements in share options under the New Share Option Scheme during the nine months ended 31 March 2023 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 March 2023
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
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	—	—	—	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

GENERAL INFORMATION

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

During the nine months ended 31 March 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Shares.

COMPETING INTERESTS

As at 31 March 2023, 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 2023, except for the following deviation which is 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 nine months ended 31 March 2023, 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

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 2023.

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. 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 nine months ended 31 March 2023 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, 15 May 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.