



Sinopharm Tech Holdings Limited

國藥科技股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8156)

THIRD QUARTERLY
REPORT

2020/2021



CHARACTERISTICS OF GEM ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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*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 2021

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 2021 (the “**Period 2021**”), together with the selected comparative unaudited figures for the corresponding period in 2020 (the “**Period 2020**”), are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 31 March 2021

	Notes	(Unaudited) Three months ended 31 March		(Unaudited) Nine months ended 31 March	
		2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Revenue	2	12,918	11,172	68,118	98,552
Costs of sales and services		(9,269)	(10,832)	(44,917)	(75,500)
Gross profit		3,649	340	23,201	23,052
Other (expenses)/income		(320)	574	1,745	1,065
Selling and distribution expenses		(116)	(176)	(4,782)	(4,631)
Administrative and operating expenses		(15,160)	(13,502)	(40,604)	(42,140)
Share of (losses)/profits of associates		(716)	—	3,165	—
Operating loss		(12,663)	(12,764)	(17,275)	(22,654)
Finance costs		(4,960)	(3,516)	(14,975)	(10,747)
Loss before tax	3	(17,623)	(16,280)	(32,250)	(33,401)
Income tax credit/(expense)	4	—	542	—	(607)
Loss for the period		(17,623)	(15,738)	(32,250)	(34,008)
Loss for the period attributable to:					
Equity holders of the Company		(17,243)	(15,134)	(31,383)	(32,369)
Non-controlling interests		(380)	(604)	(867)	(1,639)
		(17,623)	(15,738)	(32,250)	(34,008)



QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 31 MARCH 2021

	(Unaudited) Three months ended 31 March		(Unaudited) Nine months ended 31 March	
	2021	2020	2021	2020
	Notes	HK\$'000	HK\$'000	HK\$'000
Other comprehensive loss 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				
		<u>538</u>	<u>(1,283)</u>	<u>782</u>
				<u>(1,239)</u>
Total comprehensive loss for the period		<u>(17,085)</u>	<u>(17,021)</u>	<u>(31,468)</u>
				<u>(35,247)</u>
Total comprehensive loss for the period attributable to:				
Equity holders of the Company		<u>(17,619)</u>	<u>(15,987)</u>	<u>(31,872)</u>
Non-controlling interests		<u>534</u>	<u>(1,034)</u>	<u>404</u>
		<u>(17,085)</u>	<u>(17,021)</u>	<u>(31,468)</u>
				<u>(35,247)</u>
Loss per share attributable to equity holders of the Company				
Basic	5	<u>(HK0.40 cents)</u>	<u>(HK0.37 cents)</u>	<u>(HK0.73 cents)</u>
				<u>(HK0.79 cents)</u>
Diluted		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
				<u>N/A</u>

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



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2021

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited consolidated financial results for the nine months ended 31 March 2021 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 2021 are consistent with the financial statements of the Group for the year ended 30 June 2020.

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 2020. 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 2021

2. REVENUE

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

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

	(Unaudited) Three months ended 31 March		(Unaudited) Nine months ended 31 March	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Point in time				
Internet plus services (supply chain)				
— Trading of goods	4,358	10,159	27,126	80,993
Manufacturing and distribution of personal protective equipment	8,560	—	38,516	—
	12,918	10,159	65,642	80,993
Over time				
Lottery-related service	—	776	2,476	1,977
Internet plus services (supply chain)				
— Provision of services	—	30	—	15,375
Other services	—	207	—	207
	—	1,013	2,476	17,559
	12,918	11,172	68,118	98,552



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2021

3. LOSS BEFORE TAX

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

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	31 March		31 March	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost of services	330	387	1,614	1,669
Cost of inventories sold	8,939	10,445	43,303	73,831
Equity-settled share-based payments	1,040	1,096	3,716	4,462
Depreciation of property, plant and equipment	2,321	175	3,908	597
Amortization of intangible assets	5	1,648	16	4,945
Exchange (gain)/losses, net	(15)	(556)	13	(577)

4. INCOME TAX CREDIT/(EXPENSE)

The amount of income tax credit/(expense) to the consolidated statement of profit or loss and other comprehensive income represents:

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	31 March		31 March	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current year				
— Hong Kong profits tax	—	132	—	(1,839)
Deferred tax credit	—	410	—	1,232
Income tax credit/(expense) for the period	—	542	—	(607)

For the nine months ended 31 March 2021 and 31 March 2020, 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%.

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 2021

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

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

Loss

		(Unaudited)		(Unaudited)	
		Three months ended		Nine months ended	
		31 March		31 March	
		2021	2020	2021	2020
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period attributable to the equity holders of the Company		(17,243)	(15,134)	(31,383)	(32,369)

Number of shares

		(Unaudited)		(Unaudited)	
		Three months ended		Nine months ended	
		31 March		31 March	
		2021	2020	2021	2020
		'000	'000	'000	'000
Weighted average number of ordinary shares for the purposes of basic loss per share		4,289,725	4,108,855	4,289,725	4,108,855
Weighted average number of ordinary shares for the purposes of diluted loss per share		4,289,725	4,108,855	4,289,725	4,108,855

Weighted average number of ordinary shares for the purposes of basic loss per share

4,289,725 4,108,855 **4,289,725** 4,108,855

Weighted average number of ordinary shares for the purposes of diluted loss per share

4,289,725 4,108,855 **4,289,725** 4,108,855

For the three months and nine months ended 31 March 2021, outstanding share options, warrants and convertible bonds of the Company are anti-dilutive (three months and nine months ended 31 March 2020: anti-dilutive) since their exercise or conversion would result in a decrease in loss per share (three months and nine months ended 31 March 2020: decrease in loss per share).



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2021

6. MOVEMENT OF RESERVES**For the nine months ended 31 March 2021**

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



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2021

6. MOVEMENT OF RESERVES — CONTINUED

For the nine months ended 31 March 2020

	Attributable to equity holders of the Company												
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Employee share-based compensation 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 2019 (audited)	51,360	2,610,881	1,484	—	—	8,324	—	(1)	10,184	(2,644,496)	37,736	(497)	37,239
Loss for the period	—	—	—	—	—	—	—	—	—	(32,369)	(32,369)	(1,639)	(34,008)
Exchange differences arising from translation of financial statements of overseas operations	—	—	—	—	—	(820)	—	—	—	—	(820)	(419)	(1,239)
Total comprehensive (loss)/income for the period	—	—	—	—	—	(820)	—	—	—	(32,369)	(33,189)	(2,058)	(35,247)
Recognition of equity-settled share-based payments	—	—	—	—	—	—	—	—	—	—	—	—	—
Share issued upon placement of shares	—	—	—	—	4,462	—	—	—	—	—	4,462	—	4,462
At 31 March 2020 (unaudited)	51,360	2,610,881	1,484	—	4,462	7,504	—	(1)	10,184	(2,676,865)	9,009	(2,555)	6,454

7. APPROVAL OF UNAUDITED CONDENSED CONSOLIDATED THIRD QUARTERLY FINANCIAL STATEMENTS

The unaudited condensed consolidated third quarterly financial statements were approved and authorised for issue by the Board on 13 May 2021.



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); (iii) manufacturing and distribution of personal protective equipment; and (iv) other services.

For Period 2021, the Group recorded unaudited consolidated revenue of HK\$68.1 million, decreased by 31% against Period 2020 of HK\$98.6 million. The gross profit ratio increased to about 34% as compared with 23% for Period 2020. For Period 2021, the Group recorded a net loss attributable to the equity holders of HK\$31.4 million, decreased 3% from HK\$32.4 million for Period 2020. Loss attributable to equity holders was HK\$17.2 million from the third quarter of Period 2021, which increased by 14% from HK\$15.1 million for Period 2020. Selling and distribution expenses and administrative and operating expenses in Period 2021 amounted to HK\$45.4 million, decreased by 3% as compared to HK\$46.8 million in Period 2020.

BUSINESS REVIEW

During the period under review, on the back of the application of a patent with cross-industry practical value and an internationally recognised anti-counterfeiting comprehensive solution (the “**Anti-counterfeiting Devices + Lottery Products**”), the Group’s marketing team continued to develop potential markets and began to bear fruit. Tea leaves and natural food as well as cosmetics e-commerce platform enterprises in Mainland China showed recognition for our “Anti-counterfeiting Devices + Lottery” Products and formed strategic cooperation with the Group while the first batch of order has been secured pursuant to the cooperation. In addition to applying “Anti-counterfeiting Devices + Lottery” Products to its products, the tea leaves enterprise will also promote “Anti-counterfeiting Devices + Lottery” Products to enterprises of the same business which use the National Geographical Indications of Agricultural Products of the same category, thereby further enhancing the influence of the “Anti-counterfeiting Devices + Lottery” Products. Similar to the thriving cosmetics e-commerce industry and cosmetics consumption with strong growth momentum in the Mainland, they can effectively utilise the interaction between anti-counterfeiting and marketing functions in “Anti-counterfeiting Devices + Lottery” Products, to drive real demand. The increased sales of the consumer products using “Anti-counterfeiting Devices + Lottery” Products can boost the volume and extend market reach for the bundled “Anti-counterfeiting Devices + Lottery” Products.

The Group was granted the right to use the patent and integrates the unique anti-counterfeiting lottery packaging solution into “Anti-counterfeiting Devices + Lottery” Products. Its intrinsic advanced encryption technology and innovative anti-counterfeiting system represent the core values and underlying drives of “Anti-counterfeiting Devices + Lottery” Products’ continuous market penetration. During the period under review, such patented technology won a Gold Award in “advertisement, printing and packaging category” at the “2021 Special Edition of the Geneva International Exhibition of Inventions”, the world’s largest innovation exhibition and was commended by the Hong Kong SAR Government.



MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, supply of upstream raw materials in the personal protective equipment industry chain was abundant, while Hong Kong market demand for medical protective equipment was stable during the pandemic. The Group's personal protective equipment business carried on its operation and ensured a stable product supply for major institutional customers, while continuing to distribute personal protective equipment to individual consumers to meet citizens' demands in the retail market. Meanwhile, revenue from the personal protective equipment business was still making contribution to the Group's revenue during the period under review.

Acquisition of Equity Interest in Target Company and Continuing Connected Transaction

Reference is made to the announcement dated 18 February 2021. On 17 February 2021, an indirect wholly-owned subsidiary of the Group (as the purchaser), and the vendor, entered into a sale and purchase agreement in relation to a potential acquisition, pursuant to which the purchaser conditionally agreed to acquire, and the vendor conditionally agreed to sell 25% of the issued share capital of the target company upon completion of the reorganisation, at the consideration of HK\$200 million. The business of the acquired target group held by the vendor includes licensing its intellectual properties and provision of services of design, production and customisation of anti-counterfeiting devices. The patented and innovative anti-counterfeiting solution owned by the target group features a lottery ticket component with uniqueness and credibility which is easily recognised by consumers, while also possesses marketing functions and public welfare elements. It is expected that the acquisition will enable the Group to establish a long-term cooperative and licensing relationship with the vendor and obtain investment returns.

Meanwhile, a company under the target group and an indirect wholly-owned subsidiary of the Group, based on the business cooperation project on "Anti-counterfeiting Devices + Lottery" Products, entered into a conditional licensing and master service agreement in relation to the licensing arrangement and the anti-counterfeiting device services. The transactions contemplated under the licensing and master service agreement shall constitute continuing connected transaction of the Company. The effectiveness of the licensing and master services agreement and completion of the sale and purchase agreement shall be inter-conditional upon each other. As of the date of this report, the fulfilment of the conditions precedent to the acquisition has not been completed.



MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE OUTLOOK

According to The Panoramic Research and Development Strategy Research Consulting Report on the PRC Anti-Counterfeiting Industry for 2021 to 2026 (《中國防偽行業深度分析及發展戰略研究諮詢報告 (2021-2026版)》) issued in January 2021, demand for the anti-counterfeiting technology has been continuously expanding and monetizing, and its application has been increasingly applied across the wide range of sectors and industries in various consumer goods such as food, medicine, tobacco and alcoholic beverages in the PRC. It is expected that the anti-counterfeiting market size of the PRC will reach approximately RMB350 billion by 2025, representing a significant growth of approximately 66.67% from 2020. The Group is seizing the opportunity to expand its market share in the anti-counterfeiting sector in the PRC.

“Anti-counterfeiting Devices + Lottery” Products possess anti-counterfeiting and marketing characteristics with cross-industry practical value, and the Group is leveraging such features to cover wider fields. In addition to tea leaves, natural food and cosmetics e-commerce platform, the Group also liaises with enterprise users and industry associations of other industries, in order to explore the potential demands and application of “Anti-counterfeiting Devices + Lottery” Products while enhancing their recognition within the industries. The Group strives to consolidate its existing customer base while facilitating new business cooperation and the gradual roll-out of practical application.

DIVIDEND

The Board does not recommend the payment of dividend for the nine months ended 31 March 2021 (nine months ended 31 March 2020: 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 2021, 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 Corporations

Name of Directors	The Company/ Name of Associated Corporation	Interest in Controlled Corporation	Number of Shares Held				Approximate Percentage Shareholding
			Personal Interest (ordinary shares)	Personal Interest (underlying shares) (Note 2)	Interest of Spouse	Total Interest	
Madam CHEUNG Kwai Lan ("Madam CHEUNG") (Note 1)	The Company	632,920,856	4,656,000	4,000,000	6,620,000	648,196,856	15.11%
Mr. CHAN Tung Mei ("Mr. CHAN") (Note 1)	The Company	—	3,020,000	3,600,000	641,576,856	648,196,856	15.11%
Madam CHEUNG	Best Frontier Investments Limited ("Best Frontier") (Note 1)	—	909	—	1	910	—
Mr. CHAN	Best Frontier	—	1	—	909	910	—
Mr. CHAN Ting	The Company	—	—	4,000,000	—	4,000,000	0.09%
Mr. CHAU Wai Wah Fred	The Company	—	3,800,000	3,600,000	—	7,400,000	0.17%
Dr. CHENG Yanji	The Company	—	1,965,000	3,600,000	—	5,565,000	0.13%
Dr. LIU Ta-pei	The Company	—	—	3,600,000	—	3,600,000	0.08%



GENERAL INFORMATION

Notes:

1. The 632,920,856 Shares were owned by Best Frontier which was owned as to 99.89% and 0.11% by Madam CHEUNG and Mr. CHAN respectively. In addition, Madam CHEUNG and Mr. CHAN directly held 4,656,000 Shares and 3,020,000 Shares respectively. Accordingly, Madam CHEUNG is the spouse of Mr. CHAN so both of them were deemed to be interested in the Shares. An interest in 210,000,000 Shares as security was provided by Best Frontier to a person other than a qualified lender on 4 December 2020.
2. These share options were granted by the Company on 7 January 2020 under the share option scheme adopted by the Company on 31 January 2013.

Save as disclosed above, as at 31 March 2021, 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 2021.



GENERAL INFORMATION

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

As at 31 March 2021, 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

Name of Shareholders	Capacity	Number of issued Shares Held	Approximate Percentage of the Shareholding
Sinopharm Traditional Chinese Medicine Overseas Holdings Limited	Beneficial Owner	650,000,000	15.15%
Best Frontier & its concert parties (Note 1)	Beneficial Owner	640,596,856	14.93%
Integrated Asset Management (Asia) Limited ("Integrated Asset") & its concert parties (Note 2)	Beneficial Owner	461,733,000	10.76%
Mr. Tse Siu Hoi	Beneficial Owner	310,650,000	7.24%

Notes:

- 632,920,856 Shares were owned by Best Frontier which was owned as to 99.89% and 0.11% by Madam CHEUNG and Mr. CHAN respectively. In addition, Madam CHEUNG and Mr. CHAN directly held 4,656,000 and 3,020,000 Shares respectively. Madam CHEUNG is the spouse of Mr. CHAN so both of them were deemed to be interested in the Shares. Madam CHEUNG and Mr. CHAN were granted 4,000,000 share options and 3,600,000 share options respectively by the Company on 7 January 2020 under the share option scheme adopted by the Company on 31 January 2013. An interest in 210,000,000 Shares as security was provided by Best Frontier to a person other than a qualified lender on 4 December 2020.
- The 461,733,000 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.



GENERAL INFORMATION

Pursuant to the second amendment agreement approved by the Shareholders at the extraordinary general meeting of the Company held on 18 April 2018, the amendments were that the maturity date of the CBs was extended for six months from 17 January 2018 to 17 July 2018, and further extended to 17 January 2019 upon a prior written consent from Integrated Asset. Such written consent from Integrated Asset has been received by the Company. A maximum number of 249,651,810 Shares would be allotted and issued to Integrated Asset upon conversion of the CBs in full.

Pursuant to the third amendment agreement approved by the Shareholders at the extraordinary general meeting of the Company held on 19 March 2019, the amendments were that the maturity date of the CBs was extended for six months from 17 January 2019 to 17 July 2019, and further extended to 17 January 2020 upon a prior written consent from Integrated Asset. Such written consent from Integrated Asset has been received by the Company. A maximum number of 249,651,810 Shares would be allotted and issued to Integrated Asset upon conversion of the CBs in full.

As a result of the adjustments of the CBs on 10 May 2019 upon the allotment and issue of the consideration shares to Sinopharm Traditional Chinese Medicine Overseas Holdings Limited, a maximum number of 263,602,941 Shares would be allotted and issued to Integrated Asset upon conversion of the CBs in full. The adjusted conversion price was HK\$0.34 per conversion share subject to further adjustment.

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

An ordinary resolution was passed at the extraordinary general meeting of the Company held on 22 March 2021 to approve the fifth amendment agreement 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.

Save as disclosed above, as at 31 March 2021, 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.



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SHARE OPTION SCHEME

The Company adopted a share option scheme on 31 January 2013 (the “**Share Option Scheme**”) under which the Board may, at its discretion, invite eligible persons to take up to subscribe for the Shares. 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 Share Option Scheme will remain valid for a period of 10 years commencing from the date of adoption of the Share Option Scheme.

The details of the movements in share options under the Share Option Scheme during the nine months ended 31 March 2021 were as follows:

Name/Category of Participants	Grant Date	Exercise Price per Share (HK\$)	Exercise Period	Number of Share Options				As at 31 March 2021
				As at 1 July 2020	Granted	Exercised	Cancelled	
Directors								
Madam CHEUNG Kwai Lan	07/01/2020	0.33	01/06/2020-31/12/2022	1,200,000	—	—	—	1,200,000
	07/01/2020	0.33	01/03/2021-31/12/2022	1,200,000	—	—	—	1,200,000
	07/01/2020	0.33	01/12/2021-31/12/2022	1,600,000	—	—	—	1,600,000
Mr. CHAN Ting	07/01/2020	0.33	01/06/2020-31/12/2022	1,200,000	—	—	—	1,200,000
	07/01/2020	0.33	01/03/2021-31/12/2022	1,200,000	—	—	—	1,200,000
	07/01/2020	0.33	01/12/2021-31/12/2022	1,600,000	—	—	—	1,600,000
Mr. CHAN Tung Mei	07/01/2020	0.33	01/06/2020-31/12/2022	1,080,000	—	—	—	1,080,000
	07/01/2020	0.33	01/03/2021-31/12/2022	1,080,000	—	—	—	1,080,000
	07/01/2020	0.33	01/12/2021-31/12/2022	1,440,000	—	—	—	1,440,000
Dr. CHENG Yanjie	07/01/2020	0.33	01/06/2020-31/12/2022	1,080,000	—	—	—	1,080,000
	07/01/2020	0.33	01/03/2021-31/12/2022	1,080,000	—	—	—	1,080,000
	07/01/2020	0.33	01/12/2021-31/12/2022	1,440,000	—	—	—	1,440,000
Dr. LIU Ta-pei	07/01/2020	0.33	01/06/2020-31/12/2022	1,080,000	—	—	—	1,080,000
	07/01/2020	0.33	01/03/2021-31/12/2022	1,080,000	—	—	—	1,080,000
	07/01/2020	0.33	01/12/2021-31/12/2022	1,440,000	—	—	—	1,440,000
Mr. CHAU Wai Wah Fred	07/01/2020	0.33	01/06/2020-31/12/2022	1,080,000	—	—	—	1,080,000
	07/01/2020	0.33	01/03/2021-31/12/2022	1,080,000	—	—	—	1,080,000
	07/01/2020	0.33	01/12/2021-31/12/2022	1,440,000	—	—	—	1,440,000
Directors' Associates								
Ms. CHAN Siu Sarah	07/01/2020	0.33	01/06/2020-31/12/2022	1,080,000	—	—	—	1,080,000
	07/01/2020	0.33	01/03/2021-31/12/2022	1,080,000	—	—	—	1,080,000
	07/01/2020	0.33	01/12/2021-31/12/2022	1,440,000	—	—	—	1,440,000
			Sub-total	26,000,000	—	—	—	26,000,000
Employees								
	07/01/2020	0.33	01/06/2020-31/12/2022	20,040,000	—	—	(75,000)	19,965,000
	07/01/2020	0.33	01/03/2021-31/12/2022	20,040,000	—	—	(75,000)	19,965,000
	07/01/2020	0.33	01/12/2021-31/12/2022	26,720,000	—	—	(100,000)	26,620,000
			Sub-total	66,800,000	—	—	(250,000)	66,550,000



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Name/Category of Participants	Grant Date	Exercise Price per Share (HK\$)	Exercise Period	Number of Share Options					As at 31 March 2021
				As at 1 July 2020	Granted	Exercised	Cancelled	Lapsed	
Other eligible participants <i>(Note)</i>	14/08/2019	0.33	01/01/2020-31/12/2022	11,600,000	—	—	—	—	11,600,000
	14/08/2019	0.33	01/06/2020-31/12/2022	18,540,000	—	—	—	—	18,540,000
	14/08/2019	0.33	01/09/2020-31/12/2022	8,700,000	—	—	—	—	8,700,000
	14/08/2019	0.33	01/03/2021-31/12/2022	18,540,000	—	—	—	—	18,540,000
	14/08/2019	0.33	01/05/2021-31/12/2022	8,700,000	—	—	—	—	8,700,000
	14/08/2019	0.33	01/12/2021-31/12/2022	24,720,000	—	—	—	—	24,720,000
			Sub-total	90,800,000	—	—	—	—	90,800,000
			Total	183,600,000	—	—	—	(250,000)	183,350,000

Note: Other eligible participants include certain consultants of the Group.

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

During the nine months ended 31 March 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Shares.

COMPETING INTERESTS

As at 31 March 2021, 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 2021, except for the following deviations which are summarized below:

Code provision A.4.1

Under code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. Two of the non-executive Directors of the Company (the "**NEDs**") and the independent non-executive Directors of the Company (the "**INEDs**") were not appointed for specific terms but are subject to retirement by rotation and re-election in annual general meetings of the Company at least once every three years in accordance with the Articles of Association. The Company does not consider that fixed



GENERAL INFORMATION

terms on the Directors' services are appropriate, given that the Directors ought to be committed to the long term interests of the Shareholders. The retirement and re-election requirements of the NEDs and INEDs have given the rights to the Shareholders to consider and approve the continuation of the NEDs' and INEDs' offices.

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct (the "**Code of Conduct**") regarding the Directors' securities transactions in the Shares. Having made specific enquires, the Company has confirmed with all Directors that they have complied with the required standard as set out in the Code of Conduct during the nine months ended 31 March 2021.

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the GEM Listing Rules. The Audit Committee comprises three INEDs, namely Mr. LAU Fai Lawrence, Dr. LIU Ta-pei and Mr. CHAU Wai Wah Fred. Mr. LAU Fai Lawrence is 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 2021 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results has complied with applicable accounting standards and requirements and that adequate disclosures have been made.

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

Hong Kong, 13 May 2021

As at the date of this report, the Board comprises Mr. CHAN Ting as executive Director, Madam CHEUNG Kwai Lan, Mr. CHAN Tung Mei and Dr. CHENG Yanjie as non-executive Directors, and Mr. LAU Fai Lawrence, Dr. LIU Ta-pei and Mr. CHAU Wai Wah Fred as independent non-executive Directors.

