



**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)**

FIRST QUARTERLY  
REPORT **2020/2021**



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## QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2020

### RESULTS

The board of Directors of the Company (the “**Board**”) announces that the unaudited consolidated financial results of the Company and its subsidiaries (collectively the “**Group**”) for the three months ended 30 September 2020 (the “**Period 2020**”), together with the comparative unaudited figures for the corresponding period in 2019 (the “**Period 2019**”), are as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	<b>(Unaudited)</b>	
		<b>Three months ended</b>	
		<b>2020</b>	2019
		<b>HK\$'000</b>	HK\$'000
Revenue	2	<b>46,054</b>	50,549
Costs of sales and services		<b>(33,335)</b>	(36,896)
Gross profit		<b>12,719</b>	13,653
Other income and gains		<b>1,465</b>	643
Selling and distribution expenses		<b>(4,531)</b>	(1,592)
Administrative and operating expenses		<b>(11,250)</b>	(12,991)
Share of profits of associates		<b>1,766</b>	—
<b>Operating profit/(loss)</b>		<b>169</b>	(287)
Finance costs		<b>(4,664)</b>	(3,558)
<b>Loss before tax</b>	3	<b>(4,495)</b>	(3,845)
Income tax expense	4	<b>(127)</b>	(807)
<b>Loss for the period</b>		<b>(4,622)</b>	(4,652)
<b>Loss for the period attributable to:</b>			
Equity holders of the Company		<b>(4,635)</b>	(4,130)
Non-controlling interests		<b>13</b>	(522)
		<b>(4,622)</b>	(4,652)



## QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2020

		(Unaudited)	
		Three months ended	
		30 September	
		2020	2019
	Notes	HK\$'000	HK\$'000
<b>Other comprehensive income/(loss) for the period, net of tax:</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of financial statements of overseas operations		<u>1,087</u>	<u>(1,141)</u>
<b>Total comprehensive loss for the period</b>		<u><b>(3,535)</b></u>	<u><b>(5,793)</b></u>
<b>Total comprehensive loss for the period attributable to:</b>			
Equity holders of the Company		<u><b>(3,612)</b></u>	<u>(5,263)</u>
Non-controlling interests		<u><b>77</b></u>	<u>(530)</u>
		<u><b>(3,535)</b></u>	<u><b>(5,793)</b></u>
		<b>HK Cents</b>	<b>HK Cents</b>
<b>Loss per share attributable to equity holders of the company</b>			
	5		
Basic		<u><b>(0.11)</b></u>	<u>(0.10)</u>
Diluted		<u><b>N/A</b></u>	<u>N/A</u>



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 September 2020

### 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited consolidated results have been prepared in accordance with accounting principles generally accepted in Hong Kong which include 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 GEM Listing Rules.

Except as described below, the accounting policies and methods of computation used in the unaudited consolidated financial results for the three months ended 30 September 2020 are the same as those followed in the preparation of the Group’s annual financial statements 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.

### 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) others services.



**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the three months ended 30 September 2020

**2. REVENUE — CONTINUED**

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

	<b>(Unaudited)</b>	
	<b>Three months ended</b>	
	<b>30 September</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
<b>Point in time</b>		
Internet plus services (supply chain)		
— Trading of goods	<b>17,094</b>	40,086
Manufacturing and distribution of personal protective equipment	<b>28,137</b>	—
	<b>45,231</b>	40,086
<b>Over time</b>		
Lottery-related services	<b>823</b>	1,022
Internet plus services (supply chain)		
— Provision of services	—	9,441
	<b>823</b>	10,463
Total	<b>46,054</b>	50,549



**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the three months ended 30 September 2020

**3. LOSS BEFORE TAX**

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

	<b>(Unaudited)</b>	
	<b>Three months ended</b>	
	<b>30 September</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
Cost of services	<b>463</b>	775
Cost of inventories sold	<b>32,872</b>	36,121
Depreciation of property, plant and equipment	<b>397</b>	213
Depreciation of right-of-use assets	<b>80</b>	—
Amortisation of intangible assets	<b>5</b>	1,648
Interest income	—	(1)
Exchange losses/(gain), net	<b>79</b>	(204)
Interest on convertible bonds	<b>4,112</b>	3,422

**4. INCOME TAX EXPENSE**

For the three months ended 30 September 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 8.25%, and profits above HK\$2 million will be taxed at 16.5% (Period 2019: Nil).

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



**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the three months ended 30 September 2020

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

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

**Loss**

	<b>(Unaudited)</b>	
	<b>Three months ended</b>	
	<b>30 September</b>	
	<b>2020</b>	<b>2019</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Loss for the period attributable to the equity holders of the Company	<b><u>(4,635)</u></b>	<b><u>(4,130)</u></b>

**Number of shares**

	<b>'000</b>	<b>'000</b>
Weighted average number of ordinary shares for the purposes of basic loss per share	<b><u>4,289,725</u></b>	<b><u>4,108,855</u></b>

For the three months ended 30 September 2020, outstanding share options and convertible bonds of the Company have been anti-dilutive (three months ended 30 September 2019: anti-dilutive) since their exercise or conversion would result in a decrease in loss per share (three months ended 30 September 2019: decrease in loss per share).





## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 September 2020

### 6. MOVEMENT OF RESERVES

For the three months ended 30 September 2020

	Attributable to equity holders of the Company												
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Employee share-based		Share option reserve HK\$'000	Translation reserve HK\$'000	Convertible bonds		Special reserve HK\$'000	Retained profits/ losses		Non-controlling interests HK\$'000
				compensation reserve HK\$'000	reserve HK\$'000			reserve HK\$'000	reserve HK\$'000		Total 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	—	—	—	—	—	—	—	—	—	(4,635)	(4,635)	13	(4,622)
Exchange differences arising from translation of financial statements of overseas operations	—	—	—	—	—	1,023	—	—	—	—	1,023	64	1,087
Total comprehensive (loss)/income for the period	—	—	—	—	—	1,023	—	—	—	(4,635)	(3,612)	77	(3,535)
Recognition of equity-settled share-based payments	—	—	—	—	1,407	—	—	—	—	—	1,407	—	1,407
Capital injection from non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	1,470	1,470
At 30 September 2020 (unaudited)	53,621	2,644,794	1,484	—	9,672	9,217	5,950	(1)	10,184	(2,810,206)	(75,285)	1,242	(74,043)

For the three months ended 30 September 2019

	Attributable to equity holders of the Company												
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Employee share-based		Share option reserve HK\$'000	Translation reserve HK\$'000	Convertible bonds		Special reserve HK\$'000	Retained profits/ losses		Non-controlling interests HK\$'000
				compensation reserve HK\$'000	reserve HK\$'000			reserve HK\$'000	reserve HK\$'000		Total 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	—	—	—	—	—	—	—	—	—	(4,130)	(4,130)	(522)	(4,652)
Exchange differences arising from translation of financial statements of overseas operations	—	—	—	—	—	(1,133)	—	—	—	—	(1,133)	(8)	(1,141)
Total comprehensive (loss)/income for the period	—	—	—	—	—	(1,133)	—	—	—	(4,130)	(5,263)	(530)	(5,793)
Recognition of equity-settled share-based payments	—	—	—	—	—	—	—	—	—	—	—	—	—
Capital injection from non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	—
At 30 September 2019 (unaudited)	51,360	2,610,881	1,484	—	—	7,191	—	(1)	10,184	(2,648,626)	32,473	(1,027)	31,446



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 September 2020

### 7. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED FIRST QUARTERLY FINANCIAL STATEMENTS

The unaudited condensed consolidated first quarterly financial statements were approved and authorised for issue by the Board on 12 November 2020.



## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

For Period 2020, the Group recorded an unaudited consolidated revenue of HK\$46.1 million, decreased by 9% compared to HK\$50.5 million for Period 2019. The gross profit ratio increased to about 28% as compared with 27% for Period 2019. For Period 2020, the Group recorded a net loss attributable to equity holders of HK\$4.6 million, which increased 12% from HK\$4.1 million for Period 2019. Selling and distribution expenses and administrative expenses in Period 2020 amounted to HK\$15.8 million, which increased 8% as compared to HK\$14.6 million in Period 2019. Finance costs for Period 2020 increased 31% to HK\$4.7 million as compared to HK\$3.6 million for Period 2019 relating to increase in imputed finance costs on convertible bonds.

### BUSINESS REVIEW

During the period under review, the Group's business has progressed stably and positively. Personal protective equipment manufacturing business, which began amidst the challenges imposed by the Coronavirus Disease 2019 pandemic ("**COVID-19 Pandemic**"), has become mature and acted as a major driving force for the Group's revenue. While the Group cooperated with Beijing Cai-Yan Technology Co., Ltd. ("**CY Technology**") to develop anti-counterfeit comprehensive solution ("**Anti-counterfeit Solution**"). Upon acquiring two patent certifications for anti-counterfeiting devices for packaging, the Anti-counterfeit Solution further possesses the qualification for application.

#### Mature Development of Personal Protective Equipment Business

Personal protective equipment manufacturing business has entered into harvest phase during the period under review. During the previous half year, in the process of operating and managing several cleanrooms and over 20 mask production lines, the Group's self-established and nurtured production management team has accumulated various invaluable experience, hence its management model, production technical know-how, quality control and production process optimization have achieved significant advancement. On the basis of complying with ISO 13485 medical device quality management system standard, the Group's overall manufacturing system has also effectively attained efficiency and quality throughout the whole production process. With the increasing maturity of the Group's personal protective equipment manufacturing system, the Group puts quality control on its top priority. For raw materials procurement, the Group has entered into raw materials procurement



## MANAGEMENT DISCUSSION AND ANALYSIS

contracts with a branch of PetroChina Company Limited (the “**PetroChina Branch**”) and TEDA Filters Co., Ltd. (“**TEDA Filters**”) to purchase polypropylene meltblown non-woven fabrics (the “**Meltblown Fabric**”). One of the suppliers of the Meltblown Fabric is a branch of PetroChina Company Limited who is the leading company in China’s oil and gas industry, while the other supplier of the Meltblown Fabric is a state-owned enterprise and one of the earliest companies specializing in the manufacture of the Meltblown Fabric in China. Meltblown Fabric supplied to the Group is raw material with high product quality specifications and stable output, while bacterial filtration efficiency and particle filtration efficiency can both be at or above 99% (BFE $\geq$ 99% and PFE $\geq$ 99%), and the finished masks are expected to meet the high standards of ASTM F2100 Level 3, building up a higher defense line for ensuring the Group’s product quality.

During the period under review, the Group’s two production lines being approved for the application of “Local Mask Production Subsidy Scheme” have complied with the procurement agreement with the government of Hong Kong Special Administrative Region (the “**Government**”), and have already supplied over 14 million masks to the Government, thereby providing continuous support to the Government as well as the civilian market in Hong Kong.

On the foundation of its self-established medical products manufacturing system, the Group acted as a pioneer in the industry and proactively explored possibilities to cooperate with industry peers to enrich the business structure of its personal protective equipment manufacturing while developing a comprehensive business deployment. The Group entered into a memorandum of understanding with the Federation of Hong Kong Industries (“**FHKI**”) and the Vocational Training Council (“**VTC**”) on the co-organization of the “Smart Manufacturing Training Programme for Personal Protection Equipment Industry” (the “**SMT Programme**”). Not only the SMT Programme will provide practitioners in the personal protection equipment industry with both theoretical and practical training, but also include the introduction of new technologies to improve production quality under the trend of digital transformation, such as an overview of Industry 4.0. In the future, the Group aims to share its practical experience and technological resources with external parties via the co-organization of the SMT Programme to accelerate the overall improvement to the management and production excellence of the industry.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Anti-counterfeit Lottery Solution Enters into Marketing Promotion Stage

Engaged in welfare and sports lottery business for years, with the incubation of “Internet plus” technology and interactive marketing, the Group has participated in innovation on integrating “Internet plus” with traditional lottery element to develop the market of the comprehensive anti-counterfeit solution, thus creating a new revenue growth point for the Group.

In 2019, the Group cooperated with CY Technology to offer scientific, highly efficient and unique anti-counterfeiting traceability solution with anti-counterfeiting devices for packaging and online anti-counterfeiting information verification platform by entering into a strategic cooperation framework agreement.

During the period under review, CY Technology has obtained the authorization to use two patented technologies, namely product anti-counterfeiting packaging devices (patent number: ZL 2019 2 1449828.X) (“**Anti-counterfeiting Traceability**”) and adhesive parts and components and anti-counterfeiting packaging device (patent number: ZL 2019 2 1579150.7) (“**Anti-counterfeiting Device(s)**”). The Group has acquired the use right of such patents (the “**Authorization**”) through entering into the licensing agreement with CY Technology. Such Authorization allows the Group to utilize those anti-counterfeiting solutions for marketing, and formulate comprehensive solutions with patented technologies for the actual application on the products of its customers (“**Commercial Cooperation**”). These two anti-counterfeiting patents mainly utilize lottery as the anti-counterfeiting characteristic, and offer products in the market with highly efficient and unique anti-counterfeiting applications via its technology. The Group has participated in innovation by integrating traditional lottery business with new Anti-counterfeiting Device(s) and technology. Such act aims to capture the demand for genuine products to boost sales revenue and enhance industry and corporate reputation, while allows enterprises to participate in social welfare undertakings at the same time.

In the Commercial Cooperation, the Group is responsible for market development and formulation of comprehensive solutions for actual application, so as to attain the commercialization of anti-counterfeit patent solutions. The Group will set up a marketing team and consolidate its technology R&D team to provide strong support to the new business segment. Being optimistic about the demand on anti-counterfeiting of high value-added products and revenue potential, the Group targets the first group of users in the tobacco, medicine and alcohol industries with relatively strong consumer demand, high consumption amount and high anti-counterfeiting requirements. Apart from restricting and curbing the circulation of counterfeit products



## MANAGEMENT DISCUSSION AND ANALYSIS

as well as helping enterprises to capture market demand and consolidate their corporate image, the Group also enjoys two revenue streams from the Commercial Cooperation. Firstly, for every patented device being applied on each unit of consumer products, the Group could receive fixed amount per unit. Secondly, since the patented comprehensive application solution embeds the lottery element, the Group will obtain a certain lottery sales commission through the sale of lottery tickets.

### Future Prospects

Subsequent to the period under review, the Mainland market has restored vitality, and the Group's "Internet plus lottery" business team followed the trend to focus on launching anti-counterfeit solution characterized by "anti-counterfeiting + marketing". Such solution comprises an online service platform which integrates various functions including online real-time authenticity verification, marketing and lucky draw services, corporate brands building as well as product sales information tracking. The solution encourages consumers to take the initiatives in authenticity verification and formulates a habit of authenticity verification. Diversified marketing and promotion functions of the solution also boost product sales and therefore stimulate the demand for Anti-counterfeiting Devices among merchants. By accelerating the implementation of such solution and making access to various business flows, the Group will foster cooperation in terms of anti-counterfeit lottery solution in various provinces and cities in the Mainland, thus realizing new business revenue inflow.

The Group will also consolidate the personal protective equipment business segment as supportive operating income, by developing new products including respirator masks, solidifying its supply and sale relations with corporate customers and capturing market share. In the future, the Group will continue to leverage on its medical resources, adhere to business deployment oriented on personal protective equipment manufacturing and capture market demand of different stages.

### DIVIDEND

The Board does not recommend the payment of dividend for the three months ended 30 September 2020 (three months ended 30 September 2019: 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 30 September 2020, the interests and short positions of the Directors and chief executive in the ordinary share(s) of HK\$0.0125 each of the Company (the "Share(s)"), underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange, were as follows:

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

Name of Directors	The Company/ Name of Associated Corporation	Number of Shares Held					Approximate Percentage of Shareholding
		Interest in Controlled Corporation	Personal Interest (ordinary shares)	Personal Interest (underlying shares) (Note 2)	Family Interest	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 (Note 1)	—	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.
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 30 September 2020, 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 corporation (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 three months ended 30 September 2020.





## GENERAL INFORMATION

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

As at 30 September 2020, 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 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 ( <i>Note 1</i> )	Beneficial Owner	640,596,856	14.93%
Integrated Asset Management (Asia) Limited ("Integrated Asset") & its concert parties ( <i>Note 2</i> )	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 and therefore 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.



## GENERAL INFORMATION

2. 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.

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 shall be allotted and issued to Integrated Asset upon conversion of the CBs in full. The adjusted conversion price is HK\$0.34 per conversion share subject to further adjustment.



## GENERAL INFORMATION

An ordinary resolution was passed at the extraordinary general meeting of the Company held on 25 March 2020 in which pursuant to the fourth amendment agreement, the amendments are that the maturity date of the Convertible Bonds shall be 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 shall be allotted and issued to Integrated Asset upon conversion of the Convertible Bonds in full.

Save as disclosed above, as at 30 September 2020, 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 on 31 January 2013 (the “**Share Option Scheme**”) under which the Board may, at its discretion, invite eligible persons to take up share options 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.



## GENERAL INFORMATION

The details of the movements in share options under the Share Option Scheme during the three months ended 30 September 2020 were as follows:—

Name/Category of Participants	Grant Date	Exercise Price per Share (HK\$)	Exercise Period	Number of Share Options				As at 30 September 2020	
				As at 1 July 2020	Granted	Exercised	Cancelled		Lapsed
<b>Directors</b>									
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
<b>Directors' Associates</b>									
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
<b>Employees</b>									
	07/01/2020	0.33	01/06/2020-31/12/2022	20,040,000	—	—	—	(60,000)	19,980,000
	07/01/2020	0.33	01/03/2021-31/12/2022	20,040,000	—	—	—	(60,000)	19,980,000
	07/01/2020	0.33	01/12/2021-31/12/2022	26,720,000	—	—	—	(80,000)	26,640,000
			Sub-total	66,800,000	—	—	—	(200,000)	66,600,000
<b>Other eligible participants (Note)</b>									
	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
			<b>Total</b>	<b>183,600,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(200,000)</b>	<b>183,400,000</b>

Note:

Other eligible participants include certain consultants of the Group.



## GENERAL INFORMATION

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

During the three months ended 30 September 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Shares.

### COMPETING INTERESTS

As at 30 September 2020, 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 three months ended 30 September 2020, except for the following deviation which are summarized below:

#### Code provision A.4.1

One of the non-executive Directors of the Company (the "**NED**") and the independent non-executive Directors of the Company (the "**INED(s)**") were not appointed under 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 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 NED and INEDs have given the rights to the shareholders to approve the continuation of the NED's 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.



## 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 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 during the three months ended 30 September 2020.

### 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 is the chairman 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 three months ended 30 September 2020 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**

*Executive Director and Chief Executive Officer*

Hong Kong, 12 November 2020

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

