Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.

Sinopharm Tech Holdings Limited
國藥科技股份有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 8156)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2019

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 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, 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.

*This announcement, 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 of the Stock Exchange (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 announcement 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 announcement misleading.*

ANNUAL RESULTS

The board of Directors (the "**Board**") of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred as the "**Group**") for the year ended 30 June 2019 ("**Year 2019**"), together with the comparative audited figures for the preceding financial year ("**Year 2018**") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2019

	Notes	**Year ended 30-6-2019** ***HK$'000***	Year ended 30-6-2018 *HK$'000*
Revenue	*5*	**43,503**	25,347
Cost of sales and services		**(19,802)**	(9,642)
Gross profit		**23,701**	15,705
Other income and gains	*6*	**66,269**	13,951
Provision for doubtful receivables		**(213)**	(8,797)
Impairment loss on assets	*7*	**(67,930)**	—
Selling and distribution expenses		**—**	(1,409)
Administrative and operating expenses		**(57,815)**	(80,268)
Finance costs	*8*	**(11,950)**	(12,581)
Loss before tax	*9*	**(47,938)**	(73,399)
Income tax credit	*10*	**2,312**	1,814
Loss for the year		**(45,626)**	(71,585)
(Loss)/profit for the year attributable to:			
Equity holders of the Company		**(46,796)**	(61,034)
Non-controlling interests		**1,170**	(10,551)
		(45,626)	(71,585)

	Notes	Year ended 30-6-2019 *HK$'000*	Year ended 30-6-2018 *HK$'000*
Loss for the year		**(45,626)**	(71,585)
Other comprehensive income/(expenses) for the year, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of overseas operations		**2,130**	(87)
Total comprehensive expenses for the year		**(43,496)**	(71,672)
Total comprehensive (expenses)/income for the year attributable to:			
Equity holders of the Company		**(43,606)**	(61,443)
Non-controlling interests		**110**	(10,229)
		(43,496)	(71,672)

		Year ended 30-6-2019 *HK Cents*	Year ended 30-6-2018 *HK Cents*
Loss per share attributable to equity holders of the Company	*12*		
Basic		**(1.35)**	(1.85)
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

	Notes	30-6-2019 HK$'000	30-6-2018 HK$'000
Non-current assets			
Property, plant and equipment		**1,571**	3,896
Goodwill	*13*	**177,554**	124,284
Intangible assets		**8,253**	20,631
Financial assets at fair value through other comprehensive income		**—**	—
Available-for-sale financial assets		**—**	—
Interests in joint ventures		**—**	—
		187,378	148,811
Current assets			
Inventories		**160**	468
Trade receivables	*14*	**19,975**	7,900
Other receivables, deposits and prepayments	*15*	**14,509**	13,599
Bank balances and cash		**6,646**	4,719
		41,290	26,686
Current liabilities			
Trade payables	*16*	**2,966**	250
Accruals and other payables	*17*	**49,237**	100,328
Amounts due to directors		**47,649**	39,781
Obligations under finance leases		**150**	194
Convertible bonds		**89,345**	89,413
Derivative financial liabilities		**10**	260
Tax liabilities		**19**	1,423
		189,376	231,649
Net current liabilities		**(148,086)**	(204,963)
Total assets less current liabilities		**39,292**	(56,152)

	Notes	**30-6-2019** **HK$'000**	30-6-2018 *HK$'000*
Non-current liabilities			
Obligations under finance leases		—	150
Deferred tax liabilities		**2,053**	3,697
		2,053	3,847
Net assets/(liabilities)		**37,239**	(59,999)
Capital and reserves			
Share capital		**51,360**	41,135
Reserves		**(13,624)**	(100,527)
Equity/(capital deficiency) attributable to equity holders of the Company		**37,736**	(59,392)
Non-controlling interests		**(497)**	(607)
Total equity/(capital deficiency)		**37,239**	(59,999)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

1. GENERAL

Sinopharm Tech Holdings Limited ("**the Company**") was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Company's registered office is located at P.O. Box 10008, Willow House, Cricket Square, Grand Cayman KY1-1001, Cayman Islands and its principal place of business is located at Units 307–313, 3/F., Wireless Centre, Phase One Hong Kong Science Park, Pak Shek Kok, New Territories, Hong Kong.

The Company changed its English name from China Vanguard You Champion Holdings Limited to Sinopharm Tech Holdings Limited and its dual foreign name in Chinese from 眾彩羽翔股份有很公司 to 國藥科技股份有限公司 with effect from 13 June 2019.

The principal activities of the Company is investment holding. The activities of its principal subsidiaries are provision of (i) lottery-related services, (ii) internet plus services (solutions and supply chain) and (iii) other services (including catering and consultancy services).

The Company's functional currency is Renminbi ("**RMB**") while that each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**").

The consolidated financial statements are presented in Hong Kong dollar ("**HK$**") as the directors consider that HK$ is the appropriate presentation currency for the users of the Group's financial statements given that the shares of the Company are listed on the Stock Exchange.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

In preparing the consolidated financial statements of the Group, comprising the Company and its subsidiaries, the directors of the Company have given consideration to the future liquidity of the Group in light of the Group's net current liabilities of HK$148,086,000 at 30 June 2019. As at 30 June 2019, the Group had convertible bonds with principal amounts of HK$89,625,000 (carrying amounts of HK$89,345,000) to be matured within one year after that date, consideration payable and convertible bond's interest payables amounted to HK$22,000,000 and HK$3,246,000 respectively (included in accruals and other payables) and amounts due to directors amounted to HK$47,649,000 which are included in current liabilities. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

Notwithstanding the aforesaid conditions, the consolidated financial statements have been prepared on a going concern basis on the assumption that the Group is able to operate as a going concern for the foreseeable future. In the opinion of the directors of the Company, the Group can meet its financial obligations as and when they fall due within the next year from the date of approval of these consolidated financial statements, after taking into consideration of the measures and arrangements made by the Group subsequent to the end of the reporting period, as detailed below:

(a) The shareholders and directors of the Company, Madam Cheung Kwai Lan and Mr. Chan Tung Mei, and the director of the Company, Mr. Chan Ting, have agreed to provide adequate funds to the Company to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future, if required. These shareholders or directors have also agreed not to demand for repayment of amounts owed them by the Group until the Group has adequate working capital for repayment.

(b) On 5 June 2019, the Group obtained a written consent from the previous owner of the subsidiaries, under which the due date for payment of the consideration payable to the acquisition of the subsidiaries amounted to HK$22,000,000, which are included in accruals and other payables (Note 17), was extended to on or before 4 June 2020.

(c) The holder of the convertible bonds intends to extend the maturity date of the bonds of 17 January 2020 and not to request repayment of the bonds before 17 January 2021.

(d) The directors will continuously and closely monitor the Group's liquidity position and financial performance and implement measures to improve the Group's cash flows.

In light of the measures and arrangements implemented to date, the directors of the Company are of the view that the Group has sufficient cash resources to satisfy its working capital and other financial obligations for the next year from the date of approval of these consolidated financial statements after having taken into account of the Group's projected cash flows, current financial resources and capital expenditure requirements with respect to the operations and development of the Group's business. Accordingly, the directors of the Company are of the view that it is appropriate to prepare these consolidated financial statements on a going concern basis.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to restate the carrying amounts of the Group's assets to their estimated recoverable amounts, to provide further liabilities that might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these potential adjustments have not been reflected in the consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and revised HKFRSs applied in the current year

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time in the current year.

- HKFRS 9 Financial Instruments
- HKFRS 15 Revenue from Contracts with Customers
- HKFRS 15 (Amendments) Clarification to HKFRS 15
- Amendments to HKFRS 2 Classification and Measurement of Share-based Payment Transactions
- Amendments to HKFRS 1 and HKAS 28 as part of the Annual Improvements to HKFRSs 2014–2016 cycle
- Amendments to HKAS 40 Transfers to Investment Property
- Amendments to HKFRS 4 applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
- HK(IFRIC)–Int 22 Foreign Currency Transactions and Advance Consideration

The Group changed its accounting policies following the adoption of HKFRS 9 and HKFRS 15. The other amendments listed above did not have any significant impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 July 2018. Any difference at the date of initial application is recognised in the opening accumulated losses (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 July 2018 and has used the practical expedient for all contract modifications that occurred before the date of initial application, the aggregate effect of all of the modifications was reflected at the date of initial application. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 "Revenue" and the related interpretations.

The application of the HKFRS 15 has no significant impact on the accumulated losses, classification of assets, liabilities and other components of equity at 1 July 2018.

HKFRS 9 "Financial Instruments" and the related amendments

In the current year, the Group has applied HKFRS 9 "Financial Instruments", and the related consequential amendments. HKFRS 9 introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities, (ii) expected credit losses ("**ECL**") for financial assets and other items (for example, contract assets, lease receivables and financial guarantee contracts) and (iii) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 July 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 July 2018. The difference between carrying amounts as at 30 June 2018 and the carrying amounts as at 1 July 2018 are recognised in the opening accumulated losses and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement".

From available-for-sale financial assets to financial assets at fair value through other comprehensive income

The Group elected to present in other comprehensive income for the fair value changes of all its financial assets previously classified as available for sale. The financial assets are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of HKFRS 9, the available-for-sale financial assets were fully impaired and no fair value change of the available-for-sale financial assets were recognised. The reclassification of these financial assets are shown as follows:

At 1 July 2018	**Financial assets at fair value through other comprehensive income** *HK$*	**Available-for-sale financial assets** *HK$*
Opening balance — as originally stated	—	—
Reclassification from available-for-sale financial assets to financial assets at fair value through other comprehensive income, upon application of HKFRS 9	—	—
Opening balance — as restated	—	—

Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL trade receivables. Except for those which had been determined as credit impaired under HKAS 39, trade receivables have been assessed individually with outstanding significant balances, the remaining balances are grouped based on past due analysis.

ECL for other financial assets at amortised cost, including bank balances and other receivables, are assessed on 12 months ECL basis as there had been no significant increase in credit risk since initial recognition.

The application of the ECL model of HKFRS 9 has no material impact on the accumulated amount of impairment loss to be recognised by the Group as at 1 July 2018 as compared to the accumulated amount recognised under HKAS 39 mainly attributable to expected credit losses provision on trade and other receivables.

New and revised HKFRSs not yet effective

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these consolidated financial statements:

Amendments to HKFRS 9	Prepayment features with negative compensation[1]
HKFRS 16	Leases[1]
HK (IFRIC) 23	Uncertainty over income tax treatments[1]
HKFRS 17	Insurance contracts[2]
HKAS 19	"Employee benefits" on plan amendment, curtailment or settlement[1]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[4]
Amendments to HKAS 1 and HKAS 8	Definition of Materials[3]
Amendments to HKFRS 3	Definition of Business[3]
Amendments to HKFRSs	Annual improvements to HKFRSs 2015–2017 Cycle[1]
Amendments to HKAS 28	Long-term interests in associates and joint ventures[1]
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting[3]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2021
3 Effective for annual periods beginning on or after 1 January 2020
4 Effective date to be determined

4. SEGMENT INFORMATION

The factors that used to identify the Group's operating segments, including the basis of organization, are mainly based on the services provided by the Group's operating divisions as follows:

(a) Provision of lottery-related services

(b) Provision of internet plus services

— Solution services: Provision of internet related solution services

— Supply chain services: Provision of supply chain management, data analysis and related services and trading of goods through internet platform.

(c) Others services, including catering services and consulting services

For the purposes of monitoring segment performances and allocating resources between segments, all assets and liabilities are allocated to operating segments other than the corporate assets and liabilities.

Information regarding the above segments is reported below.

(a) Segment revenue and results

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

Year ended 30-6-2019

	Lottery-related services *HK$'000*	Solution services *HK$'000*	Internet plus Supply chain services *HK$'000*	Other services *HK$'000*	Total *HK$'000*
Segment revenue:					
Reportable segment revenue	**20,980**	**8,995**	**13,424**	**361**	**43,760**
Elimination of inter-segment revenue	**(257)**	**—**	**—**	**—**	**(257)**
Sales to external customers	**20,723**	**8,995**	**13,424**	**361**	**43,503**
Segment profit/(loss) before other income and gains and impairment of assets	**2,121**	**(399)**	**487**	**(805)**	**1,404**
Write back of consideration payable for acquisition of subsidiaries	**—**	**43,000**	**—**	**—**	**43,000**
Fair value gain on investment in associates	**—**	**17,375**	**—**	**—**	**17,375**
Impairment of goodwill	**(45,946)**	**(19,184)**	**—**	**—**	**(65,130)**
Impairment of intangible assets	**(2,800)**	**—**	**—**	**—**	**(2,800)**
Segment profit/(loss)	**(46,625)**	**40,792**	**487**	**(805)**	**(6,151)**
Other unallocated income					**39**
Fair value gain on derivative financial liabilities					**5,082**
Other unallocated expenses					**(34,958)**
Finance costs					**(11,950)**
Loss before tax					**(47,938)**
Income tax credit					**2,312**
Loss for the year					**(45,626)**

Year ended 30-6-2018

	Lottery-related services HK$'000	Internet plus Solution services HK$'000	Internet plus Supply chain services HK$'000	Other services HK$'000	Total HK$'000
Segment revenue:					
Reportable segment revenue	21,874	1,443	—	2,770	26,087
Elimination of inter-segment revenue	—	—	—	(740)	(740)
Sales to external customers	21,874	1,443	—	2,030	25,347
Segment loss	(14,152)	(6,861)	—	(1,562)	(22,575)
Other unallocated income					2,329
Fair value gain on derivative financial liabilities					1,821
Write back of consideration payable for acquisition of subsidiaries					2,560
Gain on disposal of subsidiaries					6,564
Gain on liquidation of subsidiaries					9
Other unallocated expenses					(51,526)
Finance costs					(12,581)
Loss before tax					(73,399)
Income tax credit					1,814
Loss for the year					(71,585)

(b) Segment assets and liabilities

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

30-6-2019

	Lottery-related services *HK$'000*	**Internet plus** **Solution services** *HK$'000*	**Supply chain services** *HK$'000*	**Other services** *HK$'000*	**Total** *HK$'000*
Assets					
Segment assets	**27,132**	**58,916**	**128,584**	**112**	**214,744**
Unallocated assets					**13,924**
Total assets					**228,668**
Liabilities					
Segment liabilities	**2,133**	**40,363**	**2,176**	**46**	**44,718**
Unallocated liabilities					**146,711**
Total liabilities					**191,429**

30-6-2018

	Lottery-related services *HK$'000*	Internet plus Solution services *HK$'000*	Supply chain services *HK$'000*	Other services *HK$'000*	Total *HK$'000*
Assets					
Segment assets	80,527	77,539	—	871	158,937
Unallocated assets					16,560
Total assets					175,497
Liabilities					
Segment liabilities	9,083	16,429	—	253	25,765
Unallocated liabilities					209,731
Total liabilities					235,496

(c) Other segment information

Year ended 30-6-2019

	Lottery-related services *HK$'000*	**Internet plus Solution services** *HK$'000*	**Internet plus Supply chain services** *HK$'000*	**Other services** *HK$'000*	**Total** *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:					
Additions to property, plant and equipment	—	—	—	—	—
Depreciation of property, plant and equipment	**1,387**	**94**	—	**226**	**1,707**
Impairment loss on goodwill	**45,946**	**19,184**	—	—	**65,130**
Impairment loss on intangible assets	**2,800**	—	—	—	**2,800**
Loss on disposal of property, plant and equipment	—	—	—	**474**	**474**
Provision for doubtful receivables:					
— trade receivables	**213**	—	—	—	**213**
— other receivables	—	—	—	—	—
— deposits paid	—	—	—	—	—
Write off of:					
— property, plant and equipment	—	—	—	—	—
— trade receivables	—	—	—	—	—
— other receivables	—	—	—	—	—
— deposits paid	—	—	—	—	—
— inventories	—	—	—	**66**	**66**
— amount due from a related company	—	—	—	**24**	**24**
Amortisation of intangible assets	**2,801**	**6,572**	—	**22**	**9,395**

Year ended 30-6-2018

		Internet plus			
	Lottery-related services	Solution services	Supply chain services	Other services	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:					
Additions to property, plant and equipment	322	99	—	35	456
Depreciation of property, plant and equipment	4,317	71	—	505	4,893
Impairment loss on goodwill	—	—	—	—	—
Impairment loss on intangible assets	—	—	—	—	—
Loss on disposal of property, plant and equipment	816	—	—	—	816
Provision for doubtful receivables:					
— trade receivables	—	—	—	—	—
— other receivables	8,436	—	—	—	8,436
— deposits paid	361	—	—	—	361
Write off of:					
— property, plant and equipment	1,907	—	—	—	1,907
— trade receivables	138	—	—	—	138
— other receivables	940	—	—	—	940
— deposits paid	1,139	—	—	—	1,139
— inventories	683	—	—	—	683
— amount due from a related company	29	—	—	—	29
Amortisation of intangible assets	2,960	4,929	—	—	7,889

(d) Geographical information

The Group's operations are mainly located in the PRC and Hong Kong. The following table provides an analysis of the Group's sales by geographical markets:

	Revenue from external customers	
	Year ended 30-6-2019	Year ended 30-6-2018
	HK$'000	*HK$'000*
PRC	**30,080**	25,347
Hong Kong	**13,423**	—
	43,503	25,347

The following is an analysis of non-current assets excluding financial instruments, and additions to property, plant and equipment analysed by the geographical area in which the assets are located:

	Non-current assets		**Additions to property, plant and equipment**	
	30-6-2019	30-6-2018	**30-6-2019**	30-6-2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
PRC	**68,390**	147,723	**—**	439
Hong Kong	**118,988**	1,088	**—**	17
	187,378	148,811	**—**	456

Revenue from major products and services

The Group's revenue from its products and services is as follows:

	Year ended 30-6-2019	Year ended 30-6-2018
	HK$'000	*HK$'000*
Lottery-related services	**20,723**	21,874
Internet plus services (solution)	**8,995**	1,443
Internet plus services (supply chain)	**13,424**	—
Other services	**361**	2,030
	43,503	25,347

(e) Information about major customers

Revenue from customers for the year ended 30 June 2019 contributing over 10% of the total revenue of the Group is as follows:

	Year ended 30-6-2019 ***HK$'000***	Year ended 30-6-2018 *HK$'000*
Customer A — Provision of internet plus services (supply chain)	**13,423**	N/A
Customer B — Provision of lottery-related services	**10,086**	15,129
Customer C — Provision of internet plus services (solution)	**7,355**	N/A
Customer D — Provision of lottery-related services	**4,289**	4,430

Revenue from customer A and customer C for the year ended 30 June 2018 did not contribute 10% or more to the Group's revenue for that year.

5. REVENUE

The principal activities of the Group are provision of (i) lottery-related services, (ii) internet plus services (solution and supply chain) and (iii) other services (including catering services and consultancy services).

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

	Year ended 30-6-2019 ***HK$'000***	Year ended 30-6-2018 *HK$'000*
Lottery-related services	**20,723**	21,874
Internet plus services (solution)	**8,995**	1,443
Internet plus services (supply chain)	**13,424**	—
Other services	**361**	2,030
	43,503	25,347

Revenue from internet plus services (supply chain) and catering services is recognised at a point of time, when the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Based on the historical pattern, the directors of the Company are of the opinion that the income from lotter-related services, internet plus services (solution) and other services (including consulting services) are derived from services rendered for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to the unsatisfied contracts is not disclosed.

6. OTHER INCOME AND GAINS

	Year ended 30-6-2019 *HK$'000*	Year ended 30-6-2018 *HK$'000*
Interest income	**15**	9
Fair value gain on derivative financial liabilities	**5,082**	1,821
Write back of consideration payable for acquisition of subsidiaries *(Note 17a)*	**43,000**	2,560
Exchange gains	**—**	1,816
Fair value gain on investment in associates	**17,375**	—
Gain on disposal of subsidiaries	**—**	6,564
Gain on liquidation of subsidiaries	**495**	9
Recovery of trade receivables previously written off	**—**	298
Rental income	**—**	504
Others	**302**	370
	66,269	13,951

7. IMPAIRMENT LOSS ON ASSETS

	Year ended 30-6-2019 *HK$'000*	Year ended 30-6-2018 *HK$'000*
Impairment loss on:		
— goodwill *(note 13)*	**65,130**	—
— intangible assets	**2,800**	—
	67,930	—

8. FINANCE COSTS

	Year ended 30-6-2019 *HK$'000*	Year ended 30-6-2018 *HK$'000*
Interest on:		
— bank overdrafts	**—**	4
— finance leases	**8**	14
— convertible bonds	**11,942**	12,563
	11,950	12,581

9. LOSS BEFORE TAX

	Year ended 30-6-2019 *HK$'000*	Year ended 30-6-2018 *HK$'000*
Loss before tax has been arrived at after charging:		
Staff costs (including directors' emoluments):		
— Directors' fees, wages and salaries	**26,283**	44,459
— Retirement benefits scheme contributions	**1,304**	4,330
— Equity-settled share-based payment	**—**	25
Total staff costs	**27,587**	48,814
Cost of services	**7,282**	8,586
Cost of inventories sold	**12,520**	1,056
Auditors' remuneration	**771**	763
Depreciation of property, plant and equipment:		
— Owned assets	**1,543**	4,729
— Assets held under finance leases	**164**	164
Amortisation of intangible assets	**9,395**	7,889
Loss on disposal of property, plant and equipment	**474**	816
Minimum lease payments under operating leases:		
— Land and buildings	**3,779**	6,228
— Office equipment	**86**	65
Provision for doubtful receivables on:		
— trade receivables *(Note 14)*	**213**	—
— other receivables *(Note 15)*	**—**	8,436
— deposits paid *(Note 15)*	**—**	361
Write-off of assets included in administrative and operating expenses:		
— property, plant and equipment	**—**	1,907
— trade receivables	**—**	138
— other receivables	**—**	940
— deposits paid	**—**	1,139
— amount due from a related company	**24**	29
— inventories	**66**	683
Exchange losses, net	**3,817**	—

10. INCOME TAX CREDIT

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

	Year ended 30-6-2019 ***HK$'000***	Year ended 30-6-2018 *HK$'000*
Current year		
— Hong Kong Profits Tax	**(19)**	—
— PRC income tax	**—**	—
	(19)	—
(Under)/over provision in prior years		
— Hong Kong Profits Tax	**(691)**	—
— PRC income tax	**1,378**	—
	668	—
Deferred tax credit	**1,644**	1,814
Income tax credit for the year	**2,312**	1,814

Hong Kong Profits Tax has been provided at 8.25% (year ended 30-6-2018: 16.5%) of the assessable profit derived in Hong Kong. Pursuant to the enactment of two-tiered profit tax rates by the Inland Revenue Department ("**IRD**") from the year of assessment 2018/19 onwards, the Group's first HK$2 million of assessable profits under Hong Kong profits tax during the year ended 31 March 2019 is subject to a tax rate of 8.25%.

The Group's PRC subsidiaries are subjected to PRC Enterprise Income Tax at the statutory rate of 25% (year ended 30-6-2018: 25%).

11. DIVIDENDS

No dividend was paid or proposed during the year ended 30 June 2019, nor has any dividend been proposed since the end of the reporting date (Year ended 30-6-2018: Nil).

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

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

	Year ended 30-6-2019 ***HK$'000***	Year ended 30-6-2018 *HK$'000*
Loss for the year for the purpose of basic loss per share		
Loss for the year attributable to the equity holders of the Company	**(46,796)**	(61,034)

	Year ended 30-6-2019	Year ended 30-6-2018
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic loss per share	**3,457,101**	3,290,855

No diluted loss per share for both of the years presented is shown as the exercise of the outstanding convertible bonds and share options issued by the Company would result in anti-dilutive of the loss per share of the Company.

13. GOODWILL

	HK$'000
COST	
At 1 July 2017	184,255
Arose from acquisition of subsidiaries	61,538
Eliminated on disposal of subsidiaries	(50,904)
At 30 June 2018 and 1 July 2018	194,889
Arose from acquisition of subsidiaries	118,400
At 30 June 2019	**313,289**
IMPAIRMENT	
At 1 July 2017	121,509
Eliminated on disposal of subsidiaries	(50,904)
At 30 June 2018 and 1 July 2018	70,605
Impairment loss recognised for the year	65,130
At 30 June 2019	**135,735**
CARRYING AMOUNTS	
At 30 June 2019	**177,554**
At 30 June 2018	124,284

For the purpose of impairment testing, goodwill has been allocated to the following cash-generating units ("**CGUs**"):

	30-6-2019	30-6-2018
	HK$'000	*HK$'000*
Lottery-related services	**16,800**	62,746
Internet plus solution services	**42,354**	61,538
Internet plus supply chain services	**118,400**	—
	177,554	124,284

Lottery-related services

The recoverable amount of the CGU has been determined based on value in use calculation using the future cash flow projection of the CGU, by reference to the valuation performed by an independent valuer. Revenue of the CGU adopted for the preparation of the cash flow projection is forecasted to be increased by 13% to 14% per annum for the first four years (30-6-2018: 6% to 8%) and 7% per annum for the fifth year (30-6-2018: 6% per annum), and cash flow projection of the CGU beyond the five-year period has been extrapolated using a steady of 3% (30-6-2018: 3%) per annum growth rate which is expected to be the long-term growth rate of lottery business in the PRC. The key assumptions for the value in use calculation are discount rates, growth rates and expected changes to selling prices and direct costs. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

Discount rate adopted for the cash flow projection is 18.8% (30-6-2018: 12.5%). The discount rate used is pre-tax and reflects specific risks relating to the relevant CGU. The operating margin and growth rate within the five-year period have been based on management expectation by reference to past performance and industry trend.

Management of the Group believe that any reasonably possible change in the key assumptions would not cause the carrying amount of the CGU of lottery-related services to significantly exceed its recoverable amount.

Based on the value in use of the CGUs of lottery-related services which is estimated to be HK$16,800,000 (30-6-2018: HK$62,746,000), impairment loss amounting to HK$45,946,000 (year ended 30-6-2018: HK$Nil) is recognised on the relevant goodwill in respect of the current year, which arose from the expected decline in the Group is participation in these lottery-related services due to keen competition.

Internet-plus solution services

The recoverable amount of the CGU has been determined based on value in use calculation using future cash flow projection of the CGU, by reference to the valuation performed by an independent valuer. The revenue is forecasted to be increased by 38.7%, 20%, 10% 8% and 5% for the first, second, third, fourth and fifth years respectively. The key assumptions for the value in use calculation are discount rates, growth rates and expected changes to selling prices and direct costs. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

Discount rates adopted for the cash flow projection are in the range of 12.11 to 14.88%. The discount rates used are pre-tax and reflect specific risks relating to the relevant CGU. The operating margin and growth rate within the five-year period have been based on management expectation.

Management of the Group believe that any reasonably possible change in the key assumptions would not cause the carrying amount of the CGU of internet plus solution services to significantly exceed its recoverable amount.

Based on the value in use of the CGUs of internet-plus solution services which is estimated to be HK$38,752,000, impairment loss accounting to HK$19,184,000 (2018: HK$Nil) is recognised on the relevant goodwill in respect of the current year, which arose from the loss of senior personnel causing decline in revenue.

Internet-plus supply chain services

The recoverable amount of this group of CGUs has been determined based on a value in use calculation using the future cash flow projection of the CGU, by reference to the valuation performed by an independent valuer. The revenue of the CGU adopted for the preparation of the cash flow projections is forecasted using the estimated revenue for the first year and to be increased by 7% per annum for the following four years.

The key assumptions for the value in use calculation are discount rates, growth rates and expected changes to selling prices and direct cost. Management estimates discount rates using pre-tax rates and expected changes to selling prices and direct costs. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. Changes in selling prices and direct costs are based on past practices and expectations of future changes in market.

Discount rates adopted for the cash flow projection are 12.49%. The discount rates used are pre-tax and reflect specific risks relating to the relevant CGU. The operating margin and growth rate within the five-year period have been based on management expectation.

Management of the Group believe that any reasonably possible change in the key assumptions would not cause the carrying amount of the CGU of internet plus supply chain services to exceeds its recoverable amount.

Based on the value in use of the CGUs of internet-plus supply chain services which is estimated to be HK$128,192,000, no impairment is recognized on the relevant goodwill in respect in the current year.

14. TRADE RECEIVABLES

	30-6-2019	30-6-2018
	HK$'000	*HK$'000*
Trade receivables	**88,183**	76,920
Less: Provision for doubtful receivables	**(68,208)**	(69,020)
Trade receivables, net of provision	**19,975**	7,900

Payment terms of trade debts are mainly on credit. Invoices are normally payable within 30 to 180 days from invoice date. The following is an aged analysis of trade receivables at the end of the reporting period:

	30-6-2019	30-6-2018
	HK$'000	*HK$'000*
0 to 30 days	**16,270**	3,525
31 to 60 days	**1,073**	1,792
61 to 180 days	**2,752**	1,541
181 to 365 days	**—**	68
Over one year	**68,088**	69,994
	88,183	76,920

The trade receivables with the carrying amount of HK$16,270,000 (30-6-2018: HK$Nil) are neither past due nor impaired at the end of the reporting period.

The Group has policies for allowances of doubtful receivables which are based on the evaluation of collectability and age analysis of accounts and on the management's judgement including the credit worthiness, collaterals and the past collection history of each customer.

For the year ended 30 June 2019, the Group made an allowance of HK$213,000 (Year ended 30-6-2018: HK$Nil) in respect of trade receivables, which was past due at the reporting date with long age and slow repayments were received from respective customers since the due date.

Movements in the provision for doubtful receivables are as follows:

	30-6-2019	30-6-2018
	HK$'000	*HK$'000*
Balance at the beginning of the year	**69,020**	66,833
Provision for doubtful receivables for the year	**213**	—
Eliminated on disposal of a subsidiary	**—**	(248)
Exchange realignment	**(1,025)**	2,435
Balance at the end of the year	**68,208**	69,020

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted. The trade receivables past due but not provided for were either settled after the end of the reporting period or no historical default of payments by the respective customers. The concentration of credit risk is limited due to the customer base being large and unrelated.

Included in the Group's trade receivables are receivables with the aggregate carrying amount of HK$3,642,000 (30-6-2018: HK$4,375,000) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amount are still considered recoverable. The Group does not hold any collateral over these balances. The aging of these overdue trade receivables but not impaired is as follows:

	30-6-2019	30-6-2018
	HK$'000	*HK$'000*
0 to 30 days	**807**	—
31 to 60 days	**2,743**	1,792
61 to 180 days	**—**	1,541
181 to 365 days	**—**	68
Over one year	**92**	974
	3,642	4,375

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30-6-2019	30-6-2018
	HK$'000	*HK$'000*
Other receivables	**26,602**	23,902
Less: Provision for doubtful receivables	**(16,420)**	(17,265)
Other receivables, net of provision	**10,182**	6,637
Deposits paid	**15,608**	17,512
Less: Provision for doubtful recovery	**(11,852)**	(12,668)
Deposits paid, net of provision	**3,756**	4,844
Prepayments	**571**	2,118
	14,509	13,599

Movements in provision for other receivables are as follows:

	30-6-2019	30-6-2018
	HK$'000	*HK$'000*
Balance at the beginning of the year	**17,265**	10,090
Provision for doubtful receivables for the year	**—**	8,436
Eliminated on disposal of subsidiaries	**—**	(1,781)
Exchange realignment	**(845)**	520
Balance at the end of the year	**16,420**	17,265

Included in other receivables, less provision, are the consideration receivable for disposal of subsidiaries and the amount due from a related company amounted to HK$2,500,000 (30-6-2018: HK$2,500,000) and HK$2,866,000 (30-6-2018: HK$2,791,000) respectively, which is unsecured, interest free and repayable on demand.

Movements in provision for deposits paid are as follows:

	30-6-2019	30-6-2018
	HK$'000	*HK$'000*
Balance at beginning of the year	**12,668**	12,290
Provision for doubtful receivables for the year	**—**	361
Exchange realignment	**(816)**	17
Balance at end of the year	**11,852**	12,668

16. TRADE PAYABLES

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

	30-6-2019	30-6-2018
	HK$'000	*HK$'000*
0 to 30 days	**2,898**	—
181 to 365 days	**—**	—
Over one year	**68**	250
	2,966	250

17. ACCRUALS AND OTHER PAYABLES

	30-6-2019	30-6-2018
	HK$'000	*HK$'000*
Consideration for acquisition of subsidiaries payable *(Notes a)*	**22,000**	65,000
Amount due to non-controlling interest *(Note b)*	**15,334**	15,334
Interest on convertible bonds payable	**3,246**	6,832
Sundry payables and accrued charges	**8,657**	13,162
	49,237	100,328

Notes:

(a) The consideration for acquisition of subsidiaries payable is unsecured and interest free.

During the current year, the Group reached an agreement with the vendor under the acquisition which took place in September 2017, under which the consideration payable was revised from HK$65,000,000 to HK$22,000,000 to be settled on or before 5 June 2020 with no change in other terms regarding the acquisition. Accordingly, the reduction in consideration for acquisition amounted to HK$43,000,000 was written back in profit or loss in respect of the current year (year ended 30-6-2018: HK$2,560,000) and included in other income and gains (Note 6).

(b) The amount due to non-controlling interest is unsecured, interest free and repayable on demand.

MANAGEMENT DISCUSSIONS AND ANALYSIS

Business Review

The year of 2019 was year with new vitality and opportunity for the Group. The seeds of the "Internet Plus" business implemented in the past have started growing and generating revenue to the Group. The "Internet Plus Health" segment under the "Internet Plus" Business has achieved several major breakthroughs, among which, the Group acquired 100% equity interests in Hero Global Holdings Limited indirectly owned by a partner of the Group's health business, Sinopharm Traditional Chinese Medicine Co. Ltd ("**Sino-TCM**"), and further strengthened our relationship from business partner to strategic shareholder. For smart supply chain management, comprehensive healthcare solutions and other development under the "Internet Plus Health" segment, the Group, through making acquisitions and reaching strategic cooperations with many leading health industry companies, has successfully expanded our "Internet Plus Health" business, allowing the Group to rapidly grow and achieve our goals.

Join Hands in Strength to Explore Blue Ocean

Specifically, after review period, the Company, Sino-TCM and Zhong Wei Hua Xin Fund Management Co., Ltd. ("**ZWHX**") signed a strategic cooperation framework agreement to upgrade and transform offline outlets in different industries. The "Smart Credit Convenience Service Stores" will be built to provide convenience services such as accessible medical care, convenience store, self-service lottery sales, financial services via financial technology and smart supply chain. The network outlets are proposed to include outlets under the management of China National Tobacco Corporation, financial institution outlets, outlets of Sino-TCM and its related companies, and outlets in various industries. The Company designated by Sino-TCM, is responsible for implementing the specific cooperation with institutions designated by ZWHX, for the lottery and comprehensive healthcare business solutions under the non-tobacco services of China Tobacco Business Integrated Service Platform and for the operation and maintenance during the implementation of the service platform, as well as the introduction of international healthcare products from overseas to the offline distribution channels under the China Tobacco Business Integrated Service Platform. ZWHX is mainly responsible for providing financing arrangements for equipment involved in the transformation, including but not limited to equipment leasing, coordinating with the provincial and municipal commercial entities of China Tobacco and financial institutions to implement the transformation and upgrading of "Smart Credit Convenience Service Stores" on their outlets, and exploring the online and offline promotion model to other industries. At the same time, the three parties intend to jointly establish a joint venture company or mutually invest in relevant companies in respect of the comprehensive health industry projects with specific details to be separately agreed.

Pursuant to the "Notice of the "Internet Plus" Action Plan for the Tobacco Industry" (《煙草行業「互聯網+」行動計劃的通知》) issued by the State Tobacco Monopoly Administration (國家煙草專賣局) in 2017, the establishment of the three major application platforms such as an "Internet Plus" based business service platform ("**China Tobacco Business Integrated Service Platform**"), smart supply chain platform and industry financing platform were specified, and the tobacco industry will be integrated with internet technology in an orderly manner. According to State Tobacco Monopoly Administration, there are currently over 5.2 million tobacco retail stores in China. The Group will further expand the existing lottery and health business to cover offline channels through this cooperation.

"Internet Plus" Business — Start Growing and Generating Income

The Group provided efficient and convenient "Internet Plus" solutions for different industries in the past. Agreements for two iconic projects were formally signed during the year under review and has begun generating revenue. For example, following the signing of a strategic cooperation agreement between the Group and Tencent Cloud Computing (Beijing) Co., Ltd. ("**Tencent Cloud**") in 2017, the first specific operational cooperation with Tencent Cloud to provide "Internet Plus" solution for Shenzhen Police in respect of livelihood policing projects was made in August 2018. The project is to develop a convergence media platform for the Shenzhen Police with an access from the WeChat (微信) based platform, providing the function of collection and integration of information, content production, together with distribution and promotion through different channels. The convergence media platform also provides a matrix management system for information dissemination for Shenzhen Police and all its affiliates units, as well as connecting the Shenzhen Traffic Police (SZTP) Star Users Services and related services into the People's Livelihood Policing Services Platform of Shenzhen (深圳市公安民生警務平台). By applying mobile location based service (LBS) technology, our solution aims to allow the Shenzhen Police to provide precision services and information to the general public in an efficient, manageable and multi-media manner, in which the ultimate goal is to strength the safety awareness among the general public and maintain public security. The solution has been launched and put into operation. As of December 31, 2018, the handling volume of online cases of the People's Livelihood Policing Services Platform reached 5.26 million, accounting for approximately 60% in total, which is in line with the PRC government's intention to improve efficiency through "Internet Plus" technologies. In September 2018, the Group also officially signed the project development service agreement for Shenzhen Lease Platform with Tencent Cloud. Shenzhen Lease Platform is a project authorized by Tencent Cloud to develop supervisory platform and related services of Shenzhen Lease Platform by the Group, including Shenzhen Lease Platform which integrates the self-service system, operation and supervision system, third-party interface to the Shenzhen Lease Platform, housing data filter, operation and maintenance services for Shenzhen housing rental agencies. The Housing and Construction Bureau of Shenzhen Municipality strives to construct 600,000 additional sets of various types of housing by 2022, of which no less than 300,000 sets are rental housing units, indicating that the business potential of the Shenzhen Lease Platform is increasing. Both of the above projects has begun generating revenue for the Group during the year under review.

According to "the Notice on the Announcement of the First Batch of National High-tech Enterprises in Shenzhen in 2018", a subsidiary of the Group was awarded the "High-tech Enterprise" certificate, which was issued by Science, Technology and Innovation Commission of Shenzhen municipality, the Shenzhen Finance Commission of Shenzhen municipality and Shenzhen Taxation Bureau of State Administration of Taxation in October 2018. This certification represents the further recognition from the government toward our technical development capability.

"Internet Plus Health" Business — Strategic Acquisition to Underpin Foundation

From the year 2017 under review, the Group has started establishing a nationwide "Internet Plus Health" online-to-offline platform with Sino-TCM in respect of "Internet Plus Health" Business, cooperating through management services (including but not limited to Internet Plus, blockchain, big data, etc). To this end, both parties jointly established a joint venture company, Sinopharm Health Cross Border E-commerce Company Limited ("**Sinopharm E-commerce**"), with the Group holding 30% of its shares and Sino-TCM holding 70% of its shares to implement the aforementioned cooperation. Sino-TCM is a member of China Traditional National Chinese Medicine Co., Ltd, taking the integration of healthcare industry as the development direction. Using the national "Belt and Road Initiative" strategy and with "green, organic, healthy and premium" as core concepts to build a comprehensive healthcare business, as well as taking advantage of the pharmaceutical health industry, the Group has established the entire industry chain system for comprehensive health to act as the leading enterprise in comprehensive health and pharmaceutical industry for fostering the strategic implementation of "Health China" strategy.

During the year under review, in January 2019, the purchaser, a wholly-owned subsidiary of the Company, and Sinopharm Traditional Chinese Medicine Overseas Holdings Limited ("**Sino-Overseas**"), as the vendor, entered into the sale and purchase agreement (the "**Sale and Purchase Agreement**"), pursuant to which Sino-Overseas has conditionally agreed to sell, and the purchaser has conditionally agreed to acquire 100% of the equity interests in Hero Global Holdings Limited (the "**Target Company**") owned by the vendor, which owned 70% of the equity interests in Sinopharm E-commerce, for a consideration of HK$139.10 million, which will be settled by the allotment and issue of 650,000,000 new shares (the "**Consideration Shares**") by the Group to the vendor under the specific mandate at the issue price of HK$0.214 per Consideration Share. Pursuant to the Sale and Purchase Agreement, the Vendor guaranteed to the purchaser that the net profits after taxation of the Target Company ("**Net Profit**") for each of the three years ending 31 December 2019, 2020 and 2021 shall not be less than HK$23,000,000; or the aggregate Net Profit for the three years ending 31 December 2019, 2020 and 2021 shall not be less than HK$69,000,000 in total ("**Guaranteed Profit**"). If the aggregate Net Profit for the three years ending 31 December 2019, 2020 and 2021 of the Target Company is less than the Guaranteed Profit, the vendor shall compensate the purchaser the shortfall multiplied by a compensation factor of 1.7 in cash.

The acquisition of the Target Company was completed on 6 May 2019. Sino-Overseas has become a strategic investor and a substantial shareholder of the Group. This will not only help develop the potential of "Internet Plus Health" of the Group, but also allow the Group and Sino-TCM to jointly explore more business opportunities in health industry in long run.

In respect of the "Internet Plus Health" Business, Sinopharm E-commerce adopts new technical methods to assist Sino-TCM to achieve the strategy of comprehensive health industry chain and build a one-stop intelligent health platform ("**Comprehensive Health Platform**"). Pursuant to the management service agreement signed by both parties in November 2018, the Group assisted in the construction of Comprehensive Health Platform, which will take advantage of the technology of Internet Plus (including big data, cloud computing, artificial intelligence, Internet of Things and blockchain technology, etc.) to connect online users and data to offline services and products, monitor and manage service products in order to build a comprehensive health information sharing platform and form a comprehensive health community ecosystem with closed system between users and service providers. Pursuant to the management service agreement, Sino-TCM shall pay an annual service fee of RMB28,000,000, RMB29,400,000 and RMB30,870,000 respectively to Sinopharm E-commerce, depending on the delivery of service by the Group throughout the term, during the three-year agreement term.

The Comprehensive Health Platform includes the following features:

(i) using artificial intelligence and big data technology to integrate, among others, information on traditional Chinese doctors, common diseases and traditional Chinese medicines to conduct statistical analysis and management, and together with computer model, big data and machine learning to assist doctors to learn about patients' conditions so as to reduce misdiagnosis and improve healthcare quality to achieve the purpose of assisting online medical diagnosis;

(ii) through analysing large volumes of health records and results of diagnosis to provide indications for people, and provide suggestions for disease prevention and recommendations on relevant drugs and supplements as well as home delivery as part of its Online-to-Offline services;

(iii) analysing data such as consumers' spending behaviors, membership information, drug procurement activities and health indicators obtained through the interactive marketing technology to conduct big data analysis and modelling, so as to achieve precision management, services and marketing in respect of healthcare products to users and provide precise comprehensive healthcare solutions;

(iv) as for quality control of pharmaceuticals and products, building a digitalised and intelligentised tracking and tracing function based on various monitorings and sensors technologies, covering from the source of raw materials, production process, distribution of the herb plantation and manufacture products and to the sales to customers; and

(v) utilizing the Internet of things technology to identify, locate, track, monitor and manage the distribution of pharmaceuticals.

The aforesaid functions will assist Sino-TCM's comprehensive healthcare platform to provide services via offline channel and promote trackable and traceable high quality products to online users, helping users to get and keep healthy by customised medical diagnosis solutions and medication guidance and creating a matured comprehensive health community ecosystem of users and service providers.

In respect of the "Internet Plus Health" Business in the smart supply chain management of E-commerce, Sinopharm E-commerce also owns a wholly-owned subsidiary, Sinopharm (Hong Kong) Industrial Co., Ltd ("**Sinopharm Industrial**"), which specializes in the PRC e-commerce platform business and has signed a business contract with JD.com International Limited ("**Jingdong**") for cross-border e-commence and related value-added services. The Group has achieved key breakthroughs in the smart supply chain management business by cooperating with large e-commerce companies through this contract, which can help the smart supply chain management in "Internet Plus Health" gradually integrate into the "Internet Plus" upstream and downstream supply chain by cooperating with large E-commerce platforms and create a complete system. The ultimate objective is that products and services can be seamlessly delivered from online to offline users. At present, the cross-border e-commerce related services provided by the Group for Jingdong have started normal operation. The relevant business has generated revenue of HK$13,423,000 to the Group and continued to grow during the year under review. With the completion of integration among various parts of the supply chain, the business shall provide a more significant contribution to the Group.

Connect with Partners for Synergy

In June 2019, a wholly-owned subsidiary of the Group and shareholders of Ever Development Holdings Limited ("**Ever Development**") entered into the sales and purchase agreement (the "**Sales and Purchase Agreement**"), pursuant to which the Group has conditionally agreed to acquire 25% of the equity interests in Ever Development from the shareholder of Ever Development, for a consideration of HK$50 million, which will be settled by the allotment and issue of 208,400,000 shares ("**Consideration Shares**") by the Company to Ever Development under the general mandate at the issue price of approximately HK$0.240 per Consideration Share. None of the relevant Consideration Shares, upon granting to the Vendor, can be sold, transferred or the subject of any collateral within a period of six months from the date of allotment and issue thereof. Ever Development holds 100% of the equity interests in Kenford Medical Group Company Limited ("**Kenford**"), one of the largest modernized Chinese medical clinic groups in Hong Kong. Currently, Kenford operates many modernized Chinese medical clinics in Hong Kong. As of the date of publication of this announcement, the conditions precedent for the transactions under the Sales and Purchase Agreement have not been fulfilled, therefore the transaction has not been completed and the Company will provide the latest updates as soon as there is further information on the transaction.

After the year under review, the Company has signed a strategic cooperation framework agreement with Beijing Guorun Jiuhe Health Technology Co., Ltd (北京國潤九和健康科技有限公司) ("**Guorun Jiuhe**") and Kenford to strengthen the Group's ability of comprehensive health business, hoping to generate synergies and greater value through multifaceted cooperation in the future. According to the Strategic Cooperation Agreement, the Company, Guorun Jiuhe and Kenford will jointly build a comprehensive traditional chinese body constitution health solution ("**Body Constitution Health Solution**") and an online A.I. based treatment assistant system ("**Online A.I. Treatment Assistant System**"). Body constitution care centre will be implemented through shop-in-shop model based on the health solution of body constitution under traditional Chinese medicine of Guorun Jiuhe, while the technology and sales aspects will be based on the "comprehensive health platform and Internet Plus" technology of the Group, and Kenford as professional medical distribution channel. The Group and Guorun Jiuhe simultaneously and jointly appointed Kenford to become the cooperation partner in TCM Body Constitution Health Solution in Guangdong-Hong Kong-Macao Greater Bay Area. In respect of the online medical diagnosis assistant system, the Company will cooperate with Guorun Jiuhe combining smart comprehensive healthcare platform and the expertize resources of Guorun Jiuhe, and will apply clinical experience of the experts via the artificial intelligence technology to the medical care institution at the community level to enhance their servicing ability. The term of the agreement is 5 years, for further development and when definitive cooperation is defined, the relevant party(ies) under the Cooperation Agreement will separately enter into further agreement. Guorun Jiuhe is a health technology corporation jointly invested by China Resources Life Science Industry Development Co., Ltd (華潤生命科學產業發展有限公司), an indirect wholly owned subsidiary under China Resources Company Limited (中國華潤有限公司), and Professor Wang Qi and his team through Beijing Guoyi Jiuhe Medical Technology Co., Ltd (北京國醫九和醫藥科技有限公司), on academic theory, clinical application, innovative research, industrial development and teaching enhancement, five aspects collaborating as one based on the body constitution of traditional Chinese medicine.

Change of Name, Stock Short Name, Logo and Website of the Company

In order to reflect the Company's strategic business plan and its future focus on the development of health industry more effectively, during the year under review, the name of the Company has been changed from "China Vanguard You Champion Holdings Limited" to "Sinopharm Tech Holdings Limited", and the respective resolution has been passed at the EGM held on June 2019. The stock short name of the Company has been changed from "China Vanguard" to "Sinopharm Tech". The logo of the Company has been changed to , and the website of the Company has also been changed to www.sinopharmtech.com.hk.

Outlook

Looking back at 2019, the Group's lottery and "Internet Plus" businesses have achieved major breakthroughs. With the experience and resources accumulated over years and the Company's building of each solution with modular and standardized structure, our solutions can be quickly modified to suit different application scenarios for expanding into more markets. This allows us to seize every opportunity when it arises and gradually realise cash. At present, the devoted business in the past has gradually made an important contribution to the Group's revenue.

During the year under review and prior to the publication of this announcement, the Group has successfully entered into strategic cooperation with a number of major participants in different industries, including Sino-TCM, ZWHX, Guorun Jiuhe and Kenford. The next phase will be realising the strategic projects with various aforesaid partners and enter into relevant operation agreements, which will lead the Group's lottery and "Internet Plus Health" businesses into Blue Ocean markets.

As for the lottery business, the Group has signed a strategic cooperation agreement with Sino-TCM and ZWHX to upgrade and transform offline outlets in various industries with an aim to extensively set up lottery sales system targeting approximately 5.2 million outlets of tobacco stores and outlets of health industry as well as outlets of different industries for creating smart credit convenience service stores, while provides operation and maintenance related to lottery solutions in the aforementioned retail points. The Group will also further proactively seek for necessary approval and authorization from relevant regulatory or management institutions. Such act provides the Group with market pioneer opportunity, and the Group is confident that it can maintain its leading position. Therefore, the Group will continue to expand into different markets and business scopes through the above advantages based on the experience accumulated over years and our own technology, and explore lottery-related business development with higher return on top of the lottery trading system solutions. In addition, the aforementioned multifaceted strategic cooperation will also provide a new and huge offline network for the Group's comprehensive health solutions, so that the Group can gradually implement comprehensive health product solution services in accordance with strategic cooperation agreements. It is expected that the Group will gradually realize another new source of income in the future.

The ”Internet Plus“ Business is a major direction for the PRC in promoting reform and development in different industries, improving efficiency and providing more convenient services for different industries. During the period under review, two business cooperation agreements were signed with Tencent Cloud, and the related projects have also been successfully put into operation and generated revenue. As a preferred strategic partner of Tencent Cloud, the Group will be able to replicate our business model to more markets by relying on Tencent Cloud's support in addition to our own resources. The future development of the smart supply chain and health sectors in the ”Internet Plus“ business should be particularly highlighted. The Group aims to provide precise interactive marketing technology to the cross-border e-commerce companies on smart supply chain. The Group believes that cross-border e-commerce is still at initial stage and there exists significant room for development in the future. From 2013 to 2018, the average annual growth rate of cross-border e-commerce transactions reached 23%. At the same time, the State Council deliberately set up 22 comprehensive cross-border E-commerce pilot zones in 2018 to accelerate the development of cross-border e-commerce. As a Hong Kong company providing precise interactive marketing technology, the Group not only hopes to accumulate more accurate interactive marketing technology experience in the process of cross-border e-commerce development to meet the needs of cross-border e-commerce, but also provides more business opportunities to different cross-border e-commerce companies through precise interactive marketing technology. In addition, in respect of ”Internet Plus Health“ Business, which tags along with the direction of the PRC to promote Healthy China 2030, the Group will be able to continue using its own ”Internet Plus“ technology and cooperate with other leading companies in the health industry, such as Guorun Jiuhe to develop comprehensive health solutions through technology, so as to further improve the Group's future products and solutions, and form a more complete closed system on the online and offline services of the Group's comprehensive health solutions. At the same time, using our own ”Internet Plus Health“ technology such as ”traceability to the source”, relevant technology can be applied to different industries such as agriculture, thereby allowing the Group to expand its business to broader markets.

Looking back this year, we have created many new opportunities and values through acquisition and strategic cooperation. We look forward to gradually exploring the value of each business and opportunity in the future in order to bring more returns to Shareholders. I would like to take this opportunity to express my heartfelt gratitude to our customers, business partners, suppliers and shareholders. It is your encouragement that constantly pushes our team forward. I look forward to continuing to receive your feedbacks and to work with you in the future.

Extracts from Independent Auditor's Report

The followings is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 30 June 2019.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the consolidated financial statements regarding the adoption of going concern basis on which the consolidated financial statements have been prepared. The Group sustained net current liabilities amounted to approximately HK$148,086,000 as at 30 June 2019 and the Group incurred a loss of approximately HK$45,626,000 for the year then ended. These conditions, along with other matters as set out in Note 2, indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Group and the Company to continue as a going concern. The consolidated financial statements do not include any adjustments that would result from a failure to obtain the funding as referred to in Note 2 for financing the working capital and financial commitments of the Group and the Company for the foreseeable future. Our opinion is not modified in respect of this matter.

Financial Review

During the year ended 30 June 2019, the Group recorded revenue of HK$43.5 million, representing an increase of 72% over the revenue of HK$25.3 million for the same period in 2018, while gross profit for the period of HK$23.7 million represented an increase of 51% over gross profit of HK$15.7 million in the corresponding period in 2018. Revenue substantially increased as the result of the company drive the new business on internet plus services of supply chain and recognizing "interest plus lease" services contract which contributed a significant amount of revenue to the Group. Increase in gross profit was due to the Company has taken various measures to tighten direct cost of services and the contribution from new business growth momentum.

The Group recorded a loss attributable to equity holders of HK$46.8 million for the year under review, representing a decrease of 23% over the loss attributable to the equity holders for the same period in 2018 (2018: HK$61.0 million). The major reasons for the decrease of the loss attributable to equity holders are mainly due to the net effects of new business segment contribution from Internet plus supply chain services; the Group has taken various measures to tighten cost controls; fair value gain on investment in associates; written back of consideration payable for acquisition of subsidiaries and impairment losses on assets were made for the Year 2019 as compared with the Year 2018.

Segmental Information

Lottery-related services business remains smooth during the reporting period. During the reporting period, the revenue of the Lottery-related services recorded HK$21.0 million, representing a decrease of 4% over the same period of the last financial year. The overall gross profit margin was 70% for the reporting period comparing with 57% for the same period of the last financial year.

Internet plus services business recorded steady growth as the result of recognizing "Interest plus lease" services contract and it commenced of Internet plus supply chain business in the 4th quarter during the reporting period. In the Internet Plus services business, the revenue of solutions services and supply chain services recorded HK$9.0 million and HK$13.4 million respectively, representing an increase of over 14 times in total revenue over the same period of the last financial year. The overall gross profit margin was 39% for the reporting period comparing with 84% for the same period of the last financial year.

Goodwill and Intangible Assets

During the reporting period, goodwill amounting to approximately HK$65.1 million (2018: Nil) were determined to be impaired, in which approximately HK$45.9 million (2018: Nil) and HK$19.2 million (2018: Nil) were attributable to lottery related services cash generating unit and internet plus solution services cash generating unit respectively. In addition, intangible assets of approximately HK$2.8 million (2018: Nil) were determined to be impaired, in which was attributable to the Group's lottery related services contract. The recoverable amount of the cash generating units is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period and a long-term average growth rate. The recoverable amount of the cash generating units was with reference to the calculations performed by an independent appraisal valuer, ROMA Appraisals Limited.

The Directors considered that the goodwill attributable to the lottery related services cash generating units were impaired as the traditional lottery segment believed to reach certain market saturation, there will be business contraction on lottery business and the revenue of lottery related services will decline in the upcoming financial budgets.

The Directors considered that the goodwill attributable to the internet plus solutions services cash generating units were impaired as the budgeted revenue of the cash generating units for the acquisition of subsidiaries which took place in September 2017 will be declined as the result of some key technical staffs have left the subsidiaries. Subsequently, the Company had negotiated with the vendor who was breach certain terms on the sales and purchases agreement and signed a supplementary agreement to amend the consideration.

Liquidity, Financial Resources and Gearing Ratio

As at 30 June 2019, the Group's bank balances and cash amounted to HK$6.6 million (2018: HK$4.7 million) which were mainly held in HK$ and RMB. Current assets amounted to HK$41.3 million (2018: HK$26.7 million), mainly comprising of trade and other receivables and prepayment, bank balance and cash. Current liabilities amounted to HK$189.4 million (2018: HK$231.6 million), mainly comprising of trade payables, accruals and other payables, amount due to directors and convertible bonds. As at 30 June 2019, the gearing ratio of the Group was 39% on the basis of the Group's total interest-bearing borrowings divided by total assets (2018: 51%).

Capital Structure

During the reporting period, the capital structure of the Group consisted of cash and cash equivalents and equity attributable to holders of the Company, comprising issued share capital and reserves. As at 30 June 2019, the total number of issued share capital of the Company was 4,108,855,068 Shares.

On 22 January 2019, the Company allotted and issued a total of 168,000,000 fully paid new Shares by way of placing at a price of HK$0.238 per Share under general mandate.

On 10 May 2019, the Company allotted and issued a total of 650,000,000 consideration shares at the issue price of HK$0.214 per consideration share under specific mandate.

Convertible Bonds

On 17 January 2014, the Company issued unlisted convertible bonds due on 17 January 2017 with a principal amount of HK$89,625,000 at a rate of 2% per annum (the "**CBs**") as general working capital and for repayment of borrowings. A maximum number of 37,500,000 shares would be issued by the Company upon full conversion of the CBs at the conversion price of HK$2.39 per share into full-paid ordinary shares of the

Company. As a result of Share Subdivision, the number of Shares fallings to be issued upon full conversion of the CBs was adjusted to 150,000,000 at the conversion price of HK$0.598 per Share.

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

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

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

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

As at 30 June 2019, no CBs have been converted into Shares by the bondholder or redeemed by the Company.

Contingent Liabilities and Pledge of Assets

The Group had no contingent liabilities as at 30 June 2019 (30 June 2018: Nil). No assets of the Group was pledged as securities to any third parties as at 30 June 2019 (30 June 2018: Nil).

Commitments

The Group had capital commitments of HK$Nil and operating commitments as lease of HK$2.0 million from operations as at 30 June 2019 (30 June 2018: capital commitments of HK$11.1 million and operating lease commitments of HK$2.0 million respectively).

Significant Investments, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the Year 2019, the Group carried out the acquisitions of subsidiary and associate as follows:

Discloseable Transaction in relation to the Acquisition of the Target Company involving the Issue of Consideration Shares under Specific Mandate

On 4 January 2019, China Vanguard Corporate Management Limited (the "**Purchaser**"), a wholly-owned subsidiary of the Company, and Sinopharm Traditional Chinese Medicine Overseas Holdings Limited as vendor (the "**Vendor**") entered into a sale and purchase agreement (the "**Sale and Purchase Agreement**"), pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the sale shares in Hero Global Holdings Limited (the "**Target Company**") (the "**Sale Shares**"), which represents 100% of the equity interest in the Target Company, for a consideration of HK$139.10 million, which will be settled by the allotment and issue of 650,000,000 ordinary shares of HK$0.0125 each in the share capital of the Company (the "**Consideration Share(s)**") by the Company to the Vendor under the specific mandate at the issue price of HK$0.214 per Consideration Share.

Pursuant to the Sale and Purchase Agreement, the Vendor guaranteed to the Purchaser that (i) the actual net profit after taxation of the Target Company (the "**Net Profit**") for each of the three years ending 31 December 2019, 2020 and 2021 shall not be less than HK$23,000,000, HK$23,000,000 and HK$23,000,000, respectively; or (ii) the aggregate Net Profit for the three years ending 31 December 2019, 2020 and 2021 shall not be less than HK$69,000,000 in total (the "**Guaranteed Profit**"). If the aggregate Net Profit for the three years ending 31 December 2019, 2020 and 2021 is less than the Guaranteed Profit, the Vendor shall compensate the Purchaser the shortfall multiplied by a compensation factor of 1.7 in cash. The Vendor shall settle the compensation amount, if any, within 30 business days following the issue of written confirmation in respect of the shortfall by the Purchaser on or before 30 June 2022 with reference to the respective Net Profits for each of the three years as mentioned above.

The Consideration Shares, upon the allotment and issue, are subject to lock-up arrangement and held by the Purchaser in accordance with the terms and conditions of the Sale and Purchase Agreement. The Consideration Shares shall be released from the lock-up arrangement upon satisfaction of the Guaranteed Profit by the Target Company. For the avoidance of doubt, the lock-up period of the Consideration Shares shall not be less than three years since the allotment and issue thereof. In the event that the aggregate Net Profit does not meet the Guaranteed Profit, the Consideration Shares will be released from the lock-up arrangement only after the cash compensation is made by the Vendor to the Purchaser in accordance with the Sale and Purchase Agreement. In the event that the Vendor fails to compensate the Purchaser in accordance with the Sale and Purchase Agreement, the Purchaser shall have the right to sell the locked-up Consideration Shares in return for such compensation amount in cash.

All the conditions precedent under the Sale and Purchase Agreement have been fulfilled, and the completion of the sale and purchase of the Sale Shares took place on 6 May 2019. On 10 May 2019, an aggregate of 650,000,000 Consideration Shares was allotted and issued to Sinopharm Traditional Chinese Medicine Overseas Holdings Limited at the issue price of HK$0.214 per Consideration Share under the specific mandate granted by the shareholders of the Company at the extraordinary general meeting of the Company, in accordance with the Sale and Purchase Agreement.

Details for the above transaction were published in the Company's announcements dated 4 January 2019, 18 April 2019, 6 May 2019 and 10 May 2019 and the circular dated 2 April 2019.

Discloseable Transaction in relation to the Acquisition of the Target Company involving the Issue of Consideration Shares under General Mandate

On 5 June 2019, China Vanguard Corporate Management Limited (the "**Purchaser II**"), a wholly-owned subsidiary of the Company, and Ms. Choi Man Yun, Marian ("**Ms. Choi**"), Ms. Kong Lai Ying ("**Ms. Kong**"), Mr. Lau Chi Wing James ("**Mr. Lau**") and Mr. Cheung Wan Yu ("**Mr. Cheung**") (collectively the "**Vendors II**") were proposed to enter into a sale and purchase agreement (the "**Sale and Purchase Agreement II**") pursuant to which the Vendors II have conditionally agreed to sell, and the Purchaser II has conditionally agreed to acquire, the sale shares in Ever Development Holdings Limited (the "**Target Company II**") (the "**Sale Shares II**"), which represents 25% of the equity interests in the Target Company II, for a consideration of HK$50 million, which will be settled by the allotment and issue of 208,400,000 ordinary shares of HK$0.0125 each in the share capital of the Company (the "**Consideration Share(s) II**") by the Company to the Vendors II under the general mandate at the issue price of approximately HK$0.240 per Consideration Share II (the "**Acquisition II**") within 30 trading days following the Completion II. The Vendors II undertake to the Company that, none of the Consideration Shares II, upon the allotment and issue to the Vendors II, can be sold, transferred or the subject of any collateral within a period of six months from the date of allotment and issue thereof in accordance with the terms and conditions of the Sale and Purchase Agreement II.

Details for the above transaction were published in the Company's announcement dated 5 June 2019. Up to the date of this announcement, the condition precedents for completion of Acquisition II have not been fully fulfilled. Therefore, the transactions contemplated under Sales and Purchase Agreement II may or may not proceed.

Save as disclosed above, the Group did not make any significant investment or material acquisition or disposal of subsidiaries, associates and joint ventures.

Events After Reporting Period

There has been no important event affecting the Group since the end of the financial year ended 30 June 2019.

Future Plans for Material Investments or Capital Assets

The Directors currently do not have any future plans for material investments or capital assets. The management will continue to monitor the industry and review its business expansion plans regularly, so as to take necessary measures in the Group's best interests.

Employees and Remuneration Policies

As at 30 June 2019, the Group had 59 (2018: 118) employees in Hong Kong and the PRC, including the Directors. Total staff cost excluding the Directors' remuneration for the year under review amounted to approximately HK$17 million (2018: HK$36 million).

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

Foreign Exchange Exposure

The Group mainly generates revenue and incurs expenses in Hong Kong dollars, U.S. dollars and Renminbi ("**RMB**"). The management is aware of the possible exchange rate exposure resulted from the fluctuation of RMB against the Hong Kong dollars and will closely monitor its impact on the performance of the Group to determine if any hedging policy is necessary. With regard to the U.S. dollars, foreign exchange exposure would be minimal so long as the Hong Kong SAR Government's policy to peg the Hong Kong dollars to the U.S. dollars remains in effect.

Change of Company Name

By a special resolution passed at the extraordinary general meeting of the Company held on 11 June 2019, the English name of the Company has been changed from "China Vanguard You Champion Holdings Limited" to "Sinopharm Tech Holdings Limited" and the dual foreign name in Chinese has been changed from "眾彩羽翔股份有限公司" to "國藥科技股份有限公司". The change of company name became effective on 13 June 2019.

DIVIDENDS

The Board does not recommend the payment of any dividend for the year ended 30 June 2019 (2018: Nil).

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

Save as disclosed in this announcement, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Shares during the year.

PLACING OF NEW SHARES

On 22 January 2019, the Company allotted and issued a total of 168,000,000 fully paid new Shares by way of placing (the "**Placing**") to one placee, namely Mr. TSE Siu Hoi at a price of HK$0.238 per Share under general mandate. The Directors believed that the Placing represented an opportunity to raise capital for the Company while broadening its Shareholder and capital base. It also signified the confidence of the placee in the potential of the Company and demonstrated their willingness to support the Company. The Directors are of the view that the Placing would strengthen the financial position of the Group and provide working capital to the Group to meet any future development and obligations. The aggregate nominal value of the maximum number of the Placing Shares under the Placing was HK$2,100,000. The net price per Placing Share after deduction of the Placing commission and other related expenses was approximately HK$0.235. The closing price per Share as quoted on the Stock Exchange on the date of the Placing agreement was HK$0.260. For details, please refer to the announcement of the Company dated 7 January 2019.

The net proceeds of approximately HK$39.5 million from the Placing was intended to be used for the general working capital of the Group and HK$37.3 million was utilised as intended. As at the date of this announcement, the remaining unutilised proceeds of approximately HK$2.2 million is intended to be utilised for the same as working capital of the Group as disclosed in the announcement of the Company dated 7 January 2019.

CORPORATE GOVERNANCE

Corporate Governance Practice

The Company has adopted and complied with the applicable code provisions as set out in Appendix 15 of the GEM Listing Rules (the "**CG Code**") during the year ended 30 June 2019, except for the following deviations which are summarized below:

Code Provision A.4.1

The independent non-executive directors of the Company (the "**INED(s)**") were not appointed under specific terms but are subject to retirement by rotation 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 representing the long term interests of the Shareholders. The retirement and re-election requirements of the INEDs have given the rights to the Shareholders to approve the continuation of the 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 Directors' securities transaction in respect of the Shares. Having made specific enquiries, the Company has confirmed with all the Directors that they have complied with the required standards as set out in the Code of Conduct throughout the year ended 30 June 2019.

AUDIT COMMITTEE

During the year ended 30 June 2019, the audit committee of the Company (the "**Audit Committee**") comprised three INEDs, namely, Mr. TO Yan Ming Edmond, Mr. YANG Qing Cai and Dr. LIU Ta-pei. Mr. TO was appointed as the chairperson of the Audit Committee. Following the passing away of Mr. TO on 28 August 2019, there has been a vacancy in the position of the chairperson of the Audit Committee since 28 August 2019. The major duties and functions of the Audit Committee are (i) to review the financial information of the Company; (ii) to review the accounting policies, financial position and results, financial reporting system, and risk management and internal control systems of the Group; (iii) to oversee the relationship between the Company and the external auditors and (iv) to provide recommendations and advices to the Board on the appointment, re-appointment and removal of external auditors as well as their term of appointment. During the year ended 30 June 2019, the Audit Committee held five meetings (i) to discuss the financial reporting and the compliance procedures with the external auditors; (ii) to consider the re-appointment of auditors of the Company; and (iii) to review the audited annual results and unaudited quarterly and interim results.

The Group's audited consolidated results for the year ended 30 June 2019 have been reviewed by the Audit Committee.

SCOPE OF WORK OF CCTH CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 30 June 2019 as set out in this preliminary announcement have been agreed by the Group's auditor, CCTH CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by CCTH CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by CCTH CPA Limited on the preliminary announcement.

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, 27 September 2019

As at the date of this announcement, the Board comprises Madam CHEUNG Kwai Lan, Mr. CHAN Ting as executive Directors, Mr. CHAN Tung Mei and Dr. CHENG Yanjie as non-executive Directors and Mr. YANG Qing Cai and Dr. LIU Ta-pei as independent non-executive Directors.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for a minimum period of 7 days from the date of its publication and on the website of the Company at www.sinopharmtech.com.hk.