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## **Sinopharm Tech Holdings Limited**

**國藥科技股份有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8156)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2022**

#### **CHARACTERISTICS OF GEM (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*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 (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.*

## RESULTS

The board of Directors of the Company (the “**Board**”) announces that the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the three months and six months ended 31 December 2022 (the “**Period 2022**”), together with the selected comparative unaudited figures for the corresponding period in 2021 (the “**Period 2021**”), are as follows:

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

*For the three months and six months ended 31 December 2022*

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

	(Unaudited)		(Unaudited)	
	Three months ended		Six months ended	
	31 December		31 December	
Notes	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Other comprehensive (expenses)/ income for the period, net of tax:</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences arising on translation of financial statements of overseas operations	<u>(1,718)</u>	<u>281</u>	<u>(2,227)</u>	<u>43</u>
<b>Total comprehensive income/ (expenses) for the period</b>	<b><u>9,557</u></b>	<b><u>(3,722)</u></b>	<b><u>13,542</u></b>	<b><u>(13,334)</u></b>
<b>Total comprehensive income/ (expenses) for the period attributable to:</b>				
Equity holders of the Company	<u>9,075</u>	<u>(3,974)</u>	<u>13,692</u>	<u>(13,607)</u>
Non-controlling interests	<u>482</u>	<u>252</u>	<u>(150)</u>	<u>273</u>
	<b><u>9,557</u></b>	<b><u>(3,722)</u></b>	<b><u>13,542</u></b>	<b><u>(13,334)</u></b>
<b>Earnings/(Loss) per share attributable to equity holders of the Company</b>				
Basic	<u>HK0.24 cents</u>	<u>(HK0.09 cents)</u>	<u>HK0.34 cents</u>	<u>(HK0.30 cents)</u>
Diluted	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

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## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

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

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

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

*For the six months ended 31 December 2022*

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

The unaudited interim condensed consolidated financial statements for the six months ended 31 December 2022 have been prepared in accordance with Hong Kong Accounting Standards (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of the GEM Listing Rules.

Except as described below, the principal accounting policies and methods of computation used in the preparation of the unaudited interim consolidated financial statements for the six months ended 31 December 2022 are consistent with the financial statements of the Group for the year ended 30 June 2022.

The Group has adopted all of the new and revised standards, amendments and interpretations which are relevant to its operations and effective for the accounting period beginning on 1 July 2022. The adoption of these new and revised standards, amendments and interpretation does not have significant impact on the accounting policies of the Group, and the amounts reported for the current period and prior periods.

The Group has not early applied any new and revised HKFRSs that have been issued but are not yet effective.

## 2. SEGMENT INFORMATION

### (a) Segment revenue and results

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

Six months ended 31 December 2022 (Unaudited)

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

Six months ended 31 December 2021 (Unaudited)

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



(b) Segment assets and liabilities

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

As at 31 December 2022 (Unaudited)

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

As at 30 June 2022 (Audited)

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

### 3. REVENUE

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

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

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

### 4. OTHER INCOME AND GAINS/(LOSSES)

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

*Notes:*

- (a) Pursuant to the sale and purchase agreement dated 4 January 2019, the Purchaser (a wholly-owned subsidiary of the Company) had the right to sell the locked-up consideration shares for the compensation of the shortfall of guaranteed profit. For the six months ended 31 December 2022, the Company exercised the right and sold 498 million locked-up consideration shares in return for the compensation income of approximately HK\$15.5 million. For details, please refer to the announcement dated 4 January 2019 and the circular dated 2 April 2022 issued by the Company.
- (b) There were no unfulfilled conditions or contingencies relating to substantial amount of the government subsidies.
- (c) On 27 July 2022, the Company entered into an agreement with a connected person who is an ex-Director of the Company, pursuant to which the total outstanding balance of HK\$15,298,533 due by the Company to him was settled which was satisfied by 54,637,617 new ordinary shares issued by the Company on 15 November 2022. The fair value of the shares at the date of issue was estimated to be HK\$2,677,243 by reference to the closing share price of the Company's shares at that date. The gain on settlement, which represents the difference between the outstanding balance settled and the fair value of the new ordinary shares issued, amounted to HK\$12,621,290 which was charged to profit or loss in Period 2022.

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

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

## 5. FINANCE COSTS

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

## 6. PROFIT/(LOSS) BEFORE TAX

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

## 7. INCOME TAX EXPENSE

For the six months ended 31 December 2022 and 31 December 2021, Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%.

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

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

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

### Profit/(Loss)

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

### Number of shares

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

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

## 9. DIVIDEND

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

## 10. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

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

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

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

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

## 11. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

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

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

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

## 12. CONVERTIBLE BONDS

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

Notes:

### (i) Convertible Bonds I

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

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

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

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

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

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

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

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

On 19 January 2021, the Company entered into the fifth amendment agreement with the bondholder to amend some principal terms of the CBs, including to extend the maturity date of the CBs for one year from 17 January 2021 to 17 January 2022. Its conversion price shall be amended from HK\$0.34 to HK\$0.221 per conversion share (subject to adjustment), which can be converted into the maximum number of 405,542,986 shares. The interest rate of the CBs shall be increased to 10% per annum and paid annually (the “**Fifth Amendments**”). Save for the Fifth Amendments, all other terms and conditions of the CBs shall remain unchanged. The fifth amendment agreement and transactions contemplated thereunder are subject to the approval of the independent shareholders at the extraordinary general meeting to be held by the Company, and the Stock Exchange approving the Fifth Amendments and the listing of conversion shares arising from the CBs on the Stock Exchange.



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

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

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

## (ii) Convertible Bonds II

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

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

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

## 13. EVENTS AFTER THE REPORTING PERIOD

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

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW**

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

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

### **SEGMENTAL INFORMATION**

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

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

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

### **BUSINESS REVIEW**

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

The above cooperation will bring new opportunity for the Group in the “Internet Plus” business and mark the acceleration of the Group’s application of the “Internet Plus” business in different business models.

### **“Internet Plus” Business**

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

### **Personal Protective Equipment Business**

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

### **FUTURE OUTLOOK**

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

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

## **DIVIDEND**

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

## **LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO**

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

## **CAPITAL STRUCTURE**

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

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

## **SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS**

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

## FOREIGN EXCHANGE EXPOSURE

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

## EVENT AFTER THE REPORTING PERIOD

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

## GENERAL INFORMATION

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

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

### LOAN CAPITALISATION INVOLVING ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE

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

As at the date of the Loan Capitalisation Agreement, the Loan was the aggregate of certain loans which were originally advanced by (i) Ms. WOO Theresa (the spouse of the Subscriber) in the principal sum of HK\$3,493,500, (ii) Ms. CHAN Siu Sarah (the sister of the Subscriber) in the principal sum of HK\$1,196,000, (iii) Mr. FUNG King Him Daniel (a director of various subsidiaries of the Company) in the principal sum of HK\$2,961,948, (iv) Mr. CHEUK Ka Chun Kevin (an executive Director) in the principal sum of HK\$2,151,394 and (v) Mr. LIAO Zhe (an executive Director) in the principal sum

of HK\$5,495,691 (collectively, the “Assignors”) to the Company as its working capital. Each of the Assignors has executed an assignment of loans in favour of the Subscriber on 26 July 2022, pursuant to which each of the Assignors assigned to the Subscriber the said loans to the Subscriber on dollar-to-dollar basis. The assignment of loans and the Loan Capitalisation Agreement are not inter-conditional with each other.

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

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

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

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

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

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

## **COMPETING INTERESTS**

As at 31 December 2022, none of the Directors, the substantial shareholders nor the controlling shareholders of the Company or any of their respective close associates (as defined under the GEM Listing Rules) have any interest in any business which competes or is likely to compete, directly or indirectly, with the business of the Group.

## **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the articles of association of the Company (the “**Articles of Association**”) or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

## **CORPORATE GOVERNANCE PRACTICES**

The Company has adopted and complied with the applicable code provisions as set out in Appendix 15 to the GEM Listing Rules (the “**CG Code**”) during the six months ended 31 December 2022, except for the following deviation which are summarized below:

### **Code Provision C.2.1**

The chairperson of the Company is responsible for overseeing the functions of the Board and formulating the overall strategies and policies of the Company. The chief executive officer of the Company is responsible for the day-to-day management of the business of the Group, implementing major strategies, making day-to-day decisions and the overall coordination of business operations. For the six months ended 31 December 2022, the roles of the chairperson and chief executive officer were exercised by the executive Directors collectively. The responsibilities of both roles are same as mentioned above. The Board considers that vesting the roles of chairperson and chief executive officer in the executive Directors collectively is beneficial to the business prospects and management of the Group. The Board will review the need of appointing suitable candidates to assume the roles of the chairperson and the chief executive officer when necessary.

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

## **MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct (the “**Code of Conduct**”) regarding the Directors’ securities transaction in the Shares. Having made specific enquires, the Company has confirmed with all Directors that they have complied with the required standard as set out in the Code of Conduct throughout the period under review.

## **AUDIT COMMITTEE**

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the GEM Listing Rules and the CG Code. The Audit Committee comprises three INEDs, namely Mr. LAU Fai Lawrence, Dr. LIU Taipei and Mr. LAM Kit Sun. Mr. LAU Fai Lawrence has been appointed as the chairperson of the Audit Committee.

The primary duties of the Audit Committee are to review the Company's annual report and accounts, interim report and quarterly reports and to provide advice and comments thereon to the Board. The Audit Committee is also responsible for reviewing and supervising the Company's financial reporting, risk management and internal control systems.

The Group's unaudited results for the six months ended 31 December 2022 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results has complied with applicable accounting standards and requirements and that adequate disclosures have been made.

By order of the Board  
**Sinopharm Tech Holdings Limited**  
**國藥科技股份有限公司**  
**CHAU Wai Wah Fred**  
*Executive Director*

Hong Kong, 14 February 2023

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

*This announcement will remain on the "Latest Listed Company Information" page of the GEM website at [www.hkexnews.hk](http://www.hkexnews.hk) 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](http://www.sinopharmtech.com.hk).*