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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 2023**

The board (the “**Board**”) of directors (the “**Directors**”) of Sinopharm Tech Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries for the six months ended 31 December 2023. This announcement, containing the full text of the Interim Report 2023/2024 of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) in relation to information to accompany preliminary announcement of interim results.

By order of the Board  
**Sinopharm Tech Holdings Limited**  
**國藥科技股份有限公司**  
**HO Kam Kin**  
*Executive Director*

Hong Kong, 29 February 2024

*As at the date of this announcement, the Board comprises Mr. HO Kam Kin and Ms. KWOK Shuk Yi as executive Directors, Dr. CHENG Yanjie as non-executive Director and Mr. LAU Fai Lawrence, Mr. HSU Dong An and Mr. HEUNG Pik Lun as independent non-executive Directors.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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.*

*This announcement will remain on the “Latest Listed Company Information” page of the website of The Stock Exchange of Hong Kong Limited 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 <http://www.sinopharmtech.com.hk>.*

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

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*This report, for which the directors (the “**Directors**”) of Sinopharm Tech Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

## INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

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

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

*For the three months and six months ended 31 December 2023*

	Notes	(Unaudited)		(Unaudited)	
		Three months ended 31 December		Six months ended 31 December	
		2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Revenue	3	14,853	9,398	18,844	15,025
Costs of sales and services		(13,366)	(7,859)	(15,723)	(11,986)
Gross profit		1,487	1,539	3,121	3,039
Other income and gains/(losses)	4	2,120	17,324	2,120	28,003
Selling and distribution expenses		(512)	(1,219)	(687)	(1,301)
Administrative and operating expenses		(2,722)	(4,182)	(4,904)	(9,439)
Share of (loss)/profits of associates		—	—	—	(531)
<b>Operating (loss)/profit</b>		<b>373</b>	<b>13,462</b>	<b>(350)</b>	<b>19,771</b>
Finance costs	5	(991)	(2,187)	(1,889)	(4,002)
<b>(Loss)/Profit before tax</b>	6	<b>(618)</b>	<b>11,275</b>	<b>(2,239)</b>	<b>15,769</b>
Income tax expense	7	—	—	—	—
<b>(Loss)/Profit for the period</b>		<b>(618)</b>	<b>11,275</b>	<b>(2,239)</b>	<b>15,769</b>
<b>(Loss)/Profit for the period attributable to:</b>					
Equity holders of the Company		(533)	11,026	(2,876)	15,408
Non-controlling interests		(85)	249	637	361
		<b>(618)</b>	<b>11,275</b>	<b>(2,239)</b>	<b>15,769</b>



## INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

	Notes	(Unaudited) Three months ended 31 December		(Unaudited) Six months ended 31 December	
		2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
<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		<b>(842)</b>	(1,718)	<b>(1,076)</b>	(2,227)
<b>Total comprehensive (expenses)/ income for the period</b>		<b>(1,460)</b>	9,557	<b>(3,315)</b>	13,542
<b>Total comprehensive (expenses)/ income for the period attributable to:</b>					
Equity holders of the Company		<b>(1,552)</b>	9,075	<b>(4,151)</b>	13,692
Non-controlling interests		<b>92</b>	482	<b>836</b>	(150)
		<b>(1,460)</b>	9,557	<b>(3,315)</b>	13,542
<b>(Loss)/Earnings per share attributable to equity holders of the Company</b>	8		(restated)		(restated)
Basic		<b>HK(0.29) cents</b>	HK6.07 cents	<b>HK(1.57) cents</b>	HK8.46 cents
Diluted		<b>N/A</b>	N/A	<b>N/A</b>	N/A

The accompanying notes on pages 7 to 24 form an integral part of this interim financial report.

## INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

		<b>(Unaudited)</b> <b>31 December</b> <b>2023</b> <b>HK\$'000</b>	(Audited) 30 June 2023 HK\$'000
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment	9	917	1,163
Goodwill		3,337	—
Financial assets at fair value through profit or loss		5,274	5,274
		<b>9,528</b>	6,437
<b>Current assets</b>			
Inventories		6,044	855
Trade and other receivables and prepayments	10	22,153	24,414
Bank balances and cash		8,505	1,776
		<b>36,702</b>	27,045
<b>Current liabilities</b>			
Trade payables, accruals and other payables	11	112,959	107,456
Other borrowing		10,000	—
Amounts due to a shareholder		105,747	105,747
Income tax payable		33	33
		<b>228,739</b>	213,236
<b>Net current liabilities</b>		<b>(192,037)</b>	(186,191)
<b>Total assets less current liabilities</b>		<b>(182,509)</b>	(179,754)


**INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2023**

	<i>Notes</i>	<b>(Unaudited) 31 December 2023 HK\$'000</b>	(Audited) 30 June 2023 HK\$'000
<b>Net liabilities</b>		<b><u>(182,509)</u></b>	<b><u>(179,754)</u></b>
<b>Capital and reserves</b>			
Share capital	<i>13</i>	<b>57,404</b>	57,404
Reserves		<b><u>(233,728)</u></b>	<u>(230,137)</u>
Capital deficiency attributable to equity holders of the Company		<b><u>(176,324)</u></b>	(172,733)
Non-controlling interests		<b><u>(6,185)</u></b>	<u>(7,021)</u>
<b>Total capital deficiency</b>		<b><u>(182,509)</u></b>	<b><u>(179,754)</u></b>

The accompanying notes on pages 7 to 24 form an integral part of this interim financial report.

## INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2023

	Attributable to equity holders of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Share option reserve HK\$'000	Translation reserve HK\$'000	Convertible bonds reserve HK\$'000	Special reserve HK\$'000	Capital reserve HK\$'000	Retained profits/ (Accumulated losses) HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 July 2023 (audited)	57,404	2,703,996	1,484	1,739	7,776	—	(1)	28,633	(2,973,764)	(172,733)	(7,021)	(179,754)
(Loss)/Profit for the period	—	—	—	—	—	—	—	—	(2,876)	(2,876)	637	(2,239)
Exchange differences arising from translation of financial statements of overseas operations	—	—	—	—	(1,275)	—	—	—	—	(1,275)	199	(1,076)
Total comprehensive (expenses)/income for the period	—	—	—	—	(1,275)	—	—	—	(2,876)	(4,151)	836	(3,315)
Recognition of equity-settled share-based payments	—	—	—	560	—	—	—	—	—	560	—	560
Share option lapsed	—	—	—	(566)	—	—	—	—	566	—	—	—
Share issued on loan settlement	—	—	—	—	—	—	—	—	—	—	—	—
<b>At 31 December 2023 (unaudited)</b>	<b>57,404</b>	<b>2,703,996</b>	<b>1,484</b>	<b>1,733</b>	<b>6,501</b>	<b>—</b>	<b>(1)</b>	<b>28,633</b>	<b>(2,976,074)</b>	<b>(176,324)</b>	<b>(6,185)</b>	<b>(182,509)</b>

For the six months ended 31 December 2022

	Attributable to equity holders of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Share option reserve HK\$'000	Translation reserve HK\$'000	Convertible bonds reserve HK\$'000	Special reserve HK\$'000	Capital reserve HK\$'000	Retained profits/ (Accumulated losses) HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 July 2022 (audited)	56,721	2,702,002	1,484	15,694	8,256	8,573	(1)	28,633	(2,988,139)	(166,777)	(6,620)	(173,397)
Profit for the period	—	—	—	—	—	—	—	—	15,408	15,408	361	15,769
Exchange differences arising from translation of financial statements of overseas operations	—	—	—	—	(1,716)	—	—	—	—	(1,716)	(511)	(2,227)
Total comprehensive income/(expenses) for the period	—	—	—	—	(1,716)	—	—	—	15,408	13,692	(150)	13,542
Recognition of equity-settled share-based payments	—	—	—	742	—	—	—	—	—	742	—	742
Share option lapsed	—	—	—	(16,436)	—	—	—	—	16,436	—	—	—
Share issued on loan settlement	191	2,486	—	—	—	—	—	—	—	2,677	—	2,677
<b>At 31 December 2022 (unaudited)</b>	<b>56,912</b>	<b>2,704,488</b>	<b>1,484</b>	<b>—</b>	<b>6,540</b>	<b>8,573</b>	<b>(1)</b>	<b>28,633</b>	<b>(2,956,295)</b>	<b>(149,666)</b>	<b>(6,770)</b>	<b>(156,436)</b>

The accompanying notes on pages 7 to 24 form an integral part of this interim financial report.


**INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2023**
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**
*For the six months ended 31 December 2023*

	(Unaudited) Six months ended 31 December	
	2023 HK\$'000	2022 HK\$'000
<b>Operating activities</b>		
Cash (used in)/generated from operations	(1,331)	8,219
Interest received	14	1
Interest paid	—	(3,500)
<b>Net cash (used in)/generated from operating activities</b>	<b>(1,317)</b>	<b>4,720</b>
<b>Investing activities</b>		
Additions in property, plant and equipment	—	(23)
<b>Net cash used in investing activities</b>	<b>—</b>	<b>(23)</b>
<b>Financing activities</b>		
Repayment of lease liabilities	—	(290)
Proceeds from other borrowing	10,000	—
Repayment of other borrowing	(1,729)	—
<b>Net cash flow generated from/(used in) financing activities</b>	<b>8,271</b>	<b>(290)</b>
<b>Net increase in cash and cash equivalents</b>	<b>6,954</b>	<b>4,407</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,776</b>	<b>2,991</b>
Effects of foreign exchange rate changes	(225)	(115)
<b>Cash and cash equivalents at the end of the period, represented by cash and bank balances</b>	<b>8,505</b>	<b>7,283</b>

The accompanying notes on pages 7 to 24 form an integral part of this interim financial report.





# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2023

## 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited interim condensed consolidated financial statements for the six months ended 31 December 2023 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 2023 are consistent with the financial statements of the Group for the year ended 30 June 2023.

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 2023. The adoption of these new and revised standards, amendments and interpretation does not have significant impact on the accounting policies of the Group, and the amounts reported for the current period and prior periods.

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



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2023

### 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 2023 (Unaudited)

	Internet plus			Manufacturing and distribution of personal protective equipment HK\$'000	Total HK\$'000
	Lottery-related services HK\$'000	Solution services HK\$'000	Supply chain services HK\$'000		
<b>Segment revenue:</b>					
Sales to external customers	—	—	18,844	—	18,844
<b>Segment results</b>	(54)	—	2,138	(38)	2,046
Unallocated income					2,120
Share of loss of associates					—
Unallocated expenses					(4,516)
Finance costs					(1,889)
Loss before tax					(2,239)
Income tax expense					—
Loss for the period					(2,239)
<b>Amounts included in the measure of segment profit or loss or segment assets:</b>					
Depreciation and amortization	—	—	—	240	240

#### Six months ended 31 December 2022 (Unaudited)

	Internet plus			Manufacturing and distribution of personal protective equipment HK\$'000	Total HK\$'000
	Lottery-related services HK\$'000	Solution services HK\$'000	Supply chain services HK\$'000		
<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

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

For the six months ended 31 December 2023

**2. SEGMENT INFORMATION — CONTINUED****(b) Segment assets and liabilities**

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

**As at 31 December 2023 (Unaudited)**

	Internet plus			Manufacturing and distribution of personal protective equipment HK\$'000	Total HK\$'000
	Lottery-related services HK\$'000	Solution services HK\$'000	Supply chain services HK\$'000		
<b>Assets</b>					
Segment assets	43	76	22,932	7,029	30,080
Unallocated assets					16,150
Total assets					<b>46,230</b>
<b>Liabilities</b>					
Segment liabilities	4,469	250	39,807	1,770	46,296
Unallocated liabilities					182,443
Total liabilities					<b>228,739</b>

**As at 30 June 2023 (Audited)**

	Internet plus			Manufacturing and distribution of personal protective equipment HK\$'000	Total HK\$'000
	Lottery-related services HK\$'000	Solution services HK\$'000	Supply chain services HK\$'000		
<b>Assets</b>					
Segment assets	83	35	9,822	12,689	22,629
Unallocated assets					10,853
Total assets					<b>33,482</b>
<b>Liabilities</b>					
Segment liabilities	4,682	586	20,828	15,393	41,489
Unallocated liabilities					171,747
Total liabilities					<b>213,236</b>



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2023

### 3. REVENUE

The principal activities of the Group are provision of (i) internet plus services (solution and supply chain) and (ii) 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:

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
<b>Point in time</b>		
Internet plus services (supply chain)		
— Trading of goods	<b>18,844</b>	10,825
Manufacturing and distribution of personal protective equipment	—	4,200
	<b>18,844</b>	15,025

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

For the six months ended 31 December 2023

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

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Gain on disposal of subsidiaries ( <i>note a</i> )	<b>2,023</b>	—
Compensation income from sales of locked-up consideration shares ( <i>note b</i> )	—	15,501
Government subsidies ( <i>note c</i> )	—	391
Gain on settlement of loans by shares issued ( <i>note d</i> )	—	12,621
Loss on dilution of interests in associates ( <i>note e</i> )	—	(1,142)
Interest income	<b>14</b>	1
Others	<b>83</b>	631
	<b>2,120</b>	28,003

*Notes:*

- (a) On 24 October 2023, the Company disposed one of its subsidiary with the consideration of HK\$1 and net liability of HK\$2.0 million. As a result, the Company recorded a gain on disposal of HK\$2.0 million for the six months ended 31 December 2023.
- (b) 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.

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

For the six months ended 31 December 2023

**4. OTHER INCOME AND GAINS/(LOSSES) — CONTINUED***Notes: — Continued*

- (c) There were no unfulfilled conditions or contingencies relating to substantial amount of the government subsidies.
- (d) 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.
- (e) 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 was charged to profit or loss of the Group in Period 2022.

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

For the six months ended 31 December 2023

**5. FINANCE COSTS**

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Interest on:		
— Convertible bonds	—	3,680
— Other borrowing	<b>125</b>	—
— Other payables	<b>1,764</b>	—
— Finance lease payment	—	322
	<b>1,889</b>	<b>4,002</b>

**6. (LOSS)/PROFIT BEFORE TAX**

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
(Loss)/Profit before tax has been arrived at after charging/(crediting):		
Cost of inventories sold	<b>15,723</b>	11,986
Equity-settled share-based payments	<b>560</b>	742
Depreciation of property, plant and equipment	<b>240</b>	692



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2023

### 7. INCOME TAX EXPENSE

For the six months ended 31 December 2023 and 31 December 2022, Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporation will be taxed at 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. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

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

(Loss)/Profit

	(Unaudited) Three months ended 31 December		(Unaudited) Six months ended 31 December	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
(Loss)/Profit for the period attributable to the equity holders of the Company	<b>(533)</b>	11,026	<b>(2,876)</b>	15,408



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

For the six months ended 31 December 2023

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

Number of shares

	<b>(Unaudited)</b> <b>Three months ended</b> <b>31 December</b>		<b>(Unaudited)</b> <b>Six months ended</b> <b>31 December</b>	
	<b>2023</b> <b>'000</b>	2022 '000 (restated)	<b>2023</b> <b>'000</b>	2022 '000 (restated)
Weighted average number of ordinary shares for the purposes of basic (loss)/ earnings per share	<b>183,693</b>	181,508	<b>183,693</b>	182,066
Weighted average number of ordinary shares for the purposes of diluted loss per share	<b>183,693</b>	181,508	<b>183,693</b>	182,066

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

A share consolidated of every twenty five shares into one share of the Company had been completed on 29 August 2023. As a result of the share consolidation, the weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the three months ended 31 December 2022 and six months ended 31 December 2022.



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2023

### 9. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and equipment	Plant and machinery	Leasehold improvement	Motor vehicles	Computer equipment	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Carrying amount at 1 July 2023, net of accumulated depreciation (audited)	143	—	940	—	80	1,163
Additional for the period	—	—	—	—	—	—
Depreciation provided for the period	(14)	—	(209)	—	(17)	(240)
Exchange realignment	5	—	1	—	(12)	(6)
<b>At 31 December 2023, net of accumulated depreciation (unaudited)</b>	<b>134</b>	<b>—</b>	<b>732</b>	<b>—</b>	<b>51</b>	<b>917</b>

### 10. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	(Unaudited) 31 December 2023 HK\$'000	(Audited) 30 June 2023 HK\$'000
Trade receivables	94,499	96,704
Other receivables and prepayments	25,542	16,319
	120,041	113,023
Less: Allowances for doubtful receivables	(97,888)	(88,609)
	22,153	24,414

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

For the six months ended 31 December 2023

**10. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS — CONTINUED**

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:

	<b>(Unaudited)</b> <b>31 December</b> <b>2023</b> <b>HK\$'000</b>	(Audited) 30 June 2023 HK\$'000
0 to 30 days	<b>13,601</b>	827
31 to 60 days	<b>990</b>	5,164
61 to 180 days	<b>1,058</b>	2,232
181 to 365 days	<b>—</b>	—
Over one year	<b>78,850</b>	88,481
	<b>94,499</b>	96,704

**11. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES**

	<b>(Unaudited)</b> <b>31 December</b> <b>2023</b> <b>HK\$'000</b>	(Audited) 30 June 2023 HK\$'000
Trade payables	<b>29,642</b>	34,932
Accruals and other payables	<b>83,317</b>	72,524
	<b>112,959</b>	107,456



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2023

### 11. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES — CONTINUED

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:

	<b>(Unaudited)</b> <b>31 December</b> <b>2023</b> <b>HK\$'000</b>	(Audited) 30 June 2023 HK\$'000
0–30 days	<b>8,956</b>	4,200
31–120 days	—	—
121–180 days	—	1,745
181–365 days	—	718
Over one year	<b>20,686</b>	28,269
	<b>29,642</b>	34,932

### 12. CONVERTIBLE BONDS

	<b>(Unaudited)</b> <b>31 December</b> <b>2023</b> <b>HK\$'000</b>	(Audited) 30 June 2023 HK\$'000
Convertible bonds <sup>I</sup> (Note (i)):		
— Liability component	—	—
Convertible bonds <sup>II</sup> (Note (ii)):		
— Liability component	—	—
Convertible bonds (I & II):		
— Liability component	—	—
Classified under current liabilities:		
— Convertible bonds	—	—

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

For the six months ended 31 December 2023

**12. CONVERTIBLE BONDS — CONTINUED***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.

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

For the six months ended 31 December 2023

**12. CONVERTIBLE BONDS — CONTINUED***Notes:* — Continued**(i) Convertible Bonds I — Continued**

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.

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

For the six months ended 31 December 2023

**12. CONVERTIBLE BONDS — CONTINUED***Notes:* — Continued**(i) Convertible Bonds I — Continued**

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.



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2023

### 12. CONVERTIBLE BONDS — CONTINUED

Notes: — Continued

#### (ii) Convertible Bonds II — Continued

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. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Authorised:		
At 1 July 2023 (audited), ordinary shares of HK\$0.0125 each	16,000,000	200,000
Less: Share consolidation ( <i>note</i> )	<u>(15,360,000)</u>	<u>—</u>
At 31 December 2023, ordinary shares of HK\$0.3125 each	<u>640,000</u>	<u>200,000</u>
Issued and fully paid:		
At 1 July 2023 (audited)	4,537,689	57,404
Less: Share consolidation ( <i>note</i> )	<u>(4,353,996)</u>	<u>—</u>
At 31 December 2023	<u>183,693</u>	<u>57,404</u>

*Note:* A share consolidated of every twenty five shares into one share of the Company had been completed on 29 August 2023.



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

For the six months ended 31 December 2023

**14. RELATED PARTY TRANSACTIONS**

## Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the three and six months ended 31 December 2023 was as follows:

	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>31 December</b>		<b>31 December</b>	
	<b>2023</b>	2022	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
Short-term benefits	<b>624</b>	1,431	<b>1,367</b>	2,416
Post-employment benefits	<b>—</b>	22	<b>—</b>	37
	<b>624</b>	1,453	<b>1,367</b>	2,453

The remuneration of directors and key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

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

For the six months ended 31 December 2023

**15. EVENTS AFTER THE REPORTING PERIOD**

On 12 September 2023, the Company received a winding-up petition (the “**Petition**”) dated 31 August 2023 which was filed by Creative Big Limited (the “**Petitioner**”) at the High Court of the Hong Kong Special Administrative Region (the “**High Court**”) against the Company in relation to the demand for the repayment of principal amount and interest accrued of the convertible bonds in the aggregate amount of HK\$53,106,849.

The Company will negotiate with the Petitioner for an amicable settlement of the Petition and take all necessary actions to protect its legal rights.

The filing of the Petition does not represent the successful winding up of the Company by the Petitioner. No winding-up order has been granted by the High Court to wind up the Company as at the date of this report. The High Court has set the first hearing date for the Petition on 15 November 2023. At the hearing on 15 November 2023, the High Court ordered that the hearing of the Petition be adjourned to 7 February 2024. At the hearing on 7 February 2024, the High Court ordered that the hearing of the Petition be further adjourned to 3 April 2024. As at the date of this report, no winding up order has been granted by the High Court to wind up the Company.

Save as disclosed above, the Board is not aware of any material event affecting the Group since the end of the Period 2023 and up to the date of this report.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

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

For the Period 2023, the Group recorded unaudited consolidated revenue of HK\$18.8 million, increased by 25% against the Period 2022 of HK\$15.0 million. The gross profit ratio decreased to about 17% as compared with 20% for the Period 2022. For the Period 2023, the Group recorded a loss attributable to the equity holders of HK\$2.9 million, as compared with the Group recorded a profit attributable to the equity holders of HK\$15.4 million for the Period 2022. Loss attributable to equity holders was HK\$0.5 million from the second quarter of the Period 2023, as compared with the Group recorded a profit attributable to the equity holders of HK\$11.0 million for the Period 2022. Selling and distribution expenses and administrative expenses in the Period 2023 amounted to HK\$5.6 million, which decreased by 48% as compared to HK\$10.7 million in the Period 2022.

### SEGMENTAL INFORMATION

In the Internet Plus services business, the revenue solutions services and supply chain services recorded HK\$Nil and HK\$18.8 million respectively, representing an increase of 74% over the same period in 2022. The gross profit recorded HK\$3.1 million with the margin of 16.5% for the reporting period comparing with 17% for the same period in 2022.

Manufacturing and distribution of personal protective equipment business recorded HK\$Nil million, as compared with recorded HK\$4.2 million for the Period 2022. The gross profit recorded HK\$Nil million with the margin of Nil% during the reporting period comparing with 33% for the same period in 2022.



## MANAGEMENT DISCUSSION AND ANALYSIS



### BUSINESS REVIEW

During the period under review, the Group continued to accelerate its deployment in the healthcare industry. Through establishing a subsidiary in the PRC, the Group has completed the relevant deployment in respect of the development of the distribution of Chinese patent medicines and health products, which provides new revenue streams and business development direction to the Group. The Group has continued to develop its supply chain business under the “Internet Plus” services, and achieved a stable development during the period under review. Meanwhile, the Group is also discussing the model of cooperation with various industry operators and product suppliers to provide them value-added services leveraging on the Group’s experience in the “Internet Plus” business. The above cooperation will bring new opportunities 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 established a subsidiary in the PRC to expand the development of the distribution of Chinese patent medicines and healthcare product businesses. Its experience and networks in the “Internet Plus” supply chain business will lay a sound foundation for distributing Chinese patent medicines and healthcare products and speed up the development of the delivery and supply chain services across regions in the country. As the healthcare industry chain is the Group’s key focus area of development, cooperating with various product brands will effectively accelerate the development and momentum of related businesses. On the other hand, the Group has also continued to expand the business related to the service agreement with platform operators in Mainland China. Through the platform operator’s different platforms, the Group provides one-stop product supply chain services.

#### Personal Protective Equipment Business

During the period under review, the market demand for personal protective equipment decreased due to the receding impact of the pandemic and the resumption of social activities. Accordingly, the Group has reallocated its resources to exit from the development of personal protective equipment business and at the same time increase its investment in the supply chain services for the healthcare industry.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FUTURE OUTLOOK

The Group is constantly focusing on the “Internet Plus” business and healthcare products. Leveraging on its years of experience in “Internet Plus” supply chain services as well as its co-operative relationships with various platform operators, the Group has ample room for development in “Internet Plus” supply chain services and the healthcare industry, among other things, it is in the process of strengthening its cooperative relationships with various platform operators and product manufacturers. Additionally, the Group will also continue to explore other opportunities to develop its “Internet Plus” business, including collaborating with various industry players on “Internet Plus” solutions to jointly tap into the application of “Internet Plus” technologies in various areas, which will open up new development opportunities for the Group.

On the other hand, the Group is focusing on business explorations in the healthcare industry chain, involving the entire business process of production, distribution and supply chain of healthcare products, with a view to exploring new opportunities in the healthcare industry and bringing in new sources of revenue for the Group. The Group has established subsidiaries in the PRC to operate and expand its businesses relating to the development of Chinese patent medicine and healthcare products distribution. In addition, the Group is also working with industry participants about other possible cooperations and conducting relevant business analyses, so as to bring new growth opportunities to the Group.

### LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 31 December 2023, the Group’s bank balances and cash amounted to HK\$8.5 million (30 June 2023: HK\$1.8 million) which were mainly held in HK\$ and RMB. Current assets amounted to HK\$36.7 million (30 June 2023: HK\$27.0 million), mainly comprising of inventories, trade and other receivables and prepayment, bank balance and cash. Current liabilities amounted to HK\$228.7 million (30 June 2023: HK\$213.2 million), mainly comprising of trade payables, accruals and other payables, amounts due to a shareholder and other borrowing. As at 31 December 2023, the gearing ratio of the Group was 130% on the basis of the Group’s total interest-bearing borrowings divided by total assets (30 June 2023: 149%).



## MANAGEMENT DISCUSSION AND ANALYSIS



### 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.

### CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

The Company had no contingent liabilities as at 31 December 2023 (30 June 2023: Nil). No assets of the Group was pledged as securities to any third parties as at 31 December 2023 (30 June 2023: Nil).

### COMMITMENTS

The Group had capital commitments of HK\$Nil and operating lease commitments as lessee of HK\$Nil from operations as at 31 December 2023 (30 June 2023: capital commitments of HK\$Nil and operating lease commitments of HK\$Nil respectively).

### DIVIDEND

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

### 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 2023, the total number of issued shares of the Company was 183,693,055 ordinary shares of par value of HK\$0.3125 each (the "Shares(s)").

## MANAGEMENT DISCUSSION AND ANALYSIS

On 25 August 2023, consolidation of every twenty five (25) issued and unissued ordinary shares with a par value of HK\$0.0125 each in the share capital of the Company into one (1) ordinary share with a par value of HK\$0.3125 (the “**Consolidated Share(s)**”) (the “**Share Consolidation**”) was approved by the Shareholders by way of ordinary resolution at the extraordinary general meeting of the Company. Other conditions for completion of the Share Consolidation have also been fully fulfilled. Upon the Share Consolidation became effective on 29 August 2023, there were 183,693,055 Consolidated Shares in issue which were fully paid or credited as fully paid. The authorized share capital of the Company remained at HK\$200,000,000 but was divided into 640,000,000 Consolidated Shares of par value of HK\$0.3125 each. Subject to and conditional upon the Share Consolidation becoming effective, the board lot size for trading on the Stock Exchange was changed from 5,000 original Shares to 10,000 Consolidated Shares on 12 September 2023.

### CONVERTIBLE BONDS

On 17 January 2014, the Company issued unlisted convertible bonds with a principal amount of HK\$89,625,000 (the “**CBs**”). After the fifth amendments of the principal terms of the CBs in 2021, the CBs could be converted into the maximum number of 405,542,986 ordinary shares of par value of HK\$0.0125 each with the maturity date extended to 17 January 2022, the conversion price amended to HK\$0.221 per conversion share and the interest rate increased to 10% per annum. The bondholder has not exercised any of its conversion right and has no conversion right of the CBs which have been matured since 17 January 2022. Therefore, the CBs have not been convertible since then.

As at the date of this report, the Company is still in the progress of negotiating with the bondholder for the renewal of or further extension on the CBs and will disclose further developments on the above matters by way of further announcement(s) in a timely manner in accordance with regulatory requirements.

On 30 August 2021, the Company issued unlisted convertible bonds due on 20 February 2023 with a principal amount of HK\$50,000,000 at an interest rate of 7% per annum (the “**CBs II**”). A maximum number of 172,413,793 ordinary shares of par value of HK\$0.0125 each 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. The bondholder has not exercised any of its conversion right and has no conversion right of the CBs II which have been matured since 20 February 2023. Therefore, the CBs II have not been convertible since then.



## MANAGEMENT DISCUSSION AND ANALYSIS



As at the date of this report, the progress of the CBs II can be referred to the paragraphs headed “Update on the Litigation” in the section headed “Management Discussion and Analysis” on pages 30 to 31.

### SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

During the six months ended 31 December 2023, the Group did not make any significant investment or material acquisition or disposal of subsidiaries, associates and joint ventures.

### EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2023, the Group had 18 (30 June 2023: 19) employees in Hong Kong and the PRC, including the Directors.

Employees’ remunerations are determined with reference to their performance, qualifications, experience, positions and the market 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.

### UPDATE ON THE LITIGATION

References are made to the announcements of the Company dated 20 August 2021, 23 August 2021 and 30 August 2021 in relation to, amongst other things, the convertible bonds (the “**CBs II**”, same as defined above) issued by the Company.

The Company was informed by a letter dated 12 September 2023 from the Official Receiver’s Office of Hong Kong and came to the attention, amongst others, that, Creative Big Limited (the “**Petitioner**”), to which the CBs II have been transferred from the original bondholder, has on 31 August 2023 filed a winding-up petition (the “**Petition**”) (Companies (Winding-up) Proceedings Number: 391 of 2023) with the Court of First Instance of the High Court of Hong Kong Special Administrative Region (the “**High Court**”) for the winding up of the Company under the provision of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Petition was filed against the Company in relation to demand for the repayment of the principal amount and interest accrued of the CBs II in the aggregate amount of HK\$53,106,849.



## MANAGEMENT DISCUSSION AND ANALYSIS

The High Court has set the hearing date for the Petition on 15 November 2023. The Petition was filed in the High Court only as an application for the winding up of the Company. At the hearing on 15 November 2023, the High Court ordered that the hearing of the Petition be adjourned to 7 February 2024. At the hearing on 7 February 2024, the High Court ordered that the hearing of the Petition be further adjourned to 3 April 2024. As at the date of this report, no winding up order has been granted by the High Court to wind up the Company.

### Further Action to be Taken by the Company

As at the date of this report, the Company has been in active negotiations with the Petitioner for an amicable settlement of the Petition. The Company is also seeking advices from professional parties and assessing the possible effect the Petition may have on the Group, including but not limited to whether there would be material adverse impact on the Group's business operations, working capital and financial position, and whether it may lead to the Company's other creditors demanding acceleration of repayment. Save as disclosed in this report, to the best of the Company's knowledge, information and belief, having made all reasonable enquiry, there is no other outstanding winding up petition filed against the Company as at the date of this report.

The Company will keep the Shareholders and potential investors informed of any significant development in respect of the Petition and/or any significant adverse effect on the Group's business and operations arising from the Petition and/or the winding up order, and will make further announcement(s) as and when appropriate. Details of the above litigation were disclosed in the announcements of the Company dated 19 September 2023, 15 November 2023 and 7 February 2024.

### EVENT AFTER THE REPORTING PERIOD

Save as disclosed above, there has been no important event affecting the Group since the end of the six months ended 31 December 2023.



## GENERAL INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2023, the interests and short positions of the Directors and chief executive in the ordinary share(s) of par value of HK\$0.3125 each in the share capital of the Company (the "**Share(s)**"), underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange, were as follows:

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

Name of Directors	The Company/ Name of Associated Corporation	Interest in Controlled Corporation	Number of Shares Held				Approximate Percentage of Shareholding
			Personal Interest (ordinary shares)	Personal Interest (underlying shares) <i>(Note)</i>	Interest of Spouse	Total Interest	
Mr. HO Kam Kin	The Company	—	—	1,600,000	—	1,600,000	0.87%
Ms. KWOK Shuk Yi	The Company	—	—	1,600,000	—	1,600,000	0.87%
Dr. CHENG Yanjie	The Company	—	78,600	160,000	—	238,600	0.13%
Mr. LAU Fai Lawrence	The Company	—	—	160,000	—	160,000	0.09%

*Note:* These share options were granted by the Company on 28 December 2022 under the share option scheme adopted by the Company on 9 June 2021.

**GENERAL INFORMATION**

Save as disclosed above, as at 31 December 2023, none of the Directors and chief executive of the Company had or was deemed to have any interests or short positions in any Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) that were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

**ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES**

Save as disclosed in the paragraph headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporation" above, at no time during the period was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors and chief executive of the Company to acquire benefits by means of acquisition of the Shares in, or debentures of, the Company or any body corporate, and none of the Directors and chief executive or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right during the six months ended 31 December 2023.



## GENERAL INFORMATION

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

As at 31 December 2023, according to the register kept by the Company pursuant to Section 336 of the SFO, and so far as was known to any Directors or chief executive of the Company, the following persons (other than the Directors or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, as follows:

#### Long Positions in the Shares

Name of Shareholders	Capacity	Number of Shares Held	Approximate Percentage of the Shareholding
Best Frontier Investments Limited (" <b>Best Frontier</b> ") & its concert parties <i>(Note 1)</i>	Beneficial Owner	27,097,574	14.75%
Integrated Asset Management (Asia) Limited (" <b>Integrated Asset</b> ") & its concert parties <i>(Note 2)</i>	Beneficial Owner	21,694,520	11.81%
Mr. TSE Siu Hoi	Beneficial Owner	12,426,000	6.76%

**GENERAL INFORMATION***Notes:*

1. The 27,097,574 Shares were held by Best Frontier which was wholly owned by Mr. LAM Yui Keung.
2. The 21,694,520 Shares were held by Integrated Asset which was wholly owned by Mr. YAM Tak Cheung.

On 17 January 2014, the Company issued unlisted convertible bonds with a principal amount of HK\$89,625,000 (the “**CBs**”) to Integrated Asset. After the fifth amendments of the principal terms of the CBs in 2021, the CBs could be converted into the maximum number of 405,542,986 ordinary shares of par value of HK\$0.0125 each of the Company, with the maturity date extended to 17 January 2022, the conversion price amended to HK\$0.221 per conversion share and the interest rate increased to 10% per annum. The bondholder has not exercised any of its conversion right and has no conversion right of the CBs which have been matured since 17 January 2022. Therefore, the CBs have not been convertible since then. As at the date of this report, the Company is still in the progress of negotiating with the bondholder for the renewal of or further extension on the CBs and will disclose further developments on the above matters by way of further announcement(s) in a timely manner in accordance with regulatory requirements.

Save as disclosed above, as at 31 December 2023, the Directors or chief executive of the Company were not aware of any person (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which was recorded in the register required to be kept by the Company under Section 336 of the SFO.



## GENERAL INFORMATION



### SHARE OPTION SCHEME

The Company adopted a share option scheme (the “**Share Option Scheme**”) on 9 June 2021 under which the Board may, at its discretion, invite eligible persons to take up share options to subscribe for the Shares. The purpose of the Share Option Scheme is to enable the Group to grant the share options to selected eligible persons (the “**Eligible Persons**”) as incentives or rewards for their contribution to the Group. The Share Option Scheme will provide the Eligible Persons with an opportunity to acquire proprietary interests in the Company with the view to achieving the following principal objectives: (i) motivate the Eligible Persons (in case of the Eligible Employees, as defined below) to optimise their performance and efficiency for the benefit of the Group; (ii) attract and retain or otherwise maintain ongoing business relationship with the Eligible Persons (in case of the Eligible Consultants, as defined below) whose contributions are, will be or are expected to be beneficial to the Group; and (iii) align the interests of the Eligible Persons with the Shareholders. Eligible persons shall include any employee and any Director (including executive, non-executive and independent non-executive Directors) (collectively, the “**Eligible Employee(s)**”) and any consultant (collectively, the “**Eligible Consultant(s)**”) of the Company or of any subsidiary of the Company or such other persons who, at the sole determination of the Board, have contributed to the Group at the time when an option is granted to such persons. The Share Option Scheme will remain valid for a period of 10 years commencing from the date of its adoption.

The number of share options available for grant under the scheme mandate at the beginning and the end of the six months ended 31 December 2023 was 174,637,680 (before the Share Consolidation effective on 29 August 2023) and 9,421,507 (after the Share Consolidation effective on 29 August 2023) respectively. The number of Shares that may be issued in respect of the share options granted under all share option schemes of the Company during the six months ended 31 December 2023 (assuming to take the average of the opening balance and closing balance) divided by the weighted average number of Shares in issue for the six months ended 31 December 2023 was 0.02 (after the Share Consolidation effective on 29 August 2023).

## GENERAL INFORMATION

The details of the movements in share options under the Share Option Scheme during the six months ended 31 December 2023 were as follows:

Name/Category of Participants	Grant Date	Exercise Price per Share (HK\$) (Note)	Vesting Period	Exercise Period	Number of Share Options (Note)					
					As at 1 July 2023	Granted	Exercised	Cancelled	Lapsed	As at 31 December 2023
<b>Directors</b>										
Mr. CHAU Wai Wah Fred (resigned on 29 December 2023)	28/12/2022	1.00	28/12/2022–30/06/2023	01/07/2023–30/06/2028	640,000	–	–	–	(640,000)	–
	28/12/2022	1.00	28/12/2022–30/06/2024	01/07/2024–30/06/2028	480,000	–	–	–	(480,000)	–
	28/12/2022	1.00	28/12/2022–30/06/2025	01/07/2025–30/06/2028	480,000	–	–	–	(480,000)	–
Mr. HO Kam Kin	28/12/2022	1.00	28/12/2022–30/06/2023	01/07/2023–30/06/2028	640,000	–	–	–	–	640,000
	28/12/2022	1.00	28/12/2022–30/06/2024	01/07/2024–30/06/2028	480,000	–	–	–	–	480,000
	28/12/2022	1.00	28/12/2022–30/06/2025	01/07/2025–30/06/2028	480,000	–	–	–	–	480,000
Ms. KWOK Shuk Yi	28/12/2022	1.00	28/12/2022–30/06/2023	01/07/2023–30/06/2028	640,000	–	–	–	–	640,000
	28/12/2022	1.00	28/12/2022–30/06/2024	01/07/2024–30/06/2028	480,000	–	–	–	–	480,000
	28/12/2022	1.00	28/12/2022–30/06/2025	01/07/2025–30/06/2028	480,000	–	–	–	–	480,000
Dr. CHENG Yanjie	28/12/2022	1.00	28/12/2022–30/06/2023	01/07/2023–30/06/2028	64,000	–	–	–	–	64,000
	28/12/2022	1.00	28/12/2022–30/06/2024	01/07/2024–30/06/2028	48,000	–	–	–	–	48,000
	28/12/2022	1.00	28/12/2022–30/06/2025	01/07/2025–30/06/2028	48,000	–	–	–	–	48,000
Mr. LAU Fai Lawrence	28/12/2022	1.00	28/12/2022–30/06/2023	01/07/2023–30/06/2028	64,000	–	–	–	–	64,000
	28/12/2022	1.00	28/12/2022–30/06/2024	01/07/2024–30/06/2028	48,000	–	–	–	–	48,000
	28/12/2022	1.00	28/12/2022–30/06/2025	01/07/2025–30/06/2028	48,000	–	–	–	–	48,000
Dr. LIU Ta-pei (resigned on 3 August 2023)	28/12/2022	1.00	28/12/2022–30/06/2023	01/07/2023–30/06/2028	14,400	–	–	–	(14,400)	–
	28/12/2022	1.00	28/12/2022–30/06/2024	01/07/2024–30/06/2028	10,800	–	–	–	(10,800)	–
	28/12/2022	1.00	28/12/2022–30/06/2025	01/07/2025–30/06/2028	10,800	–	–	–	(10,800)	–
				Sub-total	5,156,000	–	–	–	(1,636,000)	3,520,000
<b>Employees</b>										
	28/12/2022	1.00	28/12/2022–30/06/2023	01/07/2023–30/06/2028	1,696,000	–	–	–	–	1,696,000
	28/12/2022	1.00	28/12/2022–30/06/2024	01/07/2024–30/06/2028	1,272,000	–	–	–	–	1,272,000
	28/12/2022	1.00	28/12/2022–30/06/2025	01/07/2025–30/06/2028	1,272,000	–	–	–	–	1,272,000
	28/12/2022	1.00	28/12/2022–30/06/2023	01/07/2023–30/06/2028	500,000	–	–	–	(400,000)	100,000
	28/12/2022	1.00	28/12/2022–31/12/2023	01/01/2024–30/06/2028	500,000	–	–	–	(400,000)	100,000
				Sub-total	5,240,000	–	–	–	(800,000)	4,440,000
				<b>Total</b>	<b>10,396,000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(2,436,000)</b>	<b>7,960,000</b>

**Note:**

In accordance with the Share Option Scheme, the exercise price and the number of share options were adjusted on 29 August 2023 as a result of the share consolidation of every twenty five (25) issued and unissued ordinary shares with a par value of HK\$0.0125 each in the share capital of the Company into one (1) ordinary share with a par value of HK\$0.3125 approved at the extraordinary general meeting of the Company held on 25 August 2023 and effective from 29 August 2023.



## GENERAL INFORMATION

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

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

### COMPETING INTERESTS

As at 31 December 2023, none of the Directors, the substantial shareholders nor the controlling shareholders of the Company or any of their respective close associates (as defined under the GEM Listing Rules) have any interest in any business which competes or is likely to compete, directly or indirectly, with the business of the Group.

### PRE-EMPTIVE RIGHTS

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

### UPDATE ON DIRECTORS' INFORMATION PURSUANT TO RULE 17.50A(1) OF THE GEM LISTING RULES

During the six months ended 31 December 2023, there was no change in information of the Directors required to be disclosed in accordance with Rule 17.50A(1) of the GEM Listing Rules.

### 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 2023, except for the following deviations which are summarized below:

#### Code Provision C.2.1

Code Provision C.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. 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 2023, the roles of the chairperson and chief executive officer were exercised by the executive Directors collectively. The responsibilities of both roles were the same as mentioned above. The Board considers that vesting the



## GENERAL INFORMATION

roles of chairperson and chief executive officer in the executive Directors collectively was 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.

### 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.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Following the resignation of Mr. LAM Kit Sun on 16 May 2023, the Company only had two independent non-executive Directors of the Company (the "**INED(s)**") so the number of the INEDs fell below the minimum number of three independent non-executive directors required under Rule 5.05(1) of the GEM Listing Rules. After the resignation of Dr. LIU Ta-pei on 3 August 2023, the Company only had one INED so the number of the INEDs fell below (i) the minimum number of three independent non-executive directors required under Rule 5.05(1) of the GEM Listing Rules and (ii) the minimum number of one-third of the Board required under Rule 5.05A of the GEM Listing Rules. The Company shall appoint a sufficient number of INEDs to meet the minimum number required under Rules 5.05(1) and 5.05A of the GEM Listing Rules within three months after failing to meet the requirements. The Company appointed one INED, Mr. HSU Dong An on 15 August 2023 to comply with Rule 5.05A of the GEM Listing Rules. An application has been made by the Company to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 5.05(1) of the GEM Listing Rules and an extension of time for a period of one month from 15 August 2023 to 15 September 2023 for filling the vacancy. The Company appointed another INED, Mr. HEUNG Pik Lun on 15 September 2023 to comply with Rule 5.05(1) of the GEM Listing Rules.



## GENERAL INFORMATION



### 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, Mr. HSU Dong An (appointed on 15 August 2023) and Mr. HEUNG Pik Lun (appointed on 15 September 2023). 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 2023 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results has complied with applicable accounting standards and requirements and that adequate disclosures have been made.

By order of the Board  
**Sinopharm Tech Holdings Limited**  
**國藥科技股份有限公司**  
**HO Kam Kin**  
*Executive Director*

Hong Kong, 29 February 2024

*As at the date of this report, the Board comprises Mr. HO Kam Kin and Ms. KWOK Shuk Yi as executive Directors, Dr. CHENG Yanjie as non-executive Director, and Mr. LAU Fai Lawrence, Mr. HSU Dong An and Mr. HEUNG Pik Lun as independent non-executive Directors.*