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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2024

References are made to the announcement of Sinopharm Tech Holdings Limited (the "**Company**", together with its subsidiaries, the **"Group**") dated 23 December 2024 in relation to the annual results for the year ended 30 June 2024 (the "**2024 Annual Results Announcement**") and the annual report of the Group for the year ended 30 June 2024 (the "**2024 Annual Report**"). Unless otherwise defined, terms used herein shall bear the same meanings as defined in the 2024 Annual Results Announcement and the 2024 Annual Report.

The consolidated financial statements of the Group for the year ended 30 June 2024 was issued qualified opinion by the independent auditors of the Company on the basis as set out in the paragraph headed ''Basis for Qualified Opinion'' under the section ''Independent Auditor's Report'' in the 2024 Annual Report (the "**Audit Modification**"). The explanation of the qualified opinion was set out under the section ''Corporate Governance Report'' on pages 14-17 in the 2024 Annual Report. The advance (the "**Advance**") to committee of Xueliang Zhang Foundation was set out under Note 26 in the section "Notes to the Consolidated Financial Statements" on page 144 in the 2024 Annual Report. The board of directors (the "**Board**") of the Company wishes to supplement the following:

EXPLANATION OF THE QUALIFIED OPINION UNDER "CORPORATE GOVERNANCE REPORT"

THE MANAGEMENT'S POSITION AND BASIS ON THE AUDIT MODIFICATION

(a) Insufficient accounting records relating to Disposal of Disposed Subsidiaries during the year ended 30 June 2024 (the "**Audit Issue 1**")

During the process of audit for the year ended 30 June 2024, the Company's auditors requested the financial information and other documents, including bank statements, accounting ledgers and vouchers, contracts, PRC business registration documents, Memorandum and Articles of Association, register of directors and shareholders, board minutes, shareholder meeting minutes, and bank confirmations as at 30 June 2023 and at their respective dates on the Disposal of the Disposed Subsidiaries.

The Company has provided part of the requested accounting ledgers and vouchers and company secretary documents to the auditors. However, the Company was unable to arrange the bank confirmations as at 30 June 2023 to satisfy the requests from the auditors. The auditors considered that the assurance of the bank balance was one of the most important audit work during the audit, so the auditors were not satisfied that no bank confirmation can be arranged.

Since most of the accounting vouchers and supporting documents and the official stamps of the Disposed Subsidiaries have been transferred to the new shareholders, the Company tried to communicate with the new shareholders but in vain. In addition, the authorized bank signature has been changed. The Company was unable to arrange the bank confirmations as requested by the auditors.

The Board, as concurred by the Audit Committee, is of the view that the Auditors could not obtain sufficient appropriate audit evidence as described but those companies have been disposed and were derecognised from the consolidated financial statements for the year ended 30 June 2024. The Audit Issue 1 on the comparative figures of the Group's consolidated financial statements for the year ending 30 June 2025 (the "**2025 Financial Statements**") will not have any continuing effect on the 2025 Financial Statements. The management considered that the qualification did not materially affect the consolidated financial statements for the year ended 30 June 2024.

The Board considered that those Disposed Subsidiaries were dormant, inactive and did not have any operation during the year ended 30 June 2024. Also, the assets and liabilities of the Disposed Subsidiaries for the year ended 30 June 2023 (including the bank balances) had been audited by the previous auditor. The Board considered that the bank balance of the Disposed Subsidiaries as at 30 June 2023 was immaterial to the Group's consolidated financial statements for the year ended 30 June 2023. Therefore, the management considered that the Audit Issue 1 did not materially affect the consolidated financial statements for the year ended 30 June 2024.

The auditors upheld a more prudent attitude and believed that sufficient and appropriate audit evidence and supporting documents could not be obtained to confirm the opening balances of those Disposed Subsidiaries according to the Hong Kong Accounting Standards, and therefore issued a qualified opinion on Audit Issue 1. The management understands and respects the auditos' professional philosophy and spirit.

THE COMPANY'S ACTION PLANS AND TIMELINE TO ADDRESS THE AUDIT MODIFICATION

(a) Insufficient accounting records relating to Disposal of Disposed Subsidiaries during the year ended 30 June 2024

The Company has implemented the internal policy for any acquisition or disposal transaction as follows: 1) the Company has prepared the checklist (including but not limited to clearly stating the obligation of both parties, accounting records and documents hand-over procedures) on drafting of the sales and purchase agreement and it should fulfill all the requirements under the checklist for all the transactions; 2) the agreement with checklist will be submitted to the Board for approval; 3) the account department requests to arrange the pre-audit procedures before all the accounting records and documents are passed to the new shareholder, including making copies of all the agreements, bank statements and accounting records; and 4) the Company will discuss with the auditors before any transactions in order to understand the requests from the auditors for the upcoming audit in relation to the transaction and discuss any financial impact or audit issue as early as possible.

(b) Opening balances and the comparative information

(ii) Share of results of interests in associates and loss on deemed disposal of interests in associates which were recognised for the year ended 30 June 2023

The Company has prepared the checklist to state the financial reporting and internal control requirements on its investment entity, including but not limited to the agreed time for submitting the monthly financial report to the Company; analytical review report should be submitted to the Company on yearly basis; quarterly meeting will be held between the investment entity and the Company for discussing the operation, internal control issues and financial results. The checklist with the agreement will be submitted to the Board for approval.

THE AUDIT COMMITTEE'S VIEW ON THE AUDIT MODIFICATION

The Audit Committee has reviewed the audit qualification and management's position and basis on major judgmental areas. The Audit Committee agrees with the management's position and basis, especially on management's substantial judgments.

ADVANCE TO COMMITTEE OF XUELIANG ZHANG FOUNDATION UNDER NOTE 26 IN THE SECTION "NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS"

26. OTHER RECEIVABLES, DEPOSITS AND PREPAYMETNS

Notes:

(a) Other receivables

(i) Amount due from Xueliang Zhang Foundation

In relation to the advance to the committee of Xueliang Zhang Foundation (the "**Committee**"), the amount of HK$3 million was written off in the Company's profit and loss account for the year ended 30 June 2024. The Committee is a third party independent of and not connected with the Company and any of its connected persons within the meaning of the GEM Listing Rules.

The amount of the Advance was incurred for the period from April 2013 to December 2019, and the fund was advanced to the Committee for its charity events under the operation of the Committee but not for the donation to the Committee. By participating in the charity events and social activities held by the Committee, the Company could extend the business network with other participants who were business parties related to the Company's business. As at the time of paying the Advance, no credit assessment was performed due to the immateriality of the Advance, which represented less than 2.3% of the total assets of the Company during the period from April 2013 to December 2019. Additionally, the Committee as an approved charitable institution under Hong Kong Government is subject to statutory governance and reporting obligations. The Committee's credibility, public accountability and access to diversified funding sources demonstrated its repayment capacity at the time of the Advance and further mitigated transaction risks. Madam Cheung Kwai Lan, the ex-director of the Company, was the chairperson of the committee. During the year from 2013 to 2019, the Company chased the outstanding balance through the ex-director Madam Cheung Kwai Lan but no fixed repayment term was replied from the Committee. The Company has issued the demand letter to the Committee during the year ended 30 June 2023 and 2024 but no response from the Committee was received. Meanwhile, Madam Cheung Kwai Lan passed away in August 2023 and the operation of the Committee was terminated. The Company has performed the company search and tried to contact the person in charge of the Committee but in vain eventually. After considering the long outstanding balance (over 7 years) and low chance to recover the amount, the Company has fully written off the amount for the year ended 30 June 2024. For the period from April 2013 to December 2019, the assets ratios for the Advance were less than 2.3% and did not exceed 8% based on the total assets of the Company. Therefore, the provision of the Advance was not subject to the announcement requirement under Rule 17.15 of the GEM Listing Rules. Furthermore, as none of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Advance exceeded 5%, the provision of the Advance did not constitute a notifiable transaction of the Company and was not subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

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, 9 April 2025

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.