



# CHINA BIOTECH SERVICES HOLDINGS LIMITED

## 中國生物科技服務控股有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock code: 8037)

### FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2022

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## UNAUDITED FIRST QUARTERLY RESULTS

The board (the “**Board**”) of Directors of the Company presents the unaudited condensed consolidated first quarterly results of the Company and its subsidiaries (collectively, the “**Group**”) for the three months ended 31 March 2022 together with the unaudited comparative figures for the corresponding period in 2021.

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

*FOR THE THREE MONTHS ENDED 31 MARCH 2022*

|  |       | For the three months ended<br>31 March |          |
|--|-------|--|----------|
|  |       | 2022                                   | 2021     |
|  | Notes | HK\$'000                               | HK\$'000 |
| Gross proceeds   | 3     | <b>384,157</b>                         | 154,169  |
| Turnover   | 3     | <b>384,088</b>                         | 154,169  |
| Cost of sales  |       | <b>(194,356)</b>                       | (78,949) |
| <b>Gross profit</b>  |       | <b>189,732</b>                         | 75,220   |
| Net gain on financial assets at fair value<br>through profit or loss | 4     | <b>1,974</b>                           | –        |
| Other income and gains/(loss)  | 5     | <b>(200)</b>                           | 202      |
| Selling and distribution expenses                                    |       | <b>(3,905)</b>                         | (3,138)  |
| Administrative expenses  |       | <b>(54,340)</b>                        | (33,419) |
| <b>Profit from operations</b>  |       | <b>133,261</b>                         | 38,865   |
| Finance costs  | 6     | <b>(1,217)</b>                         | (2,280)  |
| Profit before tax  |       | <b>132,044</b>                         | 36,585   |
| Income tax expense   | 7     | <b>(25,459)</b>                        | (9,346)  |
| <b>Profit for the period</b>   |       | <b>106,585</b>                         | 27,239   |

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

FOR THE THREE MONTHS ENDED 31 MARCH 2022

|   |       | For the three months ended<br>31 March |                  |
|---|-------|--|------------------|
|   | Notes | 2022<br>HK\$'000                       | 2021<br>HK\$'000 |
| <b>Profit for the period</b>  |       | <u>106,585</u>                         | <u>27,239</u>    |
| <b>Other comprehensive loss for the period</b>  |       |  |                  |
| <i>Items that may be reclassified subsequently to profit or loss:</i>                             |       |  |                  |
| Fair value change of financial assets at fair value through other comprehensive income ("FVTOCI") |       | (32,737)                               | —                |
| Exchange differences arising on translation of foreign operations                                 |       | <u>1,182</u>                           | <u>(493)</u>     |
| <b>Other comprehensive loss for the period, net of tax</b>  |       | <u>(31,555)</u>                        | <u>(493)</u>     |
| <b>Total comprehensive income for the period</b>  |       | <u>75,030</u>                          | <u>26,746</u>    |
| <b>Profit for the period attributable to:</b>   |       |  |                  |
| – Owners of the Company   |       | 34,938                                 | 1,819            |
| – Non-controlling interests   |       | <u>71,647</u>                          | <u>25,420</u>    |
|   |       | <u>106,585</u>                         | <u>27,239</u>    |
| <b>Total comprehensive income for the period attributable to:</b>                                 |       |  |                  |
| – Owners of the Company   |       | 6,046                                  | 1,262            |
| – Non-controlling interests   |       | <u>68,984</u>                          | <u>25,484</u>    |
|   |       | <u>75,030</u>                          | <u>26,746</u>    |
| <b>Earnings per share</b>   |       |  |                  |
| – Basic and diluted (HK\$)  | 9     | <u>0.036</u>                           | <u>0.002</u>     |

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED 31 MARCH 2022

|   | Attributable to owners of the Company |                           |   |  |                              |                            |  |                               |                                |                       |                                       |                   |
|---|---------------------------------------|---------------------------|---|--|------------------------------|----------------------------|--|-------------------------------|--------------------------------|-----------------------|---------------------------------------|-------------------|
|   | Share capital<br>HK\$'000             | Share premium<br>HK\$'000 | Share repurchase for cancellation<br>HK\$'000 | Share-based payment reserves<br>HK\$'000 | Special reserves<br>HK\$'000 | Other reserves<br>HK\$'000 | Financial assets at fair value through other comprehensive income reserves<br>HK\$'000 | Exchange reserves<br>HK\$'000 | Accumulated losses<br>HK\$'000 | Sub-total<br>HK\$'000 | Non-controlling interests<br>HK\$'000 | Total<br>HK\$'000 |
| At 1 January 2022 (Audited)   | 96,323                                | 490,692                   | –   | 16,451                                   | 212,948                      | 6,482                      | 42,910   | 4,725                         | (475,133)                      | 395,398               | 70,497                                | 465,895           |
| Profit for the period   | –                                     | –                         | –   | –  | –                            | –                          | –  | –                             | 34,938                         | 34,938                | 71,647                                | 106,585           |
| Other comprehensive loss for the period:                            |                                       |                           |   |  |                              |                            |  |                               |                                |                       |                                       |                   |
| Fair value change of financial assets at FVTOCI                     | –                                     | –                         | –   | –  | –                            | –                          | (29,762)   | –                             | –                              | (29,762)              | (2,975)                               | (32,737)          |
| Exchange differences arising from translation of foreign operations | –                                     | –                         | –   | –  | –                            | –                          | –  | 870                           | –                              | 870                   | 312                                   | 1,182             |
| Other comprehensive loss for the period, net of tax                 | –                                     | –                         | –   | –  | –                            | –                          | (29,762)   | 870                           | –                              | (28,892)              | (2,663)                               | (31,555)          |
| Total comprehensive income for the period                           | –                                     | –                         | –   | –  | –                            | –                          | (29,762)   | 870                           | 34,938                         | 6,046                 | 68,984                                | 75,030            |
| Share-based payments  | –                                     | –                         | –   | 640                                      | –                            | –                          | –  | –                             | –                              | 640                   | –                                     | 640               |
| Lapse of share options  | –                                     | –                         | –   | (5,999)                                  | –                            | –                          | –  | –                             | 5,999                          | –                     | –                                     | –                 |
| At 31 March 2022 (Unaudited)  | 96,323                                | 490,692                   | –   | 11,092                                   | 212,948                      | 6,482                      | 13,148   | 5,595                         | (434,196)                      | 402,084               | 139,481                               | 541,565           |

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED 31 MARCH 2022

|   | Attributable to owners of the Company |               |                                   |                              |                  |                |  |                   |                    |           |                           |           |
|---|---------------------------------------|---------------|-----------------------------------|------------------------------|------------------|----------------|--|-------------------|--------------------|-----------|---------------------------|-----------|
|   | Share capital                         | Share premium | Share repurchase for cancellation | Share-based payment reserves | Special reserves | Other reserves | Financial assets at fair value through other comprehensive income reserves | Exchange reserves | Accumulated losses | Sub-total | Non-controlling interests | Total     |
|   | HK\$ '000                             | HK\$ '000     | HK\$ '000                         | HK\$ '000                    | HK\$ '000        | HK\$ '000      | HK\$ '000  | HK\$ '000         | HK\$ '000          | HK\$ '000 | HK\$ '000                 | HK\$ '000 |
| At 1 January 2021 (Audited)   | 96,685                                | 495,840       | (1,200)                           | 25,629                       | 212,948          | 3,312          | 938  | 2,783             | (493,604)          | 343,331   | 168,774                   | 512,105   |
| Profit for the period   | –                                     | –             | –                                 | –                            | –                | –              | –  | –                 | 1,819              | 1,819     | 25,420                    | 27,239    |
| Other comprehensive loss for the period:                            |                                       |               |                                   |                              |                  |                |  |                   |                    |           |                           |           |
| Exchange differences arising from translation of foreign operations | –                                     | –             | –                                 | –                            | –                | –              | –  | (557)             | –                  | (557)     | 64                        | (493)     |
| Other comprehensive loss for the period, net of tax                 | –                                     | –             | –                                 | –                            | –                | –              | –  | (557)             | –                  | (557)     | 64                        | (493)     |
| Total comprehensive income for the period                           | –                                     | –             | –                                 | –                            | –                | –              | –  | (557)             | 1,819              | 1,262     | 25,484                    | 26,746    |
| Dividend paid to non-controlling shareholders of a subsidiary       | –                                     | –             | –                                 | –                            | –                | –              | –  | –                 | –                  | –         | (72,000)                  | (72,000)  |
| Cancellation of repurchased shares                                  | (141)                                 | (1,687)       | 1,200                             | –                            | –                | –              | –  | –                 | –                  | (628)     | –                         | (628)     |
| Share-based payments  | –                                     | –             | –                                 | 2,312                        | –                | –              | –  | –                 | –                  | 2,312     | –                         | 2,312     |
| Lapse of share options  | –                                     | –             | –                                 | (7,652)                      | –                | –              | –  | –                 | 7,652              | –         | –                         | –         |
| At 31 March 2021 (Unaudited)  | 96,544                                | 494,153       | –                                 | 20,289                       | 212,948          | 3,312          | 938  | 2,226             | (484,133)          | 346,277   | 122,258                   | 468,535   |

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FIRST QUARTERLY RESULTS

## 1. GENERAL INFORMATION

The Company was incorporated and registered as an exempted company in the Cayman Islands under the Company Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 5 June 2003. On 29 August 2013, the Company deregistered in the Cayman Islands and duly continued in Bermuda as an exempted company under the laws of Bermuda. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The head office and the principal place of business of the Company in Hong Kong is located at Suites 1904-05A, 19/F, Sino Plaza, 255-257 Gloucester Road, Causeway Bay, Hong Kong.

The issued shares of the Company have been listed on GEM since 17 June 2004.

The Company is an investment holding company. The principal activities of its subsidiaries are (i) provision of medical laboratory testing services and health check services in Hong Kong; (ii) provision of tumor immune cell therapy, immune cell storage and health management services in the People's Republic of China (the “**PRC**”); (iii) manufacture, research and development, sale and distribution of health related and pharmaceutical products in the PRC and Hong Kong; (iv) provision of insurance brokerage services; and (v) trading of securities in Hong Kong.

As at 31 March 2022, the Company's immediate and ultimate holding company is Genius Lead Limited (“**Genius Lead**”), a company incorporated in Samoa with limited liability and Genius Earn Limited (“**Genius Earn**”), a company incorporated in the British Virgin Islands (“**BVI**”) with limited liability, respectively.

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated first quarterly results of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and applicable disclosures by the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) and the Hong Kong Companies Ordinance.

The unaudited condensed consolidated first quarterly results have been prepared under the historical cost basis, except for certain financial instruments which are measured at fair value.

The principal accounting policies used in the preparation of the unaudited condensed consolidated first quarterly results for the three months ended 31 March 2022 are in consistent with those applied in the Company's annual report for the year ended 31 December 2021, except for the adoption of new and amendments to HKFRSs that affect the Group and has adopted for the first time in the current period's unaudited condensed consolidated first quarterly results.

The HKICPA has issued a number of new and revised standards, amendments to standards and interpretations (collectively referred to as “**new and revised HKFRSs**”). The Group has adopted the new and revised HKFRSs which are relevant to the Group’s operations and are mandatory for the financial year beginning on 1 January 2022. The adoption of these new and revised HKFRSs does not have any significant financial effect on the Group’s unaudited results of operations and financial position.

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

### 3. TURNOVER

Disaggregation of revenue from contracts with customers by major products or services line for the period is as follows:

|  | <b>For the three months ended</b> |                 |
|--|-----------------------------------|-----------------|
|  | <b>31 March</b>                   |                 |
|  | <b>2022</b>                       | <b>2021</b>     |
|  | <b>HK\$’000</b>                   | <b>HK\$’000</b> |
| <b>Revenue from contracts with customers within the scope of HKFRS 15:</b> |                                   |                 |
| Provision of medical laboratory testing services and health check services | <b>162,662</b>                    | 146,440         |
| Manufacture and sale of health related and pharmaceutical products         | <b>214,752</b>                    | 107             |
| Provision of insurance brokerage services                                  | <b>3,460</b>                      | 3,777           |
| Provision of logistics services  | <b>3,199</b>                      | 3,534           |
| Money lending business   | <b>15</b>                         | 311             |
|  | <b>384,088</b>                    | 154,169         |
| Gross proceeds from trading of securities                                  | <b>69</b>                         | –               |
| Gross proceeds   | <b>384,157</b>                    | 154,169         |

### 4. NET GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (“FVTPL”)

|  | <b>For the three months ended</b> |                 |
|--|-----------------------------------|-----------------|
|  | <b>31 March</b>                   |                 |
|  | <b>2022</b>                       | <b>2021</b>     |
|  | <b>HK\$’000</b>                   | <b>HK\$’000</b> |
| Net unrealised gain on financial assets at FVTPL | <b>1,926</b>                      | –               |
| Net realised gain on financial assets at FVTPL   | <b>48</b>                         | –               |
|  | <b>1,974</b>                      | –               |

## 5. OTHER INCOME AND GAINS/(LOSS)

|  | For the three months ended |            |
|--|----------------------------|------------|
|  | 31 March                   |            |
|  | 2022                       | 2021       |
|  | HK\$'000                   | HK\$'000   |
| Interest income                              | 12                         | 2          |
| Sundry income                                | 142                        | 290        |
| Exchange losses, net                         | (255)                      | (90)       |
| Written off of property, plant and equipment | (99)                       | —          |
|  | <u>(200)</u>               | <u>202</u> |

## 6. FINANCE COSTS

|   | For the three months ended |              |
|---|----------------------------|--------------|
|   | 31 March                   |              |
|   | 2022                       | 2021         |
|   | HK\$'000                   | HK\$'000     |
| Interest expenses:                        |                            |              |
| – Other borrowings                        | 138                        | 184          |
| – Effective interest on convertible bonds | 950                        | 1,875        |
| – Lease liabilities                       | 129                        | 221          |
|   | <u>1,217</u>               | <u>2,280</u> |



## 7. INCOME TAX EXPENSE

|                         | For the three months ended |                     |
|-------------------------|----------------------------|---------------------|
|                         | 31 March                   |                     |
|                         | 2022                       | 2021                |
|                         | HK\$'000                   | HK\$'000            |
| The amount comprises:   |                            |                     |
| Current tax:            |                            |                     |
| – Hong Kong Profits Tax | <u>25,803</u>              | <u>9,681</u>        |
| Deferred tax:           |                            |                     |
| – Current period        | <u>(344)</u>               | <u>(335)</u>        |
|                         | <u><b>25,459</b></u>       | <u><b>9,346</b></u> |

Under the two-tiered Profits Tax regime, the first HK\$2 million of assessable profits of the qualifying group entity established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to a tax rate of 16.5%. The taxable profits of the group entities not qualifying for the two-tiered Profit Tax rate regime will continue to be taxed at a rate of 16.5% for the three months ended 31 March 2022 (three months ended 31 March 2021: 16.5%).

PRC Enterprise Income Tax has been provided at a rate of 25% for the three months ended 31 March 2022 (three months ended 31 March 2021: 25%).

One of the subsidiaries had been certified by the relevant PRC authorities as a high technology enterprise. Pursuant to the Income Tax Law in the PRC, the subsidiary was subjected to Enterprise Income Tax rate of 15% for the three months ended 31 March 2022 (three months ended 31 March 2021: 15%).

Tax charges on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on the existing legislation, interpretation and practices in respect thereof.

## 8. DIVIDEND

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

## 9. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of ordinary shares during the three months ended 31 March 2022 and 2021.

|  | <b>For the three months ended</b> |          |
|--|-----------------------------------|----------|
|  | <b>31 March</b>                   |          |
|  | <b>2022</b>                       | 2021     |
|  | <b>'000</b>                       | '000     |
| <b>Number of ordinary shares</b>   |                                   |          |
| Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share | <b>963,231</b>                    | 966,052  |
|  |                                   |          |
|  | <b>For the three months ended</b> |          |
|  | <b>31 March</b>                   |          |
|  | <b>2022</b>                       | 2021     |
|  | <b>HK\$'000</b>                   | HK\$'000 |
| Profit for the period attributable to owners of the Company  | <b>34,938</b>                     | 1,819    |
| Basic and diluted earnings per share (HK\$)  | <b>0.036</b>                      | 0.002    |

The weighted average numbers of ordinary shares used as denominators in calculating the basic and diluted earnings per share are the same for the three months ended 31 March 2022 and 2021.

The computation of the diluted earnings per share did not assume the exercise of the Company's outstanding share options as the exercise price of those share options was higher than the average market prices of the share for the three months ended 31 March 2022 and 2021.

The computation of the diluted earnings per share did not assume the exercise of the Company's convertible bonds since its exercise had anti-dilute effect that would result in an increase in earnings per share for the three months ended 31 March 2022 and 2021.

## 10. EVENT AFTER THE END OF THE REPORTING PERIOD

On 10 May 2022, the Company and Guoyuan Securities Investment (Hong Kong) Limited entered into an amendment agreement for the purpose of extending the maturity date of the convertible bonds with outstanding principal amount of US\$5,000,000 for two years from 10 May 2022 to 10 May 2024. Details were disclosed in the announcement of the Company dated 10 May 2022.

## FINANCIAL REVIEW

During the three months ended 31 March 2022 (the “**2022 Q1 Period**”), the principal activities of the Group are (i) provision of medical laboratory testing services and health check services in Hong Kong; (ii) provision of tumor immune cell therapy and health management services in the PRC; (iii) the manufacture, research and development, sale and distribution of health related and pharmaceutical products in the PRC and Hong Kong; (iv) provision of insurance brokerage services; and (v) trading of securities in Hong Kong.

### Turnover

During the 2022 Q1 Period, the Group recorded a turnover of approximately HK\$384,088,000, representing an increase of approximately 1.49 times as compared with that of approximately HK\$154,169,000 for the three months ended 31 March 2021 (the “**2021 Q1 Period**”). As the prevalence of novel coronavirus disease 2019 (“**COVID-19**”) continued with outbreak of mutated variants happening from time to time, the demand for medical laboratory testing services and health check services including nucleic acid test (“**NAT**”) for COVID-19 remained high. The introduction of compulsory testing for high risk or high exposure groups of persons under regulation (in particular, the Prevention and Control of Disease (Compulsory Testing for Certain Persons) Regulation (Chapter 599J of the Laws of Hong Kong)) brought a support to the demand for NAT services. In addition, the Group is one of the appointed service providers to provide passengers’ rapid NAT for COVID-19 prior to departure from Hong Kong to the Mainland China or Macau at the Shenzhen Bay Port and at the Hong Kong-Zhuhai-Macao Bridge Hong Kong Port under the new arrangement enacted by the government of Hong Kong in March 2022. Further, due to the fifth wave of COVID-19 pandemic which broke out in December 2021, the robust demand for rapid antigen test kits led to a significant increase in revenue from the manufacture and sale of health related and pharmaceutical products segment in the 2022 Q1 Period.

### *Provision of medical laboratory testing services and health check services*

The Group continues to offer a wide spectrum of medical laboratory testing services and quality health check diagnostic services in Hong Kong. The services of this segment were being delivered through four medical laboratories and three health check centres established in Hong Kong.

The turnover of this segment increased from approximately HK\$146,440,000 for the 2021 Q1 Period to approximately HK\$162,662,000 for the 2022 Q1 Period. It marked an increase by 11.08% as compared with the 2021 Q1 Period. In the fifth wave of COVID-19 pandemic which broke out in December 2021, the Group continued to provide NAT for COVID-19 for clients from private clinics, corporates, government offices and individuals to capture the soared demand for the services. Also, the Group is one of the pivot service providers to provide passengers rapid NAT for COVID-19 to passengers prior to departure from Hong Kong to the Mainland China or Macau at the Shenzhen Bay Port and at the Hong Kong-Zhuhai-Macao Bridge Hong Kong Port under the new arrangement enacted by the government of Hong Kong in March 2022. The increase of segmental turnover was mainly brought by increase in demand of COVID-19-related laboratory testing services.

***Provision of tumor immune cell therapy services***

上海隆耀生物科技有限公司 (in English, for identification purpose only, Shanghai Longyao Biotech Company Limited) (“**Shanghai Longyao**”), an indirect non-wholly-owned subsidiary of the Company, is engaged in tumor immune cell therapy and health management services in the PRC. Shanghai Longyao received the approval for initiating a stage I clinical trial (the “**Trial**”) on its investigational new drug (“**IND**”) named as LY007 Cellular Injection (“**LY007 Injection**”) from the National Medical Products Administration of China (“**NMPA**”) in January 2021. LY007 Injection is the first CD20-targeted autologous chimeric antigen receptor T-cell (“**CAR-T**”) therapy product approved by NMPA for initiating the Trial. LY007 Injection is an IND that carries Shanghai Longyao’s patented novel structural design with the OX40 costimulatory molecule built-in independently for purpose of enhancing the natural T-cell activation. It has been classified as a Class 1 IND for the treatment of relapsed/refractory CD20-positive B-cell non-Hodgkin lymphoma.

By the end of September 2021, Professor Zhao Weili, Vice President of 上海交通大學醫學院附屬瑞金醫院 (in English, for identification purpose only, Ruijin Hospital of Shanghai Jiao Tong University School of Medicine) (“**Ruijin Hospital**”) of Shanghai, and Professor Li Jianyong, Head of the Department of Hematology of 江蘇省人民醫院 (in English, for identification purpose only, Jiangsu People’s Hospital) (“**Jiangsu Hospital**”) of Jiangsu, have been appointed by Shanghai Longyao as the co-principal investigators of the Trial. In January 2022, kick-off meetings of the Trial had been convened in the Ruijin Hospital and the Jiangsu Hospital. The first subject enrolled in the Trial was taken up by the Ruijin Hospital on 1 March 2022 and the same subject was dosed successfully on 7 April 2022. No turnover from this segment was generated during the 2022 Q1 Period.

### ***Manufacture and sale of health related and pharmaceutical products***

Manufacture and sale of health related and pharmaceutical products segment recorded a robust increase in turnover during the 2022 Q1 Period. The turnover of this segment increased significantly from approximately HK\$107,000 for the 2021 Q1 Period to approximately HK\$214,752,000 for the 2022 Q1 Period. It represented an increase of approximately 2,006.03 times as compared with that of the 2021 Q1 Period. This significant uplift was driven by the robust demand for rapid antigen test kits due to the raging fifth wave of COVID-19 pandemic happened in the 2022 Q1 Period.

### ***Provision of insurance brokerage services***

Provision of insurance brokerage services segment recorded a slightly decrease in turnover during the 2022 Q1 Period. The turnover of this segment decreased from approximately HK\$3,777,000 during the 2021 Q1 Period to approximately HK\$3,460,000 for the 2022 Q1 Period. It represented a decreased by 8.39% as compared with the 2021 Q1 Period due to the impact of more stringent travel restrictions imposed on visiting Mainland Chinese customers during the fifth wave of COVID-19 pandemic.

### ***Provision of logistics services***

The Group has been providing testing materials and specimens logistics services for local clinics and other corporate clients. The turnover of logistics services decreased from approximately HK\$3,534,000 for the 2021 Q1 Period to approximately HK\$3,199,000 for the 2022 Q1 Period. It represented a slight decrease by 9.48% as compared with the 2022 Q1 Period due to keen competition of the market.

### ***Money Lending business***

Ferran Finance Limited, an indirect wholly-owned subsidiary of the Company, is a holder of money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). With the increasing market demands of the micro-financing business in Hong Kong, the Group has utilised HK\$15.8 million for the money lending business. The Group's loan portfolio comprises unsecured loans granted to individual customers. The loan receivables carry an interest rate at 8% to 10% per annum and are repayable within one year. The money lending business recorded an interest income of approximately HK\$15,000 for the 2022 Q1 Period (2021 Q1 Period: HK\$311,000).

### ***Trading of financial assets at FVTPL***

The Group investment portfolio comprises investments in listed securities in Hong Kong. This business segment recorded a net gain on financial assets at FVTPL of approximately HK\$1,974,000 for the 2022 Q1 Period (2021 Q1 Period: Nil) due to the disposal of some marketable shares and a fair value change of the investment portfolio.

The performance of equity investments is subject to certain degree of volatility in the Hong Kong stock market and is susceptible to other external factors. It has been the policy of the Company to closely monitor the performance of its investment in securities and to diversify the investment portfolio with a view to mitigate possible financial risks related to the equity investments.

### **Gross profit and gross profit margin**

The Group recorded a gross profit of approximately HK\$189,732,000 for the 2022 Q1 Period, representing an increase of approximately HK\$114,512,000 when compared with that of approximately HK\$75,220,000 in the 2021 Q1 Period. Also, the gross profit margin for the 2022 Q1 Period was approximately 49.40%, representing slight increase of approximately 0.61 percentage point when compared with the gross profit margin of approximately 48.79% for the 2021 Q1 Period. The Group maintained a stable level of gross profit margin.

### **Selling and distribution expenses**

Selling and distribution expenses for the 2022 Q1 Period were approximately HK\$3,905,000 (2021 Q1 Period: HK\$3,138,000), representing an increase of approximately HK\$767,000 or 24.44% compared with such expenses for the 2021 Q1 Period. The increase was due to the more aggressive strategic marketing and promotion campaign adopted for promoting the sales of health related products during the 2022 Q1 Period.

### **Administrative expenses**

The administrative expenses mainly consisted of staff costs, share-based payment, legal and professional fees, depreciation, research and development costs, and amortisation of intangible assets. The administrative expenses for the 2022 Q1 Period were approximately HK\$54,340,000, representing an increase of approximately HK\$20,921,000 or 62.60%, as compared with that of approximately HK\$33,419,000 for the 2021 Q1 Period. The increase in administrative expenses was mainly attributable to (i) increase in research and development costs by approximately HK\$7,800,000 resulted from tumor immune cell therapy services segment; and (ii) increase in staff costs by approximately HK\$6,766,000 due to expansion of medical laboratory testing services and health check services segment.

## **Finance costs**

During the 2022 Q1 Period, the Group's interest expenses amounted to approximately HK\$1,217,000 (2021 Q1 Period: HK\$2,280,000). The decrease in the finance costs was mainly attributable to the lower finance costs arising from convertible bonds subsequent to the partial redemption of convertible bonds on 11 May 2021.

## **Profit for the period**

The Group recorded a net profit of approximately HK\$106,585,000 for the 2022 Q1 Period (2021 Q1 Period: HK\$27,239,000). It represented an increase of approximately HK\$79,346,000 or 2.91 times as compared with that of the 2021 Q1 Period. The increase in net profit for the 2022 Q1 Period was mainly attributable to (i) substantial increase in demand for rapid antigen test kits for COVID-19 due to the fifth wave of COVID-19 pandemic in Hong Kong; and (ii) increase of the turnover from medical laboratory testing services and health check services segment.

## **BUSINESS REVIEW**

### **Equity investment term sheet entered into between a subsidiary and an industry investor**

On 26 January 2022, Shanghai Longyao, an indirect non-wholly owned subsidiary of the Company, entered into a non-legally binding term sheet (the “**Term Sheet**”) with 前海德潤資本管理(深圳)有限公司 (in English, for identification purpose only, Qianhai Devin Capital Management (Shenzhen) Company Limited) (the “**Investor**”) in relation to the Investor's proposed investment of RMB20,000,000 in Shanghai Longyao. No legally binding format agreement has been entered into by both parties as at the date of this announcement. Details were disclosed in the announcement of the Company dated 26 January 2022.

### **Revision of annual cap for continuing connected transaction in relation to the master supply agreement**

On 15 February 2022, Sunrise Diagnostic Centre Limited (“**SDCL**”), an indirect non-wholly-owned subsidiary of the Company, and BGI Health (HK) Company Limited, a company incorporated in Hong Kong with limited liability and the holder of 40% of the issued share capital of SDCL, entered into a supplemental master supply agreement to increase the annual cap for continuing connected transaction between the signing parties from HK\$80,000,000 to HK\$400,000,000 for the year ending 31 December 2022 with explicit specification that supply of COVID-19 rapid antigen test kits would be covered. Details were disclosed in the announcement of the Company dated 15 February 2022.



### **Entering into a site admission and investment agreement in relation to the Boao Lecheng pilot zone for a BNCT commercialisation project**

On 28 February 2022, CBSH Flourish (Hong Kong) BNCT Medical Centre Limited (“**CBSH Flourish Hong Kong**”), a wholly-owned subsidiary of the Company and 鵬博 (海南) 礪中子醫療科技有限公司 (in English, for identification purpose only, CBSH Flourish (Hainan) BNCT Medical Technology Co., Ltd.) (“**CBSH Flourish Hainan**”), a non-wholly-owned subsidiary of the Company, entered into a site admission and investment agreement with the Hainan Boao Lecheng International Medical Tourism Pilot Zone Administration in relation to the investment in and construction of a BNCT cancer treatment centre in the Boao Lecheng Pilot Zone. Details were disclosed in the announcement of the Company dated 28 February 2022.

### **Formation of a joint venture between a subsidiary of the Company and a leading healthcare group in Hong Kong**

On 11 March 2022, SDCL, an indirect non-wholly-owned subsidiary of the Company, entered into a joint venture agreement (“**JV Agreement**”) with Sure Metro Limited (“**SML**”), a wholly-owned subsidiary of Town Health International Medical Group Limited (“**Town Health**”, together with its subsidiaries, the “**Town Health Group**”), a company with its shares (stock code: 3886) listed on the Main Board of the Stock Exchange. Under the JV Agreement, SDCL and SML shall, respectively, subscribe for 51 and 48 shares (the “**JV Shares**”) of Hong Kong Medical Test Centre Limited (the “**JV Company**”), a wholly-owned subsidiary of SML immediately before the signing of the JV Agreement. Upon completion of the JV Agreement, SDCL and SML hold 51% and 49% shareholding of the JV Company respectively. The JV Company will be engaged in the operation of a medical laboratory in Hong Kong. Details were disclosed in the announcement of the Company dated 11 March 2022.

### **Letter of intent of strategic cooperation signed with a leading pharmaceutical group**

On 23 March 2022, the Company and CSPC Pharmaceutical Group Limited (“**CSPC Group**”), a company listed on the Main Board of the Stock Exchange (stock code: 1093), entered into a letter of intent in relation to seeking strategic cooperation in one or more of the equity-based investments or projects initiated by the Company and making a direct equity investment of 10% to 20% shareholding of the Company by the CSPC Group. No legally binding format agreement has been entered into by both parties as at the date of this announcement. Details were disclosed in the announcement of the Company dated 23 March 2022.



## FUTURE PROSPECT

The fifth wave of the COVID-19 outbreak boosted the demand of diagnostic and health check-up services of the Group in the first quarter of 2022. The Government of HKSAR imposed a series of anti-epidemic measures in view of the ravages brought up by the highly contagious COVID-19 Omicron variant. On 15 February 2022, SDCL was permitted to reopen its Huo-yan (“**fire-eye**”) temporary inflatable laboratory (the “**Huo-yan Lab**”) in Ma On Shan Sports Centre in anticipation of another large-scale community testing program to be launched by the Government of HKSAR since September 2020. Though the large-scale community testing program has not been launched by the end of March 2022, the Huo-yan Lab has been maintaining for the execution of a dynamic zero-COVID policy being undertaken by the Government of HKSAR from time to time.

While the fifth wave is fading out and we are one step moving towards the post pandemic era, we are expecting the pick-up of demand for the self-paid NAT and other medical diagnostic services pursuant to the easing of immigration control. The gradual resumption of normal lives will also help to dig out latent demands for healthcare services.

The targeted opening of Asia Molecular Diagnostics Laboratory Limited (“**AMD**L”) in the second half of 2022 will bring another growth driver to the Group. The new molecular laboratory of AMDL is going to provide FDA approved NGS-based cancer companion diagnostic tests to clients for saving lives.

Our precision treatment segment is drumming up its progress as well. The stage I clinical trial of the first CD20-targeted IND, namely LY007 Cellular Injection, has begun in the first quarter of 2022. The first enrolled case in the clinical trial has been undertaken by the Ruijin Hospital on 1 March 2022. LY007 Cellular Injection is a CD-20-targeted autologous chimeric antigen receptor T-cell (“**CAR-T**”) therapy product approved by NMPA for the treatment of relapsed/refractory CD20-positive B-cell non-Hodgkin lymphoma. The stage I clinical trial of LY007 Cellular Injection is expected to be completed by early 2023.

The BNCT cancer treatment center project is also proceeding on fast track. The project team is going to secure the land use rights of a designated site in Hainan Boao Free trade Hope City for the setup and operation of the BNCT cancer treatment center by the third quarter of 2022. At the same time, the design and planning works of the project have been in preparation. It is expected that the building and construction works of the project will begin in the fourth quarter of 2022. Targeted launch of the BNCT cancer treatment center will be in 2024.

## MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Except for the formation of joint venture as disclosed in the section headed “BUSINESS REVIEW” above, the Group did not have any other material acquisition or disposal of subsidiaries, associates and joint ventures for the 2022 Q1 Period.

## DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2022, the interests and short positions of each of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong (the “SFO”)) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

### (i) Long position in shares of the Company

| Name of Director               | Capacity and nature of interest      | No. of shares held      | Approximate percentage<br>(Note a) |
|--------------------------------|--------------------------------------|-------------------------|------------------------------------|
| Mr. Liu Xiaolin<br>(“Mr. Liu”) | Interest of a controlled corporation | 529,500,546<br>(Note b) | 54.97%                             |

Notes:

- (a) As at 31 March 2022, the total number of the issued shares of the Company was 963,231,150 ordinary shares of HK\$0.10 each of the Company.
- (b) Genius Lead is the registered and beneficial owner of these shares of the Company, and Genius Lead is wholly-owned by Genius Earn, which is in turn wholly-owned by Mr. Liu. As such, Mr. Liu is deemed to be interested in the shares of the Company held by Genius Lead.

**(ii) Long position in shares of associated corporation**

| Name of Director | Name of associated corporation | Nature of interest | No. of shares held in associated corporation | Approximate percentage |
|------------------|--------------------------------|--------------------|--|------------------------|
| Mr. Liu          | Genius Earn                    | Beneficial owner   | 1  | 100%                   |

**(iii) Long position in share options granted by the Company**

| Name of Directors | Nature of interest | Date of Grant    | Exercise period                      | Exercise price per share | Aggregate long position in the underlying shares | Approximate percentage<br>(note a) |
|-------------------|--------------------|------------------|--------------------------------------|--------------------------|--|------------------------------------|
| Mr. Liu           | Beneficial owner   | 20 August 2019   | 20 August 2021 to 19 August 2023     | HK\$1.68                 | 640,000  | 0.07%                              |
| Mr. Wang Zheng    | Beneficial owner   | 20 August 2019   | 20 August 2021 to 19 August 2023     | HK\$1.68                 | 400,000  | 0.04%                              |
| Mr. He Xun        | Beneficial owner   | 2 September 2020 | 2 September 2021 to 1 September 2024 | HK\$2.00                 | 9,660,000  | 1.00%                              |
| Total             |                    |                  |                                      |                          | <u>10,700,000</u>                                | <u>1.11%</u>                       |

*Note:*

- (a) As at 31 March 2022, the total number of the issued shares of the Company was 963,231,150 ordinary shares of HK\$0.10 each of the Company.

Save as disclosed above, as at 31 March 2022, none of the Directors nor chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules.

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

As at 31 March 2022, the following person or entities (other than a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares as recorded in the register required to be kept by the Company under Section 336 of the SFO:

### Long position in shares and underlying shares

| Name of shareholder  | Capacity and nature of interest             | No. of shares held | Approximate percentage<br>(Note a) |
|--|---|--------------------|------------------------------------|
| Genius Earn (Note b)                                       | Interest of a controlled corporation        | 529,500,546        | 54.97%                             |
| Genius Lead (Note b)                                       | Beneficial owner                            | 529,500,546        | 54.97%                             |
| Guoyuan Securities Investment (Hong Kong) Limited (Note c) | Beneficial owner                            | 22,428,571         | 2.33%                              |
|  | Person having a security interest in shares | 452,654,078        | 46.99%                             |
| Guoyuan International Holdings Limited (Note c)            | Interest of a controlled corporation        | 475,082,649        | 49.32%                             |
| Guoyuan Securities Co., Ltd. (Note c)                      | Interest of a controlled corporation        | 475,082,649        | 49.32%                             |
| Richlane Ventures Limited (Note d)                         | Beneficial owner                            | 58,000,000         | 6.02%                              |
| Ko Chun Shun Johnson (“Mr. Ko”) (Note d)                   | Interest of controlled corporations         | 95,545,000         | 9.92%                              |

*Notes:*

- (a) As at 31 March 2022, the total number of the issued shares of the Company was 963,231,150 ordinary shares of HK\$0.10 each of the Company.
- (b) Genius Lead is wholly-owned by Genius Earn. As such, Genius Earn is deemed to be interested in the shares of the Company held by Genius Lead under the SFO.
- (c) Guoyuan Securities Investment (Hong Kong) Limited is wholly-owned by Guoyuan International Holdings Limited. As such, Guoyuan International Holdings Limited is deemed to be interested in the shares of the Company in which Guoyuan Securities Investment (Hong Kong) Limited is interested. Guoyuan International Holdings Limited is wholly-owned by Guoyuan Securities Co., Ltd.. As such, Guoyuan Securities Co., Ltd. is deemed to be interested in the shares of the Company in which Guoyuan International Holdings Limited is deemed to be interested.
- (d) Richlane Ventures Limited is wholly-owned by Mr. Ko. As such, Mr. Ko is deemed to be interested in the 58,000,000 shares of the Company held by Richlane Ventures Limited. The remaining 37,545,000 shares of the Company in which Mr. Ko is deemed to be interested are held by other companies controlled by Mr. Ko.

Save as disclosed above, as at 31 March 2022, no other person or entity (other than a Director or chief executive of the Company) who had interests or short positions in the shares or underlying shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

## **SHARE OPTION SCHEME**

Pursuant to an ordinary resolution passed by the shareholders of the Company on 29 May 2014, the Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who are contributing to the success the Group's operation. The principal terms of the share option scheme were disclosed in the Company's 2021 annual report.

Details of movements in the Company's share options during the 2022 Q1 Period are set out as follows:

| Name of Grantees        | Date of grant    | Exercise price per share<br>(HK\$) | Number of shares over which options are exercisable |                                      |  |                                     |  | Exercise period   |                                |
|-------------------------|------------------|------------------------------------|---|--------------------------------------|--|-------------------------------------|--|-------------------|--------------------------------|
|                         |                  |                                    | Balance as at<br>1 January 2022                     | Granted during the<br>2022 Q1 Period | Exercised during the<br>2022 Q1 Period | Lapsed during the<br>2022 Q1 Period | Cancelled during the<br>2022 Q1 Period |                   | Balance as at<br>31 March 2022 |
| <b>Directors</b>        |                  |                                    |   |                                      |  |                                     |  |                   |                                |
| Mr. Liu                 | 12 January 2018  | 1.67                               | 260,000<br>(Note 1)                                 | –                                    | –                                      | 260,000                             | –                                      | –                 | Note 6                         |
|                         | 20 August 2019   | 1.68                               | 640,000<br>(Note 3)                                 | –                                    | –                                      | –                                   | –                                      | 640,000           | Note 8                         |
| Mr. Wang Zheng          | 12 January 2018  | 1.67                               | 1,400,000<br>(Note 1)                               | –                                    | –                                      | 1,400,000                           | –                                      | –                 | Note 6                         |
|                         | 20 August 2019   | 1.68                               | 400,000<br>(Note 3)                                 | –                                    | –                                      | –                                   | –                                      | 400,000           | Note 8                         |
| Mr. Huang Song          | 12 January 2018  | 1.67                               | 1,400,000<br>(Note 1)                               | –                                    | –                                      | 1,400,000                           | –                                      | –                 | Note 6                         |
| Mr. He Xun              | 2 September 2020 | 2.00                               | 9,660,000<br>(Note 4)                               | –                                    | –                                      | –                                   | –                                      | 9,660,000         | Note 9                         |
| <b>Sub-total</b>        |                  |                                    | <b>13,760,000</b>                                   | <b>–</b>                             | <b>–</b>                               | <b>3,060,000</b>                    | <b>–</b>                               | <b>10,700,000</b> |                                |
| <b>Consultants</b>      |                  |                                    |   |                                      |  |                                     |  |                   |                                |
| Mr. Bi Wenhan           | 12 January 2018  | 1.67                               | 2,600,000<br>(Note 1)                               | –                                    | –                                      | 2,600,000                           | –                                      | –                 | Note 6                         |
| Mr. Wu Ting Yuk Anthony | 12 January 2018  | 1.67                               | 2,600,000<br>(Note 1)                               | –                                    | –                                      | 2,600,000                           | –                                      | –                 | Note 6                         |
|                         | 20 August 2019   | 1.68                               | 6,460,000<br>(Note 3)                               | –                                    | –                                      | –                                   | –                                      | 6,460,000         | Note 8                         |
| Dr. Zhai Pu             | 26 November 2020 | 2.00 to 2.20                       | 5,000,000<br>(note 5)                               | –                                    | –                                      | –                                   | –                                      | 5,000,000         | Note 10                        |
| <b>Sub-total</b>        |                  |                                    | <b>16,660,000</b>                                   | <b>–</b>                             | <b>–</b>                               | <b>5,200,000</b>                    | <b>–</b>                               | <b>11,460,000</b> |                                |
| <b>Employees</b>        | 20 August 2019   | 1.68                               | 3,010,000<br>(Note 3)                               | –                                    | –                                      | –                                   | –                                      | 3,010,000         | Note 8                         |
| <b>Sub-total</b>        |                  |                                    | <b>3,010,000</b>                                    | <b>–</b>                             | <b>–</b>                               | <b>–</b>                            | <b>–</b>                               | <b>3,010,000</b>  |                                |
| <b>Total</b>            |                  |                                    | <b>33,430,000</b>                                   | <b>–</b>                             | <b>–</b>                               | <b>8,260,000</b>                    | <b>–</b>                               | <b>25,170,000</b> |                                |

*Notes:*

1. The share options were granted on 12 January 2018. The closing price of the shares immediately before the date of grant was HK\$1.51 per share.
2. The share options were granted on 4 October 2018. The closing price of the shares immediately before the date of grant was HK\$1.71 per share.
3. The share options were granted on 20 August 2019. The closing price of the shares immediately before the date of grant was HK\$1.37 per share.
4. The share options were granted on 2 September 2020. The closing price of the shares immediately before the date of grant was HK\$1.55 per share.
5. The share options were granted on 26 November 2020. The closing price of the shares immediately before the date of grant was HK\$1.34 per share.
6. The share options granted to each grantee are exercisable to subscribe for (i) a maximum of one-third of the shares in respect which the share options were granted from 12 January 2019 to 11 January 2020; (ii) a maximum of another one-third of the shares in respect which the share options were granted from 12 January 2020 to 11 January 2021; and (iii) a maximum of the remaining one-third of the shares in respect of which the share options were granted from 12 January 2021 to 11 January 2022.
7. The share options granted to each grantee are exercisable to subscribe for (i) a maximum of one-third of the shares in respect of which the share options were granted from 4 October 2019 to 3 October 2020; (ii) a maximum of another one-third of the shares in respect of which the share options were granted from 4 October 2020 to 3 October 2021; and (iii) a maximum of the remaining one-third of the shares in respect which the share options were granted from 4 October 2021 to 3 October 2022.
8. The share options granted to each grantee are exercisable to subscribe for (i) a maximum of one-third of the shares in respect of which the share options were granted from 20 August 2020 to 19 August 2021; (ii) a maximum of another one-third of the shares in respect which the share options were granted from 20 August 2021 to 19 August 2022; and (iii) a maximum of the remaining one-third of the shares in respect which the share options were granted from 20 August 2022 to 19 August 2023.
9. The share options are exercisable to subscribe for (i) 3,220,000 shares from 2 September 2021 to 1 September 2022; (ii) 3,220,000 shares from 2 September 2022 to 1 September 2023; and (iii) 3,220,000 shares from 2 September 2023 to 1 September 2024.
10. The share options are exercisable to subscribe for (i) 1,665,000 shares from 26 November 2021 to 25 November 2022 at exercise price of HK\$2.00; (ii) 1,665,000 shares from 26 November 2022 to 25 November 2023 at exercise price of HK\$2.10; and (iii) 1,670,000 shares from 26 November 2023 to 25 November 2024 at exercise price of HK\$2.20.

## **SHARE AWARD SCHEME**

The Company operates a share award scheme for the purpose of providing incentives and rewards to eligible participants who may contribute to the success the Group's operation. The principal terms of the share award scheme are disclosed in the Company's 2021 annual report.

During the 2022 Q1 Period, the trustee of the share award scheme did not subscribe for any new shares of the Company, receive any existing shares of the Company from any shareholder of the Company or purchase any share on the market and no shares were awarded by the Company under the share award scheme.

Under the share award scheme, the Company shall not make any further grant of award which will result in the number of shares granted under the share award scheme exceeding 10% of the total number of issued shares of the Company as at the adoption date of the share award scheme on 18 August 2021, i.e. 963,231,150 shares.

As no shares were awarded by the Company under the share award scheme, 96,323,115 shares, representing 10% of the issued shares of the Company as at the date of this announcement, were available for grant under the share award scheme as at the date of this announcement.

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES**

At no time during the 2022 Q1 Period or at the end of the 2022 Q1 Period has been/was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for the share options granted to four Directors on 12 January 2018, 20 August 2019 and 2 September 2020.

## **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive right under the Company's bye-laws and there was no restriction against such rights under the laws of Bermuda.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the 2022 Q1 Period.



## **COMPLIANCE WITH CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding securities transactions by Directors on terms not less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry with all Directors, the Company confirmed that all Directors have complied with the required standard of dealings and its code of conduct concerning securities transactions by the Directors during the 2022 Q1 Period.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Board believes that corporate governance is essential to the success of the Company. The Board is committed to maintaining corporate governance with high standard and ensuring compliance of the legal and regulatory requirements. The Company has put in place governance practices with emphasis on the integrity, quality of disclosures, transparency and accountability for the shareholders of the Company.

Throughout the 2022 Q1 Period, the Company has complied with the code provisions in the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules.

## **COMPETING AND CONFLICT OF INTEREST**

None of the Directors, the controlling shareholders of the Company or their respective close associates (as defined in the GEM Listing Rules) had any interest in a business which competes or may compete, either directly or indirectly, with the business of the Group nor any conflict of interest which has or may have with the Group during the 2022 Q1 Period.

## **AUDIT COMMITTEE**

The Board established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules for the purpose of reviewing and supervising the financial reporting process and internal controls of the Group. The Audit Committee currently comprises of three independent non-executive Directors, namely, Mr. Yan Guoxiang, Dr. Ho Ivan Chun Kit and Mr. Qian Hongji as at the date of this announcement.

The unaudited condensed consolidated first quarterly results of the Group for the 2022 Q1 Period have not been audited by the Company’s auditor, but have been reviewed by the Audit Committee in accordance with the accounting principles and practices adopted by the Company and the Audit Committee has discussed internal controls and financial reporting matters before any disclosure and release of information.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on information publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained the prescribed public float under the GEM Listing Rules.

## **GENERAL**

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to all the shareholders for their support to the Company.

By order of the Board  
**China Biotech Services Holdings Limited**  
**Liu Xiaolin**  
*Chairman and Executive Director*

Hong Kong, 12 May 2022

*As at the date of this announcement, the board of Directors comprises four executive Directors, namely, Mr. Liu Xiaolin (Chairman), Mr. He Xun, Mr. Huang Song, and Mr. Wang Zheng; and three independent non-executive Directors, namely, Mr. Yan Guoxiang, Dr. Ho Ivan Chun Kit and Mr. Qian Hongji.*

*This announcement will remain on the “Latest Listed Company Information” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its publication and on the website of the Company at [www.cbshhk.com](http://www.cbshhk.com).*