



**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



**精準治療**  
*Precision Treatment*



**未來生物科技平臺**

*Future Biotech Platform*



**精準檢測**  
*Precision Diagnosis*

**INTERIM REPORT 2024**

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## UNAUDITED INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of China Biotech Services Holdings Limited (the “**Company**”) presents the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2024 together with the unaudited comparative figures for the corresponding period in 2023.

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

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Notes	For the six months ended 30 June	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Turnover	3	<b>32,449</b>	182,357
Cost of sales		<b>(35,556)</b>	(121,031)
<b>Gross (loss)/profit</b>		<b>(3,107)</b>	61,326
Other income and gains/(losses)	5	<b>(26,460)</b>	(10,351)
Selling and distribution expenses		<b>(6,548)</b>	(7,276)
Administrative expenses		<b>(88,473)</b>	(77,766)
<b>Loss from operations</b>		<b>(124,588)</b>	(34,067)
Finance costs	6	<b>(4,686)</b>	(2,667)
Share of loss of a joint venture		–	(2,771)
Loss on deregistration of subsidiaries		–	(26)
Change in fair value of written put option liability	15	<b>570</b>	–
Change in fair value of derivative financial instrument		<b>2,446</b>	14,854
<b>Loss before tax</b>	7	<b>(126,258)</b>	(24,677)
Income tax credit/(expense)	8	<b>527</b>	(3,044)
<b>Loss for the period</b>		<b>(125,731)</b>	(27,721)

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

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Notes	For the six months ended 30 June	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
<b>Loss for the period</b>		<b>(125,731)</b>	(27,721)
<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")		(1,134)	(6,329)
Exchange differences arising from translation of foreign operations		(6,108)	(10,933)
<b>Other comprehensive loss for the period, net of tax</b>		<b>(7,242)</b>	(17,262)
<b>Total comprehensive loss for the period</b>		<b>(132,973)</b>	(44,983)
<b>Loss for the period attributable to:</b>			
– Owners of the Company		(79,917)	(30,484)
– Non-controlling interests		(45,814)	2,763
		<b>(125,731)</b>	(27,721)
<b>Total comprehensive loss for the period attributable to:</b>			
– Owners of the Company		(86,851)	(47,784)
– Non-controlling interests		(46,122)	2,801
		<b>(132,973)</b>	(44,983)
<b>Loss per share</b>			
– Basic and diluted (HK\$)	10	(0.083)	(0.032)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	Notes	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		238,275	100,535
Right-of-use assets		22,010	23,680
Goodwill		104,792	107,181
Intangible assets		52,623	57,644
Financial assets at fair value through other comprehensive income		55,786	56,920
Prepayment	12	–	55,236
		<b>473,486</b>	401,196
<b>Current assets</b>			
Inventories		5,848	9,274
Trade and other receivables	12	81,675	39,636
Loan and interest receivables		–	–
Tax recoverable		5,235	5,360
Pledged bank deposits	11	31,068	134,809
Bank and cash balances		33,241	72,087
<b>Total current assets</b>		<b>157,067</b>	261,166
<b>TOTAL ASSETS</b>		<b>630,553</b>	662,362

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

		30 June 2024	31 December 2023
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Audited)
<b>EQUITY AND LIABILITIES</b>			
Share capital		96,323	96,323
Other reserves		293,894	366,431
Equity attributable to owners of the Company		390,217	462,754
Non-controlling interests		(8,893)	27,972
<b>TOTAL EQUITY</b>		<b>381,324</b>	490,726
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		3,967	5,727
Written put option liability	15	28,083	–
Deferred tax liabilities		5,689	6,442
		<b>37,739</b>	12,169
<b>Current liabilities</b>			
Trade and other payables	13	47,074	57,152
Convertible bonds	14	52,796	53,877
Derivative financial liabilities	14	1,470	3,916
Lease liabilities		7,803	9,829
Borrowings		102,295	30,963
Current tax liabilities		52	3,730
<b>Total current liabilities</b>		<b>211,490</b>	159,467
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>630,553</b>	662,362

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Attributable to owners of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Share-based payment reserves HK\$'000	Special reserves HK\$'000	Shares held under share award scheme HK\$'000	Other reserves HK\$'000	Financial assets at fair value through other comprehensive income reserves HK\$'000	Exchange reserves HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2024 (Audited)	96,323	490,692	6,502	212,948	(6,622)	6,488	(18,000)	(14,779)	(310,788)	462,754	27,972	490,726
Loss for the period	-	-	-	-	-	-	-	-	(79,917)	(79,917)	(46,814)	(125,731)
Other comprehensive loss for the period:												
Fair value change of financial assets at FVTOCI	-	-	-	-	-	-	(1,134)	-	-	(1,134)	-	(1,134)
Exchange differences arising from translation of foreign operations	-	-	-	-	-	-	-	(5,800)	-	(5,800)	(308)	(6,108)
Other comprehensive loss for the period, net of tax	-	-	-	-	-	-	(1,134)	(5,800)	-	(6,934)	(308)	(7,242)
Total comprehensive loss for the period	-	-	-	-	-	-	(1,134)	(5,800)	(79,917)	(86,851)	(46,122)	(132,973)
Share-based payments	-	-	304	-	-	-	-	-	-	304	-	304
Lapse of share options	-	-	(1,590)	-	-	-	-	-	1,590	-	-	-
Changes in ownership interests in subsidiaries without loss of control	-	-	-	-	-	14,010	-	-	-	14,010	9,257	23,267
At 30 June 2024 (Unaudited)	96,323	490,692	5,216	212,948	(6,622)	20,498	(19,134)	(20,579)	(389,125)	390,217	(8,893)	381,324

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024

Attributable to owners of the Company

	Share capital HK\$'000	Share premium HK\$'000	Share-based payment reserves HK\$'000	Special reserves HK\$'000	Shares held under share award scheme HK\$'000	Other reserves HK\$'000	Financial assets at fair value through other comprehensive income reserves HK\$'000	Exchange reserves HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2023 (Audited)	96,323	490,692	8,809	212,948	(2,985)	6,488	8,022	(7,710)	(209,912)	602,675	223,845	826,520
Loss for the period	-	-	-	-	-	-	-	-	(30,484)	(30,484)	2,763	(27,721)
Other comprehensive loss for the period:												
Fair value change of financial assets at FVTOCI	-	-	-	-	-	-	(6,329)	-	-	(6,329)	-	(6,329)
Exchange differences arising from translation of foreign operations	-	-	-	-	-	-	-	(10,971)	-	(10,971)	38	(10,933)
Other comprehensive loss for the period, net of tax	-	-	-	-	-	-	(6,329)	(10,971)	-	(17,300)	38	(17,262)
Total comprehensive loss for the period	-	-	-	-	-	-	(6,329)	(10,971)	(30,484)	(47,784)	2,801	(44,983)
Share-based payments	-	-	1,049	-	-	-	-	-	-	1,049	-	1,049
Purchase of shares under share award scheme	-	-	-	-	(1,934)	-	-	-	-	(1,934)	-	(1,934)
Dividend paid	-	-	-	-	-	-	-	-	(9,632)	(9,632)	-	(9,632)
Dividend paid to non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	-	(120,000)	(120,000)
Capital injection from non-controlling interests	-	-	-	-	-	-	-	-	-	-	5,855	5,855
Disposal of non-controlling interests	-	-	-	-	-	-	-	-	-	-	(13)	(13)
At 30 June 2023 (Unaudited)	96,323	490,692	9,858	212,948	(4,919)	6,488	1,693	(18,681)	(250,028)	544,374	112,488	656,862



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	For the six months ended	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Net cash (used in)/generated from operating activities</b>	<b>(95,539)</b>	310,855
<b>Net cash used in investing activities</b>	<b>(61,468)</b>	(144,737)
<b>Net cash generated from/(used in) financing activities</b>	<b>118,558</b>	(10,835)
<b>Net increase in cash and cash equivalents</b>	<b>(38,449)</b>	155,283
<b>Cash and cash equivalents at beginning of the period</b>	<b>72,087</b>	92,770
<b>Effect of foreign exchange rate changes</b>	<b>(397)</b>	(2,657)
<b>Cash and cash equivalents at end of the period</b>	<b>33,241</b>	245,396

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

### 1. GENERAL INFORMATION

China Biotech Services Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) 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 of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 17 June 2004.

The principal activity of the Company is investment holding. 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 and health management services in the People’s Republic of China (the “**PRC**”); (iii) sale and distribution of health related and pharmaceutical products in the PRC and Hong Kong; and (iv) provision of insurance brokerage services.

As at 30 June 2024, 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 interim results for the six months ended 30 June 2024 have been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”) Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as well as with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

The principal accounting policies used in the preparation of the unaudited condensed consolidated interim results for the six months ended 30 June 2024 are consistent with those applied in the Company’s annual report for the year ended 31 December 2023, except for the adoption of new and amendments to HKFRSs that affect the Group and has adopted the first time for the current period’s unaudited condensed consolidated interim results.

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

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 2024. The adoption of these new and revised HKFRSs does not have any significant financial effect on the Group’s unaudited condensed consolidated interim results of operations and financial position.

The Group has not early adopted the new and amendments to 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 six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Revenue from contracts with customers within the scope of HKFRS 15:</b>		
Provision of medical laboratory testing services and health check services	<b>19,729</b>	170,525
Sale and distribution of health related and pharmaceutical products	<b>437</b>	356
Provision of insurance brokerage services	<b>12,255</b>	11,467
Provision of logistics services	<b>28</b>	9
	<b>32,449</b>	182,357

### 4. SEGMENT INFORMATION

The Group has five operating segments as follows:

Medical and health related services	–	provision of medical laboratory testing services and health check services
Immunotherapy	–	provision of tumor immune cell therapy and health management services
BNCT	–	provision of boron neutron capture therapy services
Pharmaceutical products	–	sale and distribution of health related and pharmaceutical products
Insurance brokerage	–	insurance brokerage services
Others	–	provision of logistics services

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The Group's other operating segments include provision of logistics services. None of these segments meets any of the quantitative thresholds for determining reportable segments. The information of these other operating segments is included in the 'others' column.

Segment profits or losses do not include other income and gains/(losses), unallocated administrative expenses, share of loss of a joint venture, loss on deregistration of subsidiaries, change in fair value of written put option liability, change in fair value of derivative financial instrument, finance costs and income tax credit/(expense). Segment assets do not include the unallocated bank and cash balances, pledged bank deposits, current and deferred tax assets and financial assets at fair value through other comprehensive income. Segment liabilities do not include convertible bonds, borrowings, current and deferred tax liabilities and derivative financial liabilities. Segment non-current assets do not include financial instruments, deferred tax assets and post-employment benefit assets.

Segment information in respect of business segments is presented as below:

**Segment turnover and results**  
**For the six months ended 30 June 2024**

	Medical and health related services		BNCT	Pharmaceutical products	Insurance brokerage	Others	Total
	Immunotherapy						
	HK\$'000	HK\$'000					
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from external customers	19,729	-	-	437	12,255	28	32,449
Segment results	(55,506)	(25,374)	(3,170)	(485)	(62)	(342)	(84,939)
Other income and gains/(losses)							(26,460)
Finance costs							(4,686)
Change in fair value of written put option liability							570
Change in fair value of derivative financial instrument							2,446
Unallocated corporate expenses							(13,189)
Loss before tax							(126,258)
Income tax credit							527
Loss for the period							(125,731)

For the six months ended 30 June 2023

	Medical and health related services <i>HK\$'000</i> (Unaudited)	Immunotherapy <i>HK\$'000</i> (Unaudited)	BNCT <i>HK\$'000</i> (Unaudited)	Pharmaceutical products <i>HK\$'000</i> (Unaudited)	Insurance brokerage <i>HK\$'000</i> (Unaudited)	Others <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Revenue from external customers	170,525	-	-	356	11,467	9	182,357
Segment results	16,188	(19,649)	(3,403)	(836)	1,723	(18)	(5,995)
Other income and gains/(losses)							(10,351)
Finance costs							(2,667)
Share of loss of a joint venture							(2,771)
Loss on deregistration of subsidiaries							(26)
Change in fair value of derivative financial instrument							14,854
Unallocated corporate expenses							(17,721)
Loss before tax							(24,677)
Income tax expense							(3,044)
Loss for the period							(27,721)

**Segment assets and liabilities**  
**As at 30 June 2024**

	Medical and health related services HK\$'000 (Unaudited)	Immunotherapy HK\$'000 (Unaudited)	BNCT HK\$'000 (Unaudited)	Pharmaceutical products HK\$'000 (Unaudited)	Insurance brokerage HK\$'000 (Unaudited)	Others HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment assets	55,349	143,407	291,305	903	13,089	34	504,087
Unallocated corporate assets							126,466
Total assets							630,553
Segment liabilities	27,422	5,999	11,342	206	4,024	122	49,115
Unallocated corporate liabilities							200,114
Total liabilities							249,229

**As at 31 December 2023**

	Medical and health related services HK\$'000 (Audited)	Immunotherapy HK\$'000 (Audited)	BNCT HK\$'000 (Audited)	Pharmaceutical products HK\$'000 (Audited)	Insurance brokerage HK\$'000 (Audited)	Others HK\$'000 (Audited)	Total HK\$'000 (Audited)
Segment assets	92,553	150,583	138,240	1,448	9,653	73	392,550
Unallocated corporate assets							269,812
Total assets							662,362
Segment liabilities	35,615	6,473	23,260	3,091	996	172	69,607
Unallocated corporate liabilities							102,029
Total liabilities							171,636

**Other segment information**  
**For the six months ended 30 June 2024**

	Medical and health related services	Immunotherapy	BNCT	Pharmaceutical products	Insurance brokerage	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Capital expenditures	739	-	161,074	-	-	-	161,813
Amortisation of intangible assets	-	4,036	-	-	-	-	4,036
Depreciation of property, plant and equipment	4,046	633	-	-	-	17	4,696
Depreciation of right-of-use assets	1,957	499	123	101	66	1,426	4,172
Provision of allowance for impairment loss on financial assets, net	708	-	-	-	-	-	708
Write-down on inventories	5,089	-	-	-	-	-	5,089
Written-off of property, plant and equipment	15,901	-	-	-	-	-	15,901

**For the six months ended 30 June 2023**

	Medical and health related services	Immunotherapy	BNCT	Pharmaceutical products	Insurance brokerage	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Capital expenditures	271	136	16,323	-	-	-	16,730
Amortisation of intangible assets	-	4,221	-	-	-	-	4,221
Depreciation of property, plant and equipment	24,817	740	-	3	-	36	25,596
Depreciation of right-of-use assets	2,908	521	129	151	61	1,759	5,529
Share loss of a joint venture	-	-	-	-	-	2,771	2,771
Write-down on inventories	2,072	-	-	-	-	-	2,072
Written-off of property, plant and equipment	1,459	2	-	-	-	-	1,461

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

	For the six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Interest income	441	1,641
Dividend income	–	23
Sundry income	1,408	304
Government grants (note)	205	36
Loss on disposal of property, plant and equipment	(109)	–
Loss on written-off of property, plant and equipment	(15,901)	(1,461)
Exchange losses, net	(12,504)	(10,894)
	<b>(26,460)</b>	<b>(10,351)</b>

## Note:

During the six months ended 30 June 2024, the Group recognised government grants of approximately (i) HK\$34,000 in relation to reimbursement of maternity leave pay scheme provided by the Hong Kong Government; (ii) HK\$134,000 in relation to support for recruitment of research talent hub for research and development work provided by the Hong Kong Government; and (iii) HK\$37,000 in relation to employment support provided by the PRC government respectively.

During the six months ended 30 June 2023, the Group recognised government grants of approximately HK\$36,000 in relation to employment support provided by the PRC government.

## 6. FINANCE COSTS

	For the six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Interest expenses:		
– Bank borrowings	814	–
– Other borrowings	1,320	–
– Effective interest expense on convertible bonds	2,158	2,209
– Lease liabilities	394	458
	<b>4,686</b>	<b>2,667</b>



**7. LOSS BEFORE TAX**

Loss before tax has been arrived at after charging/(crediting):

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Amortisation of intangible assets	<b>4,036</b>	4,221
Cost of inventories sold	<b>19,411</b>	26,614
Depreciation of property, plant and equipment	<b>4,696</b>	25,596
Depreciation of right-of-use assets	<b>4,172</b>	5,529
Equity-settled share-based payment (included in administrative expenses)	<b>304</b>	1,049
Loss on disposal of property, plant and equipment	<b>(109)</b>	–
Loss on written-off of property, plant and equipment	<b>(15,901)</b>	1,461
Operating lease charges		
– Office premises, warehouses and staff quarters	<b>559</b>	2,334
Staff costs (including Directors' remuneration)		
– Salaries, bonuses and allowances	<b>38,985</b>	49,986
– Retirement benefits scheme contributions	<b>1,181</b>	1,635
	<b>40,166</b>	51,621
Write-down on inventories (included in cost of sales)	<b>5,089</b>	2,072

## 8. INCOME TAX (CREDIT)/EXPENSE

For the six months ended 30 June  
**2024** 2023  
**HK\$'000** **HK\$'000**  
**(Unaudited)** **(Unaudited)**

The amount comprises:

Current tax:		
– Hong Kong Profits Tax	<b>78</b>	3,677
Deferred tax:		
– Current period	<b>(605)</b>	(633)
	<b>(527)</b>	3,044

Under the two-tiered Profits Tax regime, the first HK\$2 million of 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 the tax rate of 16.5%. The 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% (six months ended 30 June 2023: 16.5%) during the six months ended 30 June 2024

One of the subsidiaries of the Company had been certified by the relevant PRC authorities as high technology enterprises. Pursuant to the Income Tax Law in the PRC, the subsidiary was subjected to Enterprise Income Tax rate of 15% for the six months ended 30 June 2024 (six months ended 30 June 2023: 15%).

The PRC Enterprise Income Tax has been provided as a rate of 25% for the six months ended 30 June 2024 (six months ended 30 June 2023: 25%).

Tax charge 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.

## 9. DIVIDEND

The Board does not recommend the payment of any dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: HK\$Nil).

A final dividend of HK\$0.01 per ordinary share of the company in respect of the previous financial year was approved by the shareholders at the annual general meeting held on 16 May 2023. The total amount of approximately HK\$9,632,000 was paid during the six months ended 30 June 2023.

## 10. LOSS PER SHARE

Basic and diluted loss per share are calculated by dividing the loss for the period attributable to owners of the Company by the weighted average number of ordinary shares during the six months ended 30 June 2024 and 2023.

For the six months ended 30 June	
2024	2023
'000	'000
<b>(Unaudited)</b>	(Unaudited)

### Number of ordinary shares

Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share

<b>963,231</b>	963,231
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For the six months ended 30 June	
2024	2023
(Unaudited)	(Unaudited)

Loss for the period attributable to owners of the Company (HK\$'000)	<b>(79,917)</b>	(30,484)
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Basic and diluted loss per share (HK\$)	<b>(0.083)</b>	(0.032)
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The weighted average numbers of ordinary shares used as denominators in calculating the basic and diluted loss per share are the same for the six months ended 30 June 2024 and 2023.

The computation of the diluted loss 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 six months ended 30 June 2024 and 2023.

The computation of the diluted loss per share did not assume the conversion of the Company's convertible bonds since its exercise would have an anti-dilutive effect that would result in a decrease in loss per share for the six months ended 30 June 2024 and 2023 respectively.

## 11. PLEDGED BANK DEPOSITS

As at 30 June 2024, the Group had pledged bank deposits of approximately HK\$31,068,000 (31 December 2023: HK\$134,809,000).

The restricted bank deposits denominated in JPY amounting to approximately HK\$31,068,000 (equivalent to JPY649,025,000) (31 December 2023: HK\$134,809,000 (equivalent to JPY2,490,024,000)) represented deposits pledged to a bank to secure issuance of an irrevocable letter of credit to the BNCT system supplier, Sumitomo Heavy Industries, Ltd ("Sumitomo").



## 12. TRADE AND OTHER RECEIVABLES

	<b>30 June 2024 HK\$'000 (Unaudited)</b>	31 December 2023 HK\$'000 (Audited)
Trade receivables	<b>16,061</b>	23,173
Allowance for impairment loss	<b>(4,117)</b>	(3,409)
	<b>11,944</b>	19,764
Rental and other deposits	<b>3,542</b>	3,231
Other receivables	<b>12,867</b>	10,798
Prepayment	<b>53,308</b>	61,065
Cash held in securities trading accounts with stock brokers	<b>14</b>	14
	<b>69,731</b>	75,108
Total trade and other receivables	<b>81,675</b>	94,872
Analysed as:		
Current assets	<b>81,675</b>	39,636
Non-current asset	–	55,236
	<b>81,675</b>	94,872

At 30 June 2024, the carrying amount of other receivables pledged as security for the Group's other borrowings amounted to approximately HK\$1,070,000 (equivalent to RMB1,000,000) (31 December 2023: HK\$1,096,000 (equivalent to RMB1,000,000)).

The Group generally allows an average credit period of 90 days (31 December 2023: 90 days) for its pharmaceutical products customers, laboratory testing and health check services customers and logistic service customers and 30 days (31 December 2023: 30 days) for its insurance brokerage services customers. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.



The aging analysis of trade receivables based on the invoice date, and net of allowance, is as follows:

	<b>30 June 2024 HK\$'000 (Unaudited)</b>	31 December 2023 HK\$'000 (Audited)
0 to 90 days	<b>10,256</b>	11,110
91 to 180 days	<b>1,104</b>	4,072
181 to 365 days	<b>584</b>	4,492
Over 365 days	<b>-</b>	90
	<b>11,944</b>	19,764

As at 30 June 2024, an aggregate allowance was made for estimated irrecoverable trade receivables of approximately HK\$4,117,000 (31 December 2023: HK\$3,409,000).

As at 30 June 2024, trade receivables of approximately HK\$1,688,000 (31 December 2023: HK\$8,654,000) were past due but not impaired. These related to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables past due but not impaired is as follows:

	<b>30 June 2024 HK\$'000 (Unaudited)</b>	31 December 2023 HK\$'000 (Audited)
Less than 90 days	<b>1,104</b>	4,072
91 to 275 days	<b>584</b>	4,492
Over 275 days	<b>-</b>	90
	<b>1,688</b>	8,654

### 13. TRADE AND OTHER PAYABLES

	<b>30 June 2024 HK\$'000 (Unaudited)</b>	31 December 2023 HK\$'000 (Audited)
Trade payables	<b>8,834</b>	5,787
Accruals	<b>15,945</b>	23,100
Receipt in advance	<b>1,160</b>	432
Other payables	<b>21,135</b>	27,833
	<b>47,074</b>	57,152

The aging analysis of trade payables based on the date of invoice date, is as follows:

	<b>30 June</b>	31 December
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
0 to 90 days	<b>7,473</b>	5,187
91 to 180 days	<b>606</b>	21
181 to 365 days	<b>6</b>	24
Over 365 days	<b>749</b>	555
	<b>8,834</b>	5,787

#### 14. CONVERTIBLE BONDS

On 11 May 2020, the Company issued convertible bonds (“**2020 Convertible Bonds**”) at the issue price of US\$10,000,000 (equivalent to approximately HK\$77,500,000) and equal to 100 per cent of the principal amount of the convertible bonds. The bonds were convertible at the option of the bondholders into shares of the Company at the initial conversion price of HK\$1.75 per conversion share (subject to adjustments pursuant to the terms and conditions of the 2020 Convertible Bonds, if any) and at the exchange rate of HK\$7.85 to US\$1.00, and on this basis a maximum number of 44,857,142 conversion shares of the Company would be allotted and issued upon exercise of the conversion rights attached to the 2020 Convertible Bonds in full assuming there is no adjustment to the conversion price. The 2020 Convertible Bonds carried interest at a rate of 8.5% per annum, which was payable half-yearly in arrears on 20 June and 20 December.

The rate of exchange to be used shall be at the rate of US\$1.00 to HK\$7.85, provided that, if the average exchange rate (the “**Adjusted Exchange Rate**”) of the Telegraphic Transfer Bank Buy and the Telegraphic Transfer Bank Sell as quoted on the website of the Hong Kong and Shanghai Banking Corporation Limited on the business day immediately prior to such date is at the rate of US\$1.00 to HK\$7.85001 or more, the rate of exchange to be used shall be such Adjusted Exchange Rate; provided further that if the bondholder exercises its conversion right, the exchange rate for the purpose of conversion will be the rate of US\$1.00 to HK\$7.85, and that the Company shall pay the bondholder in cash at the time of conversion in an amount resulting from the difference between such rate and the Adjusted Exchange Rate.

The maturity date was two years from issue date. The 2020 Convertible Bonds were secured by 529,500,546 Shares of the Company held by Genius Lead Limited, the controlling shareholder of the Company, and were guaranteed by Mr. Liu Xiaolin, the chairman and executive Director of the Company, and Genius Lead Limited.

On 27 May 2021, the Company redeemed the 2020 Convertible Bonds in part in the principal amount of US\$5,000,000, being 50% of the total principal amount of US\$10,000,000, at the applicable redemption amount of US\$5,186,527.78 (equivalent to approximately HK\$40,187,000) which included principal and interest accrued up to the date of redemption. Following the partial redemption of the 2020 Convertible Bonds, the bondholder executed a deed of partial release for the release of 264,750,273 Shares being half of the charged shares charged by Genius Lead Limited to the bondholder (the “**Partial Release**”). Upon the Partial Release, the number of Shares held by Genius Lead Limited remained subject to the share charge in favor of the bondholder was 264,750,273 Shares. The guarantees given by Mr. Liu Xiaolin and Genius Lead Limited remained in full force and effect to guarantee and secure the payment obligations of the Company in connection with the 2020 Convertible Bonds.

On 10 May 2022, the Company and the bondholder entered into an amendment agreement for the purpose of extending the maturity date of the outstanding 2020 Convertible Bonds for two years from 10 May 2022 to 10 May 2024. The proposed amendment has taken effect on 24 June 2022.

The modification of extending the maturity date to 10 May 2024 was considered to be a substantial modification of the 2020 Convertible Bonds and accordingly the original 2020 Convertible Bonds were derecognised and the revised 2020 Convertible Bonds were recognised. Loss on the extension of convertible bonds of HK\$2,027,000 was recognised during the year ended 31 December 2022.

On 20 December 2022, the Company issued convertible bonds ("**2022 Convertible Bonds**") at the issue price of US\$10,000,000 (equivalent to approximately HK\$77,800,000) and equal to 100 per cent of the principal amount of the convertible bonds. The bonds are convertible at the option of the bondholders into ordinary shares of the Company at the initial conversion price of HK\$1.45 per conversion share (subject to adjustments pursuant to the terms and conditions of the 2022 Convertible Bonds, if any) and at the exchange rate of HK\$7.85 to US\$1.00, and on this basis a maximum number of 54,137,931 conversion shares of the Company will be allotted and issued upon exercise of the conversion rights attached to the 2022 Convertible Bonds in full assuming there is no adjustment to the conversion price. The 2022 Convertible Bonds carry interest at a rate of 8.25% per annum, which is payable half-yearly in arrears on 20 June and 20 December. The maturity date is two years from issue date.

The rate of exchange to be used for any particular date where US dollars are converted to HK dollars or vice versa shall be at the rate of US\$1.00 to HK\$7.85, provided that, if the average exchange of the Telegraphic Transfer Bank Buy and the Telegraphic Transfer Bank Sell as quoted on the website of the Hongkong and Shanghai Banking Corporation Limited on the business day immediately prior to such date is at the rate of US\$1.00 to HK\$7.85001 or more, the rate of exchange to be used for any particular date shall be at the rate of US\$1.00 to HK\$7.85; and provided further that if the subscriber exercises its conversion right attached to the 2022 Convertible Bonds, the exchange rate for the purpose of conversion will be the rate of US\$1.00 to HK\$7.85, and that the Company shall pay the subscriber in cash at the time of conversion in an amount resulting from the difference between such rate and at the rate of US\$1.00 to HK\$7.85.

US\$5,000,000 of the total subscription amount for the 2022 Convertible Bonds was satisfied by the bondholder by surrendering the 2020 Convertible Bonds with a total outstanding principal amount of US\$5,000,000 to the Company upon which the 2020 Convertible Bonds were cancelled and the Company paid all accrued and unpaid interest on the 2020 Convertible Bonds, and the balance of the total subscription amount for the 2022 Convertible Bonds was satisfied by the bondholder paying US\$4,965,000 (being the total subscription amount of the 2022 Convertible Bonds of US\$10,000,000, minus US\$5,000,000, and minus the costs to be borne by the Company) in cash to the Company. In addition, upon cancellation of the 2020 Convertible Bonds on 30 December 2022, the share charge over 264,750,273 shares held by Genius Lead Limited in favour of the bondholder and the guarantees given by Mr. Liu Xiaolin and Genius Lead Limited in respect of the Company's obligations under the 2020 Convertible Bonds were fully released and discharged.

The proceeds received from the issue of the convertible bonds have been split between the liability and derivative components as follows:

	<b>30 June 2024 HK\$'000 (Unaudited)</b>	30 June 2023 HK\$'000 (Unaudited)
Liability component 1 January	<b>53,877</b>	55,796
Interest expense	<b>2,158</b>	2,209
Interest paid	<b>(3,239)</b>	(3,076)
	<b>52,796</b>	54,929

#### **Derivative component**

The summary of movement of convertible bonds is as follows:

	<b>Liabilities HK\$'000</b>
Derivative component at 31 December 2022 (audited)	22,252
Fair value gain for the year	(18,336)
<b>Derivative component at 31 December 2023 and 1 January 2024 (audited)</b>	<b>3,916</b>
Fair value gain for the period	(2,446)
<b>Derivative component at 30 June 2024 (unaudited)</b>	<b>1,470</b>

The interest charge of the convertible bonds for the six months ended 30 June 2024 was calculated using effective interest method by applying an effective interest rate of approximately 8.62% (for the six months ended 30 June 2023: 5.86%) to the liability.

As of the initial recognition of the 2022 Convertible Bonds, the directors of the Company, with the assistance of an external valuer, estimated that the fair value of the 2022 Convertible Bonds as at 31 December 2022 was HK\$105,492,000 by using the discounting cash flow method and binomial option pricing model to measure the liabilities component and derivative component respectively. Since the fair value was not evidenced by a quoted price in an active market for the 2022 Convertible Bonds or based on a valuation technique that used only data from observation markets, the 2022 Convertible Bonds had been measured at its transaction price of HK\$78,500,000 upon the initial recognition and the immediate loss of HK\$26,992,000 had been deferred.

The directors estimated the fair value of the liability component of the convertible bonds at 30 June 2024 to be approximately HK\$78,626,000 (31 December 2023: HK\$80,848,000). This fair value had been calculated by discounting the future cash flows at the market interest rate.



The derivative financial assets and derivative financial liabilities are embedded in the convertible bonds, which is the call option and the conversion option respectively. Each derivative component is measured at its fair value at the date of issue and at the end of each reporting period. The fair values are estimated using Binomial Option Pricing Model (level 3 fair value measurements). The key assumptions used are as follows:

	<b>30 June 2024</b>	31 December 2023
Weighted average share price (HK\$)	<b>0.40</b>	0.77
Weighted average exercise price (HK\$)	<b>1.45</b>	1.45
Expected volatility	<b>132.90%</b>	67.64%
Expected life	<b>0.50</b>	1
Risk free rate	<b>4.25%</b>	3.97%
Expected dividend yield	<b>Nil</b>	Nil

#### 15. WRITTEN PUT OPTION LIABILITY

	<b>30 June 2024 (Unaudited)</b>	30 June 2023 (Unaudited)
At 1 January	–	–
Issuance of written put option	<b>29,069</b>	–
Fair value gain for the period	<b>(570)</b>	–
Exchange difference	<b>(416)</b>	–
At 30 June	<b>28,083</b>	–

On 8 December 2023, the Company, Shanghai Longyao Biotech Company Limited (上海隆耀生物科技有限公司) (“**Shanghai Longyao**”), a company established under the laws of the PRC with limited liability, an indirect non-wholly owned subsidiary of the Company and Yixing Huanke Product Development Equity Investment Enterprise (Limited Partnership) (宜興環科園產發股權投資合夥企業(有限合夥)) (“**Yixing Huanke**”), a limited partnership established under the laws of the PRC entered into a capital injection agreement, pursuant to which (i) Yixing Huanke agreed to make a capital injection in the amount of RMB48,000,000, of which RMB992,670 shall be used to subscribe for 5.35% equity interest of the enlarged registered capital of Shanghai Longyao and RMB47,007,330 shall be credited as the capital reserves of Shanghai Longyao (the “**Capital Injection**”), (ii) the Company agreed, through a wholly-owned subsidiary to be established in the PRC, to make a capital injection in the amount of RMB49,960,000, of which RMB1,033,204 shall be used to subscribe for 5.57% equity interest of the enlarged registered capital of Shanghai Longyao and RMB48,926,796 shall be credited as the capital reserves of Shanghai Longyao. The Capital Injection is completed on 19 February 2024.

As a part of the Capital Injection, a put option has been granted to Yixing Huanke whereby, upon the occurrence of any redemption, Yixing Huanke shall be entitled to require Shanghai Longyao to repurchase, or (if Shanghai Longyao fails to repurchase) to require the Company to purchase, all or part of Yixing Huanke’s shareholding in Shanghai Longyao on 31 December 2027 at a put price (the “**Put Price**”). The Put Price shall be equal to the principal amount injected by Yixing Huanke in Shanghai Longyao for the equity interest, plus an amount of return thereon calculated at a simple interest rate of 6% per annum, less all bonuses, dividends and other cash proceeds (if any) received by Yixing Huanke from Shanghai Longyao prior to the date of payment of the Put Price.

The fair values of the written put option liability are estimated using Binomial Option Pricing Model (level 3 fair value measurements). The key assumptions used are as follows:

	<b>30 June 2024 (Unaudited)</b>	Date of grant (Unaudited)
Expected volatility	<b>47.18%</b>	49.44%
Expected life	<b>3.50 years</b>	3.86 years
Risk free rate	<b>2.22%</b>	2.26%
Expected dividend yield	<b>Nil</b>	Nil

## 16. SHARE-BASED PAYMENTS

### (a) Equity-settled share option scheme

The share option scheme adopted by the Company on 29 May 2014 (“**2014 Share Option Scheme**”) was expired on 29 May 2024 and a new share option scheme (“**2024 Share Option Scheme**”) was approved to be adopted by the shareholders of the Company on 6 June 2024. The 2024 Share Option Scheme will remain in force for 10 years from that date, unless other terminated earlier by shareholders in a general meeting. As a result, the Company can no longer grant any further options under the 2014 Share Option Scheme. The 2024 Share Option Scheme adopted is for the purpose of providing incentives and rewards to eligible participants who contribute to success of the Group’s operations with the terms as detailed below.

The purpose of the 2024 Share Option Scheme is to provide incentive to the eligible participants, in order to promote the development and success of the business of the Group. The 2024 Share Option Scheme will give the eligible participants an opportunity to have a personal stake in the Company and will help motivate the eligible participants in optimising their performance and efficiency and attract and retain the eligible participants whose contributions are important to the long-term growth of the Group. The eligible participants are employee participants, related entity participants and service providers. The 2024 Share Option Scheme became effective on 6 June 2024 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares which may be issued upon exercise all options granted and yet to be exercised under the 2024 Share Option Scheme must not in aggregate exceed 30% of the issued share capital of the Company is issue from time to time. The total number of shares which may be issued upon exercise of all share options (excluding share options which have lapsed) to be granted under the 2024 Share Option Scheme must not in aggregate exceed 10% of the shares (excluding treasury shares) in issue on 6 June 2024 being the date of adoption of the 10% limit by the shareholders. The maximum number of shares issuable under share options to each eligible participant in the 2024 Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of shares options in excess of this limit is subject to shareholders’ approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the grant of the share options subject to the provision for early termination thereof.

Unless the directors otherwise determined and stated in the offer to a grantee, a grantee is not required to hold an option for any minimum period nor achieve any performance targets before any options granted under the Share Option Scheme can be exercised.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares on the date of the offer, when applicable.

Share options do not confer rights on the holder to dividends or to vote at shareholders' meetings.

Details of the specific categories of options are as follows:

<b>Date of grant</b>	<b>Vesting period</b>	<b>Exercise period</b>	<b>Exercise price (HK\$)</b>	<b>Number of share options</b>
<b>Directors</b>				
20 August 2019	20 August 2019 to 19 August 2022	20 August 2022 to 19 August 2023	1.68	520,000
2 September 2020	2 September 2020 to 1 September 2022	2 September 2022 to 1 September 2023	2.00	3,220,000
2 September 2020	2 September 2020 to 1 September 2023	2 September 2023 to 1 September 2024	2.00	3,220,000
6 January 2023	6 January 2023 to 5 January 2024	6 January 2024 to 5 January 2025	1.45	1,665,000
6 January 2023	6 January 2023 to 5 January 2025	6 January 2025 to 5 January 2026	1.45	1,665,000
6 January 2023	6 January 2023 to 5 January 2026	6 January 2026 to 5 January 2027	1.45	1,670,000
<b>Consultants</b>				
20 August 2019	20 August 2019 to 19 August 2022	20 August 2022 to 19 August 2023	1.68	3,240,000
26 November 2020	26 November 2020 to 25 November 2022	26 November 2022 to 25 November 2023	2.10	1,665,000
26 November 2020	26 November 2020 to 25 November 2023	26 November 2023 to 25 November 2024	2.20	1,670,000
<b>Employees</b>				
20 August 2019	20 August 2019 to 19 August 2022	20 August 2022 to 19 August 2023	1.68	1,520,000
				20,055,000

Details of the movement of share options during the period are as follows:

	30 June 2024		30 June 2023	
	Number of share options	Weighted average exercise price HK\$	Number of share options	Weighted average exercise price HK\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Outstanding at the beginning of the period	9,890,000	1.76	14,515,000	1.83
Granted during the period	–	N/A	5,000,000	1.45
Lapsed during the period	(5,000,000)	1.45	–	N/A
Exercisable at the end of the period	4,890,000	2.07	19,515,000	1.81

The weighted average share price at the date of exercise for share options exercised during the period was HK\$2.07. The options outstanding at the end of the reporting period have a weighted average remaining contractual life of 1.4 years (2023: 1.56) and the exercise prices range from HK\$1.45 to HK\$2.20 (for the six months ended 30 June 2023: HK\$1.45 to HK\$2.20). The options were granted on 20 August 2019, 2 September 2020, 26 November 2020 and 6 January 2023 respectively.

These fair values were calculated using the Binomial model. The inputs into the model were as follows:

Date of grant	20 August 2019	2 September 2020	26 November 2020	6 January 2023
Weight average share price (HK\$)	1.68	1.53	1.43	1.10
Weighted average exercise price (HK\$)	1.68	2.00	2.10	1.45
Expected life	4 years	4 years	4 years	4 years
Expected volatility	51.60%-74.76%	38.77%-60.78%	40.52%-54.91%	65.42%-77.83%
Risk-free interest rate	1.59%-1.79%	0.26%-0.28%	0.12%-0.24%	3.63%-3.93%
Expected dividend yield	Nil	Nil	Nil	Nil

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 4 years. The expected life used in the model has been adjusted, based on the Group's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Share options granted to consultants were incentives for helping the Group to expand its business network, to acquire and to explore new business projects and opportunities. The fair value of such benefit could not be estimated reliably. As a result, the fair value is measured by reference to the fair value of share options granted.

The Group recognised the total expense of approximately HK\$304,000 for the six months ended 30 June 2024 (six months ended 30 June 2023: HK\$1,049,000) in relation to share options granted by the Company.

**(b) Share award scheme**

The Company operates a share award scheme (the “**Share Award Scheme**”) for the purpose of providing incentives and rewards (“**Award Shares**”) to selected participants who contribute to the success of the Group’s operations. Selected participants include the employees, officers, directors and consultants of the Company and the Company’s subsidiaries. The Share Award Scheme became effective on 18 August 2021 and, unless otherwise cancelled or amended, will remain in force for 10 years from the date.

Pursuant to the rules of the Share Award Scheme, the Company shall not make any further grant of Award Shares 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 18 August 2021. The maximum number of Award Shares may be granted under the Share Award Scheme to a Selected Participant shall not exceed 1% of the total number of issued shares as at 18 August 2021.

A trust is constituted by the trust deed entered by the Company and the trustee (the “**Trustee**”) appointed to service the Share Award Scheme.

The Board may, from time to time, select any eligible person to participate in the Share Award Scheme, make an offer to the selected participants and grant Award Shares to such selected participants which are to be satisfied by (i) the new shares to be subscribed by the Trustee under the Company’s available general mandate on the relevant grant date or under a specific mandate approved or to be approved by the shareholders of the Company; or (ii) the existing shares received by the Trustee from any shareholder of the Company; or (iii) purchased by the Trustee in the open market (either on-market or off-market) as directed by the Board.

The Board may, from time to time, subject to all applicable laws, determine vesting criteria and conditions or periods for the Award Shares to be vested.

The Trustee shall not exercise the voting rights in respect of any shares held by it under the Share Award Scheme.

During the six months ended 30 June 2024, no shares purchased by the Trustee.

During the six months ended 30 June 2023, the Trustee purchased an aggregate of 1,975,000 shares of the Company with consideration of approximately HK\$1,934,000 on the Stock Exchange for the purpose of the Share Award Scheme.

As at 30 June 2024, 7,038,000 shares of Company held by the Trustee under the Share Award Scheme.

As at 30 June 2024, the Board has not yet awarded any Award Shares to any selected participants.

## 17. CONTINGENT LIABILITIES

During the year ended 31 December 2023, Sunrise Diagnostic Centre Limited (“SDCL”), an indirectly owned subsidiary of the Company, has been involved in arbitration proceedings of a potential claim relating to an accused breach of contract from an independent customer (the “Customer”), the related maximum exposure of the claims is approximately HK\$440,389,000.

As at 31 December 2023, the arbitration remained in progress and no final judgement had been issued. After considering the then status of the arbitration and the opinion from legal counsels, the Directors of the Company were of the view that no provision should be recognised for the arbitration claims as at 31 December 2023.

On 13 May 2024, SDCL entered into a settlement agreement with the Customer. SDCL agreed to pay a sum of HK\$22,000,000 in two instalments and the Customer agreed to terminate the arbitration. The amount of HK\$13,200,000 for the first instalment had been settled on 13 May 2024 and the second instalment amounted HK\$8,800,000 will be due for payment in 2024. As at 30 June 2024, the amount of HK\$8,800,000 is recognised as other payable.

## 18. CAPITAL COMMITMENT

Capital commitments contracted for at the end of the reporting period but not yet incurred are as follows:

		<b>30 June 2024</b>	31 December 2023
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
Capital contribution to:			
BNCT equipment	<i>(a)</i>	<b>50,919</b>	150,616
BNCT centre construction	<i>(b)</i>	<b>41,019</b>	57,679
		<b>91,938</b>	208,295

- (a) On 23 June 2022, the Company, Pengbo (Hainan) and Sumitomo entered into an agreement for the acquisition of BNCT equipment by Pengbo (Hainan) from Sumitomo at an initial price of JPY3,000,000,000 (equivalent to approximately HK\$176,820,000) (31 December 2023: equivalent to approximately HK\$176,820,000). The down payment of JPY 900,000,000 (equivalent to approximately HK\$51,765,000) (31 December 2023: equivalent to approximately HK\$51,765,000) and the delivery payment of JPY1,800,000,000 (equivalent to approximately HK\$87,480,000) (31 December 2023: nil) have been made to Sumitomo which represents 30% and 60% of the contract price respectively. The remaining contract price of JPY300,000,000 (equivalent to approximately HK\$14,565,000) (31 December 2023: JPY2,100,000,000 (equivalent to approximately HK\$125,055,000)) is expected to be settled in 2024 pursuant to the agreement.

On the same day, the Company, Pengbo (Hainan) and Sumitomo entered into an agreement pursuant to which Sumitomo agreed to provide to Pengbo (Hainan) technical advisory services for the installation and tuning of the BNCT equipment at a service fee of JPY400,000,000, (equivalent to approximately HK\$19,420,000) (31 December 2023: JPY400,000,000, (equivalent to approximately HK\$23,820,000)), which is expected to be settled by Pengbo (Hainan) in installments based on an agreed schedule for the installation and tuning of the BNCT equipment.

On 17 January 2023, the Company, Pengbo (Hainan) and Sumitomo entered into a sales contract pursuant to which Pengbo (Hainan) agreed to acquire the BNCT parts at the initial sales contract price of JPY436,000,000 (equivalent to approximately HK\$21,169,000) (31 December 2023: JPY436,000,000 (equivalent to approximately HK\$23,612,000)). The down payment of JPY87,200,000 (equivalent to approximately HK\$4,235,000) (31 December 2023: JPY87,200,000 (equivalent to approximately HK\$4,936,000)) had been made to Sumitomo which represents 20% of the contract price and the remaining contract price of JPY348,800,000 (equivalent to approximately HK\$16,934,000) (31 December 2023: equivalent to approximately HK\$19,744,000) is expected to be settled in 2024 pursuant to the contract.

- (b) Pengbo (Hainan) commenced BNCT centre construction in November 2022 and entered into agreements pursuant to building design and construction and relative ancillary services with various contractors and suppliers approximately amounting to RMB83,237,000 (equivalent to approximately HK\$89,158,000) (31 December 2023: RMB83,237,000 (equivalent to approximately HK\$94,006,000)), out of which RMB53,750,000 (equivalent to approximately HK\$57,512,000) (31 December 2023: RMB42,265,000 (equivalent to approximately HK\$48,619,000)) has been made to suppliers and the remaining is expected to be settled in 2024 in accordance with the construction progress.

Pengbo (Hainan) also entered into agreements in 2023 pursuant to building design and construction and relative ancillary services with various contractors and suppliers approximately RMB14,137,000 (equivalent to HK\$15,126,000) (31 December 2023: RMB14,137,000 (equivalent to HK\$15,626,000)), out of which RMB5,378,000 (equivalent to HK\$5,753,000) (31 December 2023: RMB3,017,000 (equivalent to HK\$3,334,000)) has been made to suppliers and the remaining is expected to be settled in 2024 and 2025 in accordance with the construction progress.

## 19. RELATED PARTY TRANSACTIONS

- (a) In addition to those related party transactions and balances disclosed elsewhere in the unaudited condensed consolidated financial statements, the Group had the following transaction with its related party during the period:

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Purchase of materials, consumables, kits and equipment from a non-controlling shareholder of a subsidiary	–	10,376
Service fee charged by a non-controlling shareholder of a subsidiary	–	21
Interest paid to the controlling shareholder	<b>205</b>	–



## (b) Remuneration of key management personnel

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Salaries, bonus and benefits	3,302	3,615
Equity-settled share-based payments	304	951
Retirement benefits scheme contributions	9	9
	<b>3,615</b>	4,575

The remuneration of key management personnel is determined by the remuneration committee of the Board with regard to the individual performance and market trends.

**20. EVENTS AFTER THE END OF THE REPORTING PERIOD**

- (a) On 20 July 2024, Genius Lead Limited (“**Genius Lead**”) entered into a placing agreement, pursuant to which Genius Lead agreed to sell 12,500,000 shares of the Company to Mr. Ming Fu at a price of HK\$0.40 per placing share. On 20 July 2024, Genius Lead entered into a top-up subscription agreement (the “**Top-up Subscription Agreement**”) with the Company. Pursuant to the Top-up Subscription Agreement, the Company has conditionally agreed to allot and issue, and Genius Lead has conditionally agreed to subscribe for, 12,500,000 Shares (equivalent to the number of placing shares sold by Genius Lead under the placing agreement) at a price of HK\$0.40 per top-up subscription share. The top-up subscription of new shares took place on 31 July 2024. Details were disclosed in the announcements of the Company dated 20 July 2024 and 31 July 2024.
- (b) On 5 August 2024, Pengbo (Hainan) Medical Technology Co., Ltd. (鵬博(海南)硼中子醫療科技有限公司) (“**Pengbo (Hainan)**”), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, Dynamic Healthcare Holdings Limited (“**Dynamic Healthcare**”), a company incorporated in the British Virgin Islands with limited liability and an indirect non-wholly owned subsidiary of the Company, CBSH Flourish (Hong Kong) BNCT Medical Centre Limited (“**CBSH Flourish**”), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company, Mr. Liu Xiaolin (“**Mr. Liu**”), the chairman and executive director of the Company, the Company and Hubei Weiyou Equity Investment Partnership (Limited Partnership) (湖北惟宥股權投資合夥企業(有限合夥)) (“**Hubei Weiyou**”), a limited partnership established in the PRC entered into a capital injection agreement, pursuant to which it is conditionally agreed that (i) the registered capital of Pengbo (Hainan) would be increased from RMB150,000,000 (equivalent to approximately HK\$162,000,000) to RMB230,969,200 (equivalent to approximately HK\$249,446,736); and (ii) Hubei Weiyou agreed to contribute up to RMB242,307,600 (equivalent to approximately HK\$261,692,208) into Pengbo (Hainan) to subscribe for 35% of the registered capital of Pengbo (Hainan) in the amount of RMB80,769,200 (equivalent to approximately HK\$87,230,736) as enlarged by the increase in the registered capital. Among the contribution amount of RMB242,307,600 (equivalent to approximately HK\$261,692,208), RMB80,769,200 (equivalent to approximately HK\$87,230,736) shall be accounted for as the registered capital of Pengbo (Hainan) with the remaining balance of RMB161,538,400 (equivalent to approximately HK\$174,461,472) shall stand to the credit of the share premium account.

On 5 August 2024, Pengbo (Hainan) adopted a share award scheme for recognising the contributions made or to be made by certain participants and to provide them with incentives in order to retain them for the continual operation and development of Pengbo (Hainan) and to attract suitable personnel for further development of Pengbo (Hainan). Mr. Li Haifeng, the general partner of Jiabao Zhongzhi (Hainan), and Ms. Zhao Dan, one of the limited partners of Jiabao Zhongzhi (Hainan) Hospital Management Partnership (Limited Partnership) (嘉博眾治(海南)醫院管理合夥企業(有限合夥)), a limited liability partnership established in the PRC (“**Jiabao Zhongzhi (Hainan)**”) has entered into a trust deed with Pengbo (Hainan) to act as the trustee of the share award scheme.

On 5 August 2024, Jiabao Zhongzhi (Hainan) as subscriber and Dynamic Healthcare entered into a subscription agreement, pursuant to which Jiabao Zhongzhi (Hainan) conditionally agreed to subscribe and Dynamic Healthcare conditionally agreed to issue 4,500 ordinary shares in Dynamic Healthcare, representing 9% of the issued share capital of Dynamic Healthcare as at completion of the subscription agreement, at the aggregate subscription consideration of RMB14,835,164 (equivalent to approximately HK\$16,021,977), which shall be settled in cash. The purpose of the entering into of the subscription agreement is to enable Jiabao Zhongzhi (Hainan) to act as the platform of the share award scheme.

Up to the date of this report, the capital injection of Pengbo (Hainan) and the subscription of Dynamic Healthcare are not yet completed. Details were disclosed in the announcement of the Company dated 5 August 2024.

## FINANCIAL REVIEW

During the six months ended 30 June 2024 (the “**2024 Interim 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) sale and distribution of health related and pharmaceutical products in the PRC and Hong Kong; and (iv) provision of insurance brokerage services.

### Turnover

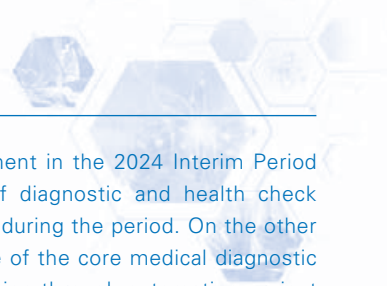
During the 2024 Interim Period, the Group recorded a turnover of approximately HK\$32,449,000, representing a significantly decrease of approximately 82.21% as compared with that of approximately HK\$182,357,000 for the six months ended 30 June 2023 (the “**2023 Interim Period**”). The key factor causing this significant drop of revenue in the 2024 Interim Period was the measures taken by the Government of Hong Kong to resume complete normalcy of the society from the COVID-19 pandemic in January 2023 such that all compulsory COVID-19 nucleic acid tests (“**NAT**”) services were largely brought to a halt by end of February 2023. Netting off the tail revenue generated from the provision of the NAT services in the 2023 Interim Period, the year-on-year decrease of revenue recorded in the 2024 Interim Period was 8.47% (revenue recorded in the 2024 Interim Period versus the NAT-adjusted revenue of approximately HK\$35,450,000 in the 2023 Interim Period).

Although the management of the Group had taken efforts to launch a number of new medical laboratory testing services and health check services in anticipation of the emerge of the post-pandemic time, the overall demand of such segmental services had not come up to targets in the 2024 Interim Period. The fatigued demands and the harsher price competition among peers in the medical laboratory testing services and health check services segment were amongst the main causes for the lower than expected NAT-free revenue in the 2024 Interim 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 three medical laboratories and three health check centres established in Hong Kong.

The turnover of this segment decreased from approximately HK\$170,525,000 for the 2023 Interim Period to approximately HK\$19,729,000 for the 2024 Interim Period. This marked a year-on-year decrease of 88.43% as compared with the 2023 Interim Period. As all compulsory NAT services were put on halt by end of February 2023, the year-on-year decrease of NAT-adjusted revenue of this segment for the 2024 Interim Period was 16.47% (revenue recorded for this segment in the 2024 Interim Period versus the NAT-adjusted revenue for this segment of approximately HK\$23,618,000 in the 2023 Interim Period).



The downside of NAT-adjusted revenue recorded for this segment in the 2024 Interim Period was mainly caused by the weaker than expected demand of diagnostic and health check services and the fiercer competition among peers in Hong Kong during the period. On the other hand, PHC Medical Diagnostic Centre Limited (“**PHC Lab**”), one of the core medical diagnostic laboratories of the Group, had implemented a major transformation through automation project (the “**Project**”) in the 2024 Interim Period. In cooperation with Abbott Laboratory Limited (“**Abbott**”) of Hong Kong, the Project involved the replacement of a material part of PHC Lab’s legacy diagnostic system with Abbott’s GLP systems Track (the “**GLP Track**”) which is an innovative total laboratory automation solution including analyzers, automation track and informatics solution first installed in private medical laboratory in Hong Kong. The site works of the Project started from April 2024 and completed in July 2024. Due to the implementation of the Project, some disruption to the operation of PHC had been suffered during the installation and commissioning of the new automated system. The impact from this disruption of operation caused on the turnover of PHC during the 2024 Interim Period was considered temporary. Pursuant to the completion of the Project, the newly installed GLP Track offered greater flexibility and scalability options through automation to the operation of PHC. With the new system, the management of the Group expects that the daily testing capacity of PHC can be increased by at least five (5) times to approximately 5,000 tests thereon.



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

上海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 phase 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 expressed 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 ("**B-NHL**"). In January 2022, kick-off meetings of the Trial were convened in 上海交通大学醫學院附屬瑞金醫院 (in English, for identification purpose only, Ruijin Hospital affiliated to Shanghai Jiao Tong University School of Medicine) ("**Ruijin Hospital**") and 江蘇省人民醫院 (in English, for identification purpose only, Jiangsu Province Hospital). The first subject enrolled in the Trial was taken up by the Ruijin Hospital on 1 March 2022 and the same subject had successfully received CAR-T cell infusion on 7 April 2022. As at the date of this report, the screening of qualified subject patients in the low, medium, and high dose groups has been completed. Currently, a total of twelve (12) individuals with B-NHL successfully received reinfusion of LY007 Injection and completed dose limited toxicity ("**DLT**") observation. The cell infusion of the last one subject in the maximum tolerated dose group has been completed. It is expected to complete the comprehensive registration of the trial for total thirteen (13) subject patients by October 2024. The preparation work for Phase II clinical trial has been initiated and is currently underway. No turnover from this segment was generated during the 2024 Interim Period.

### ***Sale and distribution of health related and pharmaceutical products***

Sale and distribution of health related and pharmaceutical products segment recorded an increase during the 2024 Interim Period. The turnover of this segment slightly increased from approximately HK\$356,000 for the 2023 Interim Period to approximately HK\$437,000 for the 2024 Interim Period. It represented an increase of approximately 22.75% as compared with that of the 2023 Interim Period. To strengthen the Group's sale of health related and pharmaceutical product segment and to expand the Group's product portfolio, the Group has sourced difference medical and health related products and anti-aging products including nicotinamide mononucleotide ("**NMN**") powder for intravenous (IV) infusion, nutritional drips and vitamin C. Also, the Group has expanded its network and cooperate with medical and beauty centres.

**Construction of boron neutron capture therapy (“BNCT”) cancer treatment centre**

鵬博(海南)硼中子醫療科技有限公司 (in English, for identification purpose only, Pengbo (Hainan) Medical Technology Co., Ltd.) (“**Pengbo (Hainan)**”), an indirect wholly-owned subsidiary of the Company, entered into a site admission and investment agreement (the “**Site Admission Agreement**”) with the Hainan Boao Lecheng International Medical Tourism Pilot Zone Administration (the “**Administration**”) on 28 February 2022. Pursuant to the Site Admission Agreement, Pengbo (Hainan) has committed to building and to operating a cancer treatment centre (the “**BNCT Centre**”) by adoption of the accelerator-based BNCT system (the “**BNCT System**”) covering the cyclotron accelerator, dose calculation program and related medical device for BNCT treatment to be procured and supplied by Sumitomo Heavy Industries, Ltd. (“**Sumitomo**”). The BNCT Centre is under construction in Hainan Boao Lecheng International Medical Tourism Pilot Zone of Hainan Free Trade Port (the “**Boao Pilot Zone**”).

In June 2022, Pengbo (Hainan) signed a bundle of sales contract, service contract and a memorandum of understanding with Sumitomo in respect of the supply of the BNCT System together with the initial spare parts and the provision of the operation and maintenance services required for commencement of the operation of the BNCT Centre. The construction works of the BNCT Centre began in November 2022.

In December 2022, the BNCT Centre was granted with a 醫療機構執業許可證 (in English, for identification purpose only, the Practice License of Medical Institution) by the Administration for a term of five years until December 2027. On 28 January 2024, the Company obtained the approval by Hainan Provincial Medical Products Administration for the import of two BNCT medical devices.

In December 2023, structural construction of the facility was completed. During the 2024 Interim Period, the construction works of the BNCT Centre had been progressing under planned schedule. Arrival of the BNCT system and its peripheral parts in Hainan has completed in February 2024. Installation of the BNCT System is started in May 2024 and expected to be completed in October 2024. The BNCT Centre is targeted to commence operation in late 2024 or early 2025. No turnover from this segment was generated during the 2024 Interim Period.

**Provision of insurance brokerage services**

Provision of insurance brokerage services segment recorded a mild increase in turnover during the 2024 Interim Period. The turnover of this segment increased from approximately HK\$11,467,000 during the 2023 Interim Period to approximately HK\$12,255,000 for the 2024 Interim Period. It represented an increase by 6.87% as compared with the 2023 Interim Period. The increase was mainly due to increase in the number of sales network and channels and increase in number of high-end customers.

**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 has increased markedly from approximately HK\$9,000 for the 2023 Interim Period to approximately HK\$28,000 for the 2024 Interim Period. It represented an increase by 2.11 times as compared with the 2023 Interim Period due to the increase in demand on testing materials and specimen logistics services.

**Gross (loss)/profit and gross (loss)/profit margin**

The Group recorded a gross loss of approximately HK\$3,107,000 for the 2024 Interim Period, representing a decrease of approximately HK\$64,433,000 when compared with a gross profit of approximately HK\$61,326,000 in the 2023 Interim Period. Also, the gross loss margin for the 2024 Interim Period was approximately 9.58%, representing a notable decrease of approximately 43.21 percentage points when compared with the gross profit margin of approximately 33.63% for the 2023 Interim Period. The gross loss was mainly attributable to (i) a decrease of the turnover from medical laboratory testing services and health check services segment; and (ii) an one-off written-off of inventories of approximately HK\$5,089,000.

**Selling and distribution expenses**

Selling and distribution expenses for the 2024 Interim Period were approximately HK\$6,548,000 (2023 Interim Period: HK\$7,276,000), representing a decrease of approximately HK\$728,000 or 10.01% compared with such expenses for the 2023 Interim Period. The decrease was due to the decrease in staff costs during the 2024 Interim 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 2024 Interim Period were approximately HK\$88,473,000, representing an increase of approximately HK\$10,707,000 or 13.77%, as compared with that of approximately HK\$77,766,000 for the 2023 Interim Period. The increase in administrative expenses was mainly attributable to an increase of approximately HK\$4,425,000 in research and development costs incurred by the immunotherapy segment in the 2024 Interim Period.

### **Finance costs**

During the 2024 Interim Period, the Group's interest expenses amounted to approximately HK\$4,686,000 (2023 Interim Period: HK\$2,667,000). The increase in the finance costs was mainly attributable to the finance costs arising from additional bank borrowings and other borrowings for general working capital and the BNCT project.

### **Loss for the period**

The Group recorded a net loss attributable to the owners of the Company of approximately HK\$79,917,000 for the 2024 Interim Period (2023 Interim Period: HK\$30,484,000). The increase in net loss was mainly attributable to (i) a reduction in revenue stemming from the diminished demand for COVID-19 nucleic acid tests and the intensified market competition of medical laboratory testing services and health check services segment in the post-pandemic era; (ii) an one off write-off of property, plant and equipment and inventories of approximately HK\$15,901,000 and HK\$5,089,000 respectively in relation to the shutdown of the COVID-19 nucleic acid testing facilities; and (iii) an increase of approximately HK\$4,425,000 in research and development costs incurred by the immunotherapy segment.





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## BUSINESS REVIEW

### Placing of convertible bonds under general mandate

On 25 March 2024, the Company entered into a placing agreement with Guoyuan Capital (Hong Kong) Limited (the **"Placing Agent"**), pursuant to which the Company has appointed the Placing Agent to place the Convertible Bonds in the aggregate principal amount of up to HK\$88,000,000 on a best effort basis to no less than six (6) placees, who and whose ultimate beneficial owners are independent third parties to the Group. Due to the stringent market conditions, the Placing Agent has not been successful in placing the Convertible Bonds up to 30 April 2024, being the long stop date. Accordingly, the placing agreement has yet completed and has lapsed on 30 April 2024. Details were disclosed in the announcements of the Company dated 25 March 2024, 27 March 2024, 15 April 2024 and 30 April 2024.

### Memorandum of understanding signed with The Hong Kong-Shenzhen Innovation and Technology Park Limited

On 18 April 2024, The Hong Kong-Shenzhen Innovation and Technology Park Limited (**"HSITPL"**) convened the HSITP Partnership Launching Ceremony following its signing of memorandum of understandings with approximately sixty partner organizations, including the Company. Pursuant to the memorandum of understanding entered between the Company and HSITPL (collectively the **"Parties"**), the Parties have agreed, among other things, to collaborate on the development of the Hong Kong-Shenzhen Innovation and Technology Park (the **"Park"**) located at the Lok Ma Chau Loop in the Hetao Shenzhen-Hong Kong Innovation and Technology Cooperation Zone. Details were disclosed in the announcement of the Company dated 18 April 2024.

## Acquisition of subsidiaries

### Capital Injections into Shanghai Longyao and Grant of Put Option

On 8 December 2023, the Company, Shanghai Longyao (an indirect non-wholly owned subsidiary of the Company) and 宜興環科園產發股權投資合夥企業(有限合夥)(in English, for identification purpose only, Yixing Huanke Product Development Equity Investment Enterprise (Limited Partnership) (“**Yixing Huanke**”), a limited partnership established under the laws of the PRC, entered into a capital injection agreement, pursuant to which (i) Yixing Huanke agreed to make a capital injection in the amount of RMB48,000,000, of which RMB992,670 shall be used to subscribe for 5.35% equity interest of the enlarged registered capital of Shanghai Longyao and RMB47,007,330 shall be credited as the capital reserves of Shanghai Longyao, (ii) the Company agreed, through a wholly-owned subsidiary to be established in the PRC, to make a capital injection in the amount of RMB49,960,000, of which RMB1,033,204 shall be used to subscribe for 5.57% equity interest of the enlarged registered capital of Shanghai Longyao and RMB48,926,796 shall be credited as the capital reserves of Shanghai Longyao, (iii) a put option has been granted to Yixing Huanke whereby, upon the occurrence of any redemption event, Yixing Huanke shall be entitled to require Shanghai Longyao to repurchase, or (if Shanghai Longyao fails to repurchase) to require the Company to purchase, all or part of the Yixing Huanke’s shareholding in Shanghai Longyao at the Put Price, and (iv) a call option, exercisable at the discretion of the Company on or before 31 December 2024, has been granted to the Company, pursuant to which the Company may buy all or part of Yixing Huanke’s shareholding in Shanghai Longyao.

On the same date, Mr. Liu Xiaolin (“**Mr. Liu**”), the chairman and executive director of the Company, and Yixing Huanke’s entered into the side letter under which Mr. Liu has undertaken to Yixing Huanke that if Shanghai Longyao fails to repurchase or the Company fails to purchase all of Yixing Huanke’s shareholding in Shanghai Longyao at the Put Price upon the exercise of the Put Option by Yixing Huanke, Mr. Liu shall purchase such equity interest in accordance with the terms of the capital injection agreement.

The completion of the capital injections took place on 19 February 2024. Details were disclosed in the announcements of the Company dated 8 December 2023 and 8 January 2024.

## FUTURE PROSPECT

In 2024, the local economy has been recovering gradually and the Group has positioned itself well to extend its conventional medical laboratory testing services and health check services to public health screening services for the Hong Kong community.

Although market competition in the medical laboratory testing services and health check services segment had become more intensive in the post-pandemic time, we opted to upgrade our medical laboratories for higher efficiency and capacity. In early 2024, our PHC Lab implemented a cooperation project with Abbott and installed the first customized virtual biochemical immune simulation GLP Track in private medical laboratory in Hong Kong. The system effectively reduces report turnover time, increases testing throughput, processes samples in a fully enclosed system, frees up manpower, reduces human errors, and lays a solid foundation for future testing in line with industry developments. Our laboratory initiated the HOKLAS qualification application process, aiming to obtain HOKLAS qualification by 2025 and participated in government tenders to provide testing services for the Hospital Authority and Department of Health of Hong Kong. Additionally, the government announced the establishment of the Hong Kong FDA to attract pharmaceutical companies for clinical trials. Our Group quickly initiated collaborations with multiple partners to prepare for the launch of contract research organization (CRO) services to local and overseas pharmaceutical companies.

In 2023, following the government's health blueprint, we introduced a series of early health screening tests, including early screening for diabetes, HPV, and colorectal cancer. To seize this opportunity, we have been aggressively seeking cooperations with different medical platforms, insurance companies and corporate entities to promote our healthcare services in Hong Kong and expand our reach into the Greater Bay Area. At the same time, we have continued to strengthen and to broaden our scope of services to cope with the expected demand. For instance, we have introduced several new tests, such as early diabetes screening test, DNA test, etc. On the other hand, we will seek cooperation with the Hong Kong government, medical specialists, non-profit organisations and other institutes to achieve rapid entry into the early screening of colorectal cancer and HPV DNA test market. We also participated in government vaccine programs and provided on-site vaccine services for schools.

Due to the rising awareness and health concerns of the general public fostered by the pandemic, the growing trend of aging population, larger demand for private medical services and increasing number of life insurance policies, it is expected that demand for health check and related medical services in Hong Kong will continue to grow.

Simultaneously, we have continued the development of our anti-tumor cell therapy products during the past years, and the clinical trials of our CAR-T drug have been progressing as planned. The stage I Trial of the first CD20-targeted investigational new drug, namely LY007 Cellular Injection, began in the first quarter of 2022. The first four testing groups of twelve patients had completed cell infusion treatment in the Trial and we are confident to have enrolled sufficient patients to participate in the Trial by October 2024. In June 2024, the progress results of the phase I clinical study (“**Phase I Study**”) of LY007 Cellular Injection, a novel CD20-targeted autologous chimeric antigen receptor T cell therapy in patients with relapse/refractory B-cell non-Hodgkin lymphoma (“**B-NHL**”) had been put up at the 2024 American Society of Clinical Oncology (ASCO) Annual Meeting in the form of poster presentation.

Large B-cell lymphoma (“**LBCL**”) is a common sub-type of B-NHL, and the majority of patients can be cured by standard immunochemotherapy regimens. However, approximately 40% of patients still face relapse/refractory dilemmas after first-line treatment. The Phase I Study was conducted to evaluate the safety and tolerability of LY007 Cellular Injection for the treatment of relapse/refractory B-NHL patients. The Phase I Study demonstrated that LY007 Cellular Injection was well tolerated at the dose levels up to  $5.0 \times 10^6$  cells/kg for patients with weight of 50 kg or less and showed a favorable dose-response relationship for the treatment of relapse/refractory B-NHL. LY007 Cellular Injection is expected to provide a new treatment option for LBCL patients.

More notably, we have entered into agreements to purchase the BNCT equipment, drug and related services from Sumitomo and Stella Pharma Corporation. We intend to become the first service provider to offer BNCT cancer treatment service to patients in the Greater China region, and aim to introduce and scale up this advanced tumor radiation therapy treatment services to patients in Mainland China, Hong Kong and Macau with unresectable, locally advanced or locally recurrent head and neck cancer.

In addition, the Group has entered into cooperation partnership with several hospitals in the PRC, including but not limited to Huashan Hospital affiliated to Fudan University, Shanghai (上海復旦大學附屬華山醫院), for the provision of treatment services for cancer patients referred by them at the BNCT Centre in Hainan to be opened in late 2024 or early 2025. Apart from offering BNCT treatment services to cancer patients, the Group will generate revenue in the future through the distribution of BNCT equipment, medicines and its related services, including consultancy services in relation to the design and construction of BNCT Centre, maintenance services for BNCT equipment and the provision of professional training services for medical staff to other hospital operators in Mainland China.

We have been making progress on the construction of the BNCT Centre in Boao Pilot Zone. Pengbo (Hainan) has also been granted the medical institution practicing license (醫療機構執業許可證) by the administration of the Boao Pilot Zone. The construction and renovation of the BNCT Centre, followed by installation of BNCT equipment and test run, is targeted to be completed in late 2024 or early 2025.

Moving forward, we will continue to enrich our diagnostic and health checkup business with customized service offerings. We will endeavor to speed up the Trial and the construction of the BNCT Centre and will continue to stay at the forefront of the biomedical field by leveraging on the latest advancements in biomedical research and technology to develop innovative solutions for precision diagnosis and treatment.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has financed its operations and capital expenditures requirements through (i) internal generated resources, and (ii) banks and other borrowings.

### Liquidity and Financial Resources

As at 30 June 2024, the Group held cash and bank balances of approximately HK\$33,241,000 (31 December 2023: HK\$72,087,000), all were principally denominated in Renminbi and Hong Kong dollars. The decrease in cash and bank balances of approximately HK\$38,846,000 is mainly due to uses for operational businesses of the Group and the construction of BNCT Centre in Hainan of China.

As at 30 June 2024, the Group had outstanding convertible bonds in principal amount of US\$10,000,000 with carrying amount of approximately US\$6,726,000 (equivalent to approximately HK\$52,796,000) (31 December 2023: US\$10,000,000 with carrying amount of approximately US\$6,863,000 (equivalent to approximately HK\$53,877,000)) which carried a fixed interest rate of 8.25% (31 December 2023: 8.25%) per annum and is repayable on 30 December 2024.

As at 30 June 2024, the Group had (i) secured bank borrowings of approximately HK\$25,000,000 (31 December 2023: HK\$20,000,000), which carried a floating interest rate (i.e. HIBOR plus 1.5%) and is repayable within one year; and (ii) unsecured bank borrowings of approximately RMB5,000,000 (equivalent to HK\$5,350,000) (31 December 2023: Nil), which guarantee by the Company and is repayable within one year.

As at 30 June 2024, the Group had loan from controlling shareholder of approximately HK\$21,596,000 (31 December 2023: Nil) which carried a fixed interest of 10% per annum and is repayable within one year.

As at 30 June 2024, the Group had secured other borrowings of approximately HK\$8,025,000 (equivalent to RMB7,500,000) (31 December 2023: HK\$10,963,000 (equivalent to RMB10,000,000)), which carried a fixed interest rate at 6% per annum and is repayable within 1.5 years (31 December 2023: two years).

As at 30 June 2024, the Group had unsecured other borrowings of approximately HK\$42,324,000 (equivalent to HK\$9,000,000 and RMB31,145,000) (31 December 2023: Nil), which carried interest at 12% per annum and is repayable within one year.

The increase in the bank and other borrowings were mainly due to the use of additional borrowings by the Group for general working capital and for the development of the BNCT project.

As at 30 June 2024, total assets of the Group were approximately HK\$630,553,000 (31 December 2023: HK\$662,362,000), whereas total liabilities were approximately HK\$249,229,000 (31 December 2023: HK\$171,636,000). The gearing ratio of the Group, calculated as total liabilities over total assets, was approximately 39.53% (31 December 2023: 25.91%). Current ratio (defined as total current assets divided by total current liabilities) was 0.74 times (31 December 2023: 1.64 times).

Fortstone International (Hong Kong) Limited (“**Fortstone**”), an indirect non-wholly owned subsidiary of the Company, is a holder of insurance broker company licence under the Insurance Ordinance. As an insurance brokerage company, Fortstone is subject to capital and net assets requirements under the Insurance Ordinance. Fortstone shall maintain a minimum net assets value and a minimum paid up share capital of HK\$500,000 at all times. Fortstone oversees its compliance with the capital and net assets requirement by monitoring Fortstone’s liquid asset and ranking liabilities at all times to ensure they are well above the minimum required level (i.e. HK\$500,000). Fortstone had been in full compliance with capital and net assets requirement during the 2024 Interim Period.

### **Capital Structure**

As at 30 June 2024, the total issued share capital of the Company was HK\$96,323,115 (31 December 2023: HK\$96,323,115) divided into 963,231,150 (31 December 2023: 963,231,150) ordinary shares of HK\$0.10 each.

## SIGNIFICANT INVESTMENTS HELD AND PERFORMANCE

As at 30 June 2024, the Group's financial assets at fair value through other comprehensive income amounted to approximately HK\$55,786,000 (31 December 2023: HK\$56,920,000) including one (31 December 2023: one) investment in unlisted equity securities and one (31 December 2023: one) investment in listed equity securities. It mainly consisted an investment of approximately HK\$52,204,000 (31 December 2023: HK\$52,204,000) in Pillar Biosciences, Inc. ("**Pillar**") and an investment of HK\$3,582,000 (31 December 2023: HK\$4,716,000) in Broncus Holding Corporation ("**Broncus**") (a company whose shares are listed on the Main Board of the Stock Exchange with stock code: 2216). It is the Group's investment strategy to hold the investments in Pillar and Broncus as long-term investments for the creation of synergy and long term shareholder value.

### (i) Investment in Pillar

As at 30 June 2024, the Group held approximately 3.01% (31 December 2023: 3.01%) of equity interest of Pillar or 1,638,216 series B preferred stock in Pillar with fair value of HK\$52,204,000 (equivalent to US\$6,684,000) (31 December 2023: HK\$52,204,000 (equivalent to US\$6,684,000)) which represented 8.28% of the total asset of the Group as at 30 June 2024 and at an initial investment costs of US\$4,999,999 (equivalent to HK\$39,208,000). Pillar is a precision testing company for cancer based in Boston, Massachusetts, the United States of America with a wholly-owned subsidiary in Shanghai, the PRC. Based on the latest unaudited consolidated financial statements of Pillar for the year ended 31 December 2023, it recorded an unaudited consolidated loss of approximately US\$22.10 million. No fair value change has been recognised in other comprehensive income for the 2024 Interim Period. No dividend income was received from Pillar for the 2024 Interim Period. As part of the strategic cooperation between the Group and Pillar, a company has been set up by the parties in Hong Kong, namely Asia Molecular Diagnostic Laboratory Limited ("**AMD**L"). AMDL has established a high-standard molecular biology laboratory at the Hong Kong Science and Technology Park and has been providing NGS precision cancer diagnostic services in Hong Kong. The Group believes that the investment in Pillar will create synergies with the Group's medical laboratory testing services and health check services.

**(ii) Investment in Broncus**

As at 30 June 2024, the Group held approximately 1.13% (31 December 2023: 1.13%) or 5,970,160 shares in Broncus with fair value of approximately HK\$3,582,000 (31 December 2023: HK\$4,716,000) which represented 0.57% of the total asset of the Group as at 30 June 2024 and at an initial investment costs of US\$5,000,001.54 (equivalent to HK\$39,282,000). Broncus is a company mainly engaged in research and development, and the manufacture and commercialisation of medical device and consumables. Based on the latest audited consolidated financial statements of Broncus for the year ended 31 December 2023, it recorded an audited consolidated loss of approximately US\$28.1 million. A fair value loss on the Group's investment in Broncus of approximately HK\$1,134,000 has been recognised in other comprehensive income for the 2024 Interim Period. No dividend income was received from Broncus for the 2024 Interim Period. The investment in Broncus enables the Group to strategically lay out in precision diagnosis, and to enter into the field of precision treatment. Other than bringing investment return to the Group, the Group will also explore collaborative opportunity with Broncus.

The Group did not hold any other significant investments with a market value that account for more than 5% of the Group's unaudited total assets as at 30 June 2024.

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

Except for the acquisition of subsidiaries 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 2024 Interim Period.

**CAPITAL COMMITMENTS**

Details of capital commitments are stated in note 18 to the unaudited condensed consolidated interim results.

**CHARGES ON THE GROUP'S ASSETS**

As at 30 June 2024, the Group had pledged bank deposits of approximately HK\$31,068,000 (31 December 2023: HK\$134,809,000).

The restricted bank deposits denominated in JPY amounting to approximately HK\$31,068,000 (equivalent to JPY649,025,000) (31 December 2023: HK\$134,809,000 (equivalent to JPY2,490,024,000)) represented deposits pledged to a bank to secure issuance of an irrevocable letter of credit to the BNCT system supplier, Sumitomo Heavy Industries, Ltd.



As at 30 June 2024, the Group had a secured bank borrowing of approximately HK\$25,000,000 (31 December 2023: HK\$20,000,000), which was secured by a legal charge on leasehold land and buildings in Hong Kong with the carrying amounts of approximately HK\$11,234,000 (31 December 2023: HK\$11,478,000) and a corporate guarantee executed by a subsidiary in favour of the bank for the banking facilities of HK\$25,000,000. The banking facilities are subject to the fulfilment of restrictive covenants including certain financial ratios of the Group. As at 30 June 2024, the Company had been breached one of the restrictive covenants relating to drawn down facilities. The Company is applying a waiver from the bank.

As at 30 June 2024, the Group had a bank borrowing of approximately HK\$5,350,000 (equivalent to approximately RMB5,000,000) (31 December 2023: Nil), which was guaranteed by the Company.

As at 30 June 2024, the Group had other borrowings of approximately HK\$8,025,000 (equivalent to approximately RMB7,500,000) (31 December 2023: HK\$10,963,000 (equivalent to approximately RMB10,000,000)), which was secured by a deposit of approximately HK\$1,070,000 (equivalent to RMB1,000,000) (31 December 2023: HK\$1,096,000 (equivalent to RMB1,000,000)) and plant and machinery and intangible assets with the carrying amount of approximately HK\$1,297,000 (31 December 2023: HK\$1,888,000) and HK\$37,925,000 (31 December 2023: HK\$42,946,000) respectively and guaranteed by the Company.

As at 30 June 2024, the Group had other borrowings of approximately HK\$21,400,000 (equivalent to RMB20,000,000) (31 December 2023: Nil), which was secured by 47% shareholding of a subsidiary of the Company and guaranteed by the Company and Mr. Liu Xiaolin, the chairman and executive director of the Company.

As at 30 June 2024, the Group had other borrowings of approximately HK\$3,745,000 (equivalent to RMB3,500,000) (31 December 2023: Nil), which guaranteed by the Company.

## **CONTINGENT LIABILITIES**

Details of contingent liabilities are stated in note 17 to the unaudited condensed consolidated interim results.

## **FOREIGN EXCHANGE AND INTEREST RATE EXPOSURE**

During the 2024 Interim Period, the business activities of the Group were mainly denominated in Hong Kong dollars and Renminbi. When appropriate and at times of interest rate or exchange rate uncertainties or volatility, hedging instruments including interest rate swaps and foreign currency forwards contract will be used by the Group in the management of exposure affecting interest rates and foreign exchange rate fluctuations as appropriate.

## EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2024, the Group had a total of 142 (30 June 2023: 187) full time employees which were located in the PRC and Hong Kong. Total staff costs for the 2024 Interim Period was approximately HK\$40,166,000 (2023 Interim Period: HK\$51,621,000).

The Group remunerates its employees based on their performance, experience and the prevailing market condition. Performance related bonuses are also granted on a discretionary basis. Other employee benefits include mandatory provident fund, insurance and medical coverage, training (including internal training on the Group's policies and procedures, and paid external training organised by third parties), participation in the Share Option Scheme and Share Award Scheme to provide further incentive and rewards to eligible participants who contribute to the success of the Group.

Provident fund benefits are offered to certain full-time employees through a registered scheme under the Occupational Retirement Schemes Ordinance ("**ORSO**") with the Mandatory Provident Fund exemption. The ORSO scheme is administered by trustees, which are independent, with assets held separately from those of the Group. Under the ORSO scheme, the Group contributes 5% of monthly salaries of employees.

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong (other than those who are covered under ORSO scheme). The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the scheme subject to a maximum of HK\$1,500 per month per employee. The employees in the PRC are members of respective state-managed defined contribution retirement benefits scheme operated by the local government. The employer and the employees are obliged to make contributions at a certain percentage of the basic payroll under rules of the schemes. The only obligation of the Group with respect to the retirement benefit schemes is to make the specified contributions.

The total contributions payable to the above schemes by the Group and charged to the condensed consolidated statement of profit or loss and other comprehensive income for the 2024 Interim Period were approximately HK\$1,181,000 (2023 Interim Period: HK\$1,635,000).

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

As at 30 June 2024, 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 <i>(Note a)</i>
Mr. Liu Xiaolin ("Mr. Liu")	Interest of a controlled corporation	529,500,546 <i>(Note b)</i>	54.97%
	Beneficial owner	1,092,000	0.11%
		530,592,546	55.08%

Notes:

- (a) As at 30 June 2024, 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%
	Genius Lead	Interest of a controlled corporation	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 <i>(note a)</i>
Mr. He Xun	Beneficial owner	2 September 2020	2 September 2022 to 1 September 2024	HK\$2.00	3,220,000	0.33%
					3,220,000	0.33%

Note:

- (a) As at 30 June 2024, the total number of the issued shares of the Company was 963,231,150 ordinary shares of HK\$0.10 each of the Company.

Please refer to the section headed “Share Option Scheme” for details of the share options granted to the Directors.

Save as disclosed above, as at 30 June 2024, 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 30 June 2024, the following person or entity (other than a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company 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 of the Company

Name of shareholder	Capacity and nature of interest	No. of ordinary shares held	Approximate percentage (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	54,137,931	5.62%
	Person having a security interest in shares	187,903,805	19.51%
Guoyuan International Holdings Limited (Note c)	Interest of a controlled corporation	242,041,736	25.13%
Guoyuan Securities Co., Ltd. (Note c)	Interest of a controlled corporation	242,041,736	25.13%
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 30 June 2024, 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 30 June 2024, 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 of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

## SHARE OPTION SCHEME

### (1) Purpose of the Share Option Scheme and Participants

The share option scheme adopted by the Company on 29 May 2014 (“**2014 Share Option Scheme**”) was expired on 29 May 2024 and a new share option scheme (“**2024 Share Option Scheme**”) was approved to be adopted by the shareholders of the Company on 6 June 2024.

Pursuant to an ordinary resolution passed by the shareholders of the Company on 6 June 2024, the Company adopted the 2024 Share Option Scheme for the purpose of providing incentives and rewards to eligible participants (including employee participants, related entities participants and service providers as defined under Rule 23.03A(1) of the GEM Listing Rules) who contribute to the success the Group’s operation. The principal terms of the 2024 Share Option Scheme were set out below and in note 16 to the condensed consolidated financial statements.

Details of movements in the Company's share options during the 2024 Interim Period are set out as follows:

Category/ Name of Grantees	Date of grant	Exercise price per share (HK\$)	Balance as at 1 January 2024	Number of shares over which options are exercisable				Balance as at 30 June 2024	Exercise period
				Granted during the 2024 Interim Period	Exercised during the 2024 Interim Period	Lapsed during the 2024 Interim Period	Cancelled during the 2024 Interim Period		
<b>Directors</b>									
Mr. He Xun	2 September 2020	2.00	3,220,000	-	-	-	-	3,220,000	Note 1
Ms. Chui Hoi Yam	6 January 2023	1.45	5,000,000	-	-	5,000,000	-	-	Note 3
<b>Sub-total</b>			<b>8,220,000</b>	<b>-</b>	<b>-</b>	<b>5,000,000</b>	<b>-</b>	<b>3,220,000</b>	
<b>Service Providers</b>									
<b>Consultant</b>									
Dr. Zhai Pu	26 November 2020	2.00 to 2.20	1,670,000	-	-	-	-	1,670,000	Note 2
<b>Sub-total</b>			<b>1,670,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,670,000</b>	
<b>Total</b>			<b>9,890,000</b>	<b>-</b>	<b>-</b>	<b>5,000,000</b>	<b>-</b>	<b>4,890,000</b>	

*Notes:*

- 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. The share options are exercisable to subscribe for (i) 3,220,000 shares from 2 September 2022 to 1 September 2023 for share options vested from 2 September 2020 to 1 September 2022; and (ii) 3,220,000 shares from 2 September 2023 to 1 September 2024 for share options vested from 2 September 2020 to 1 September 2023.
- 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. The share options are exercisable to subscribe for (i) 1,665,000 shares from 26 November 2022 to 25 November 2023 at exercise price of HK\$2.10 for share options vested from 26 November 2020 to 25 November 2022; and (ii) 1,670,000 shares from 26 November 2023 to 25 November 2024 at exercise price of HK\$2.20 for share options vested on from 26 November 2020 to 25 November 2023.

3. 5,000,000 share options were granted to Ms. Chui Hoi Yam on 6 January 2023. There is no performance target and no claw back mechanism in respect of the share options granted to Ms. Chui Hoi Yam. The closing price of the shares on the date of grant was HK\$1.10 per share and the average closing price for the five business days immediately preceding the date of grant was HK\$1.13 per share. The closing price of the shares immediately before the date of grant was HK\$1.13.

The share options are valid for a period of four years commencing from the date of grant until the end of the end of the respective exercisable periods, among which (i) 33.33% (1,665,000 share options) will vest from 6 January 2023 to 5 January 2024 and become exercisable from 6 January 2024 to 5 January 2025; (ii) 33.33% (1,665,000 share options) will vest from 6 January 2023 to 5 January 2025 and become exercisable from 6 January 2025 to 5 January 2026; and (iii) 33.34% (1,670,000 share options) will vest from 6 January 2023 to 5 January 2026 and become exercisable from 6 January 2026 to 5 January 2027.

4. The service provider sublimit would be 9,632,311 shares, representing approximately 1% of the total number of shares in issue (excluding treasury shares) on the date of approval of the 2024 Share Option Scheme.

During the 2024 Interim Period, no share options granted under the 2014 Share Option Scheme have been exercised and no share options granted under the 2024 Share Option Scheme.

## (2) Total Number of Shares Available for Issue

On 6 June 2024, the 10% general limit imposed under the rules of the 2024 Share Option Scheme on the total number of Shares which may be issued upon the exercise of all options to be granted under the 2024 Share Option Scheme was refreshed (the “**Refreshment**”), and share options to subscribe for up to a maximum of 96,323,115 Shares, representing 10% of the then issued shares of the Company, may be granted under the 2024 Share Option Scheme as at the date of the Refreshment. Since the date of the Refreshment and up to 30 June 2024, no share options was granted. Hence, as at 30 June 2024 and the date of this report, share options to subscribe for up to 96,323,115 (2023: 87,090,615) Shares may be further granted under the 2024 Share Option Scheme (2023: the 2014 Share Option Scheme), representing 10% (2023: 9.04%) of the issued shares of the Company, were available for issue under the 2024 Share Option Scheme.

Within the scheme mandate limit, the service provider sublimit would be 9,632,311 Shares, representing approximately 1% of the total number of Shares in issue (excluding treasury shares) on the date of approval of the 2024 Share Option Scheme.



**(3) Maximum Entitlement of Participants**

The total number of shares of the Company issued and which may fall to be issued upon exercise of the share options granted under the 2024 Share Option Scheme and any other Share Option Scheme of the Group (including both exercised or outstanding share options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being.

**(4) Exercise and Vesting Period**

The period within which the share options may be exercised by the grantee in respect of the share options granted under the 2024 Share Option Scheme and the vesting period of such share options, subject to all applicable laws and the GEM Listing Rules, will be set out in the offer letter issued by the Company to the eligible participants.

**(5) Acceptance**

The offer letter may be accepted by an eligible participant within such time as may be specified in the offer letter (which shall not be later than 21 days from the offer date) and the share option in respect of the number of shares of the Company in respect of which the offer was so accepted will be deemed to have been granted on the offer date. A nominal consideration of HK\$1.00 is payable on acceptance of the grant of an option.

**(6) Basis of Determining the Exercise Price**

The exercise price for shares of the Company on the exercise of share options under the 2024 Share Option Scheme as determined by the Board, subject to any adjustments made pursuant to the applicable laws and the GEM Listing Rules, shall be no less than the highest of: (i) the closing price of the shares of the Company as stated on the Stock Exchange's daily quotations sheet on the offer date; (ii) the average closing prices of the shares of the Company as stated on the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date; and (iii) the nominal value of a share.

**(7) Remaining Life of the Scheme**

The 2024 Share Option Scheme of the Company, which was adopted on 6 June 2024, shall remain in force for a period of 10 years commencing on the date of its adoption. The remaining life of the 2024 Share Option Scheme will expire on 5 June 2034.

### **Reason for grant of share options to consultants**

The Group positions itself as a science and technology group in biomedical field with a view to achieving application of advanced medical technologies from around the world in the PRC and the Greater Bay Area. Given the current background and experience of the Board, the Group has been engaging biomedical professionals and consultants to strengthen its knowledge on industry development and technical background.

The consultants are, and will mainly be, consulted by the Company for marketing and introduction guidance, information and guidance on the latest bio-technology, advices on potential projects and review of investment opportunities to support the Group's business expansion and development. In view of their experience and background in the healthcare and medical industry, the Company considered that the consultants would provide significant contributions to the business development of the Company.

The grant of the share options, which shall be vested by stages, will provide incentives and rewards for the consultants to contribute to the success of the Company's operations and future development and is consistent with the purpose of the Share Option Scheme. Further, the grant of the share options will not have any adverse impact on the cash flow of the Group and the Company can receive subscription money upon exercise of the share options. The Directors believed that the grant of the share options to the consultants is fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **SHARE AWARD SCHEME**

### **(1) Purpose of the Share Award Scheme and Participants**

The Company adopted a share award scheme (the "**Share Award Scheme**") in accordance with the scheme rules on 18 August 2021 for the purpose of providing incentives and rewards to eligible participants (including employee participants, related entities participants and service providers as defined under Rule 23.03A(1) of the GEM Listing Rules) who may contribute to the success the Group's operation. No service provider sublimit was set under the Share Award Scheme. The principal terms of the Share Award Scheme are disclosed in the Company's 2023 annual report.

During the 2024 Interim 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 shares of the Company on the market and no shares of the Company were awarded by the Company under the Share Award Scheme. As at 30 June 2024, 7,038,000 shares of the Company held by the trustee.

**(2) Total Number of Shares Available for Issue**

Under the Share Award Scheme, the Company shall not make any further grant of award which will result in the number of shares of the Company 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 of the Company were awarded by the Company under the Share Award Scheme since its adoption, 96,323,115 shares, representing 10% of the issued shares of the Company as at the date of the adoption of the Share Award Scheme on 18 August 2021 and as at the date of this report, were available for grant under the Share Award Scheme as at the date of this report.

**(3) Maximum Entitlement of Participants**

The maximum entitlement of each participant under the Share Award Scheme shall not exceed 1% of the total number of issued shares of the Company as at 18 August 2021, the adoption date of the Share Award Scheme.

**(4) Vesting and Conditions**

The Board may from time to time while the Share Award Scheme is in force and subject to all applicable laws and the GEM Listing Rules, determine such vesting criteria and conditions or periods for the awards to be vested. All of such vesting criteria and conditions (if any) and periods (including the vesting date) shall be set out in the relevant award letter issued to each selected participant.

**(5) Basis of Determining the Purchase Price**

The Board may at any time during the term of the share award scheme direct and procure the trustee to receive existing shares of the Company from any shareholder of the Company or purchase existing shares of the Company (either on-market or off-market) at such range of purchase price as the Board may direct or authorise, subject to compliance with the applicable laws and the GEM Listing Rules.

**(6) Remaining life of the Scheme**

The Share Award Scheme shall be valid and effective for a term of 10 years commencing on the adoption date, the remaining life of the Share Award Scheme will expire on 17 August 2031.

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

At no time during the 2024 Interim Period or at the end of the 2024 Interim 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 two Directors on 2 September 2020 and 6 January 2023. No shares of the Company were awarded to any Director under the Share Award Scheme.

## **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 2024 Interim 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 2024 Interim 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 2024 Interim Period, the Company has complied with the code provisions in the Corporate Governance Code as set out in Appendix C1 to the GEM Listing Rules.

## COMPETING AND CONFLICT OF INTEREST

None of the Directors or 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 2024 Interim 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. Guo Yuantao and Mr. Qian Hongji as at the date of this report.

The unaudited condensed consolidated interim results of the Group for the 2024 Interim 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 report, 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 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, 26 August 2024

*As at the date of this report, the board of Directors comprises three executive Directors, namely, Mr. Liu Xiaolin (Chairman), Mr. He Xun and Mr. Huang Song; and three independent non-executive Directors, namely, Mr. Yan Guoxiang, Dr. Guo Yuantao and Mr. Qian Hongji.*