



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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

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

UNAUDITED THIRD QUARTERLY RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of the Company presents the unaudited condensed consolidated third quarterly results of the Company and its subsidiaries (collectively, the “**Group**”) for the three and nine months ended 30 September 2020 together with the unaudited comparative figures for the corresponding period in 2019.

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

FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2020

		For the three months ended 30 September		For the nine months ended 30 September	
		2020	2019	2020	2019
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Gross proceeds	3	515,725	14,151	547,030	42,721
Turnover	3	515,725	14,151	547,030	42,721
Cost of sales		(252,600)	(8,844)	(274,467)	(27,032)
Gross profit		263,125	5,307	272,563	15,689
Other income and gains/(loss)	4	2,205	(923)	5,182	(1,046)
Selling and distribution expenses		(3,047)	(3,128)	(8,595)	(9,322)
Administrative expenses		(40,225)	(24,591)	(91,184)	(64,456)
Profit/(loss) from operations		222,058	(23,335)	177,966	(59,135)
Finance costs	5	(2,307)	(488)	(4,180)	(772)
Loss on disposal of subsidiaries	9	(939)	(316)	(939)	(316)
Share of loss of associates		–	(158)	–	(719)
Change in fair value of derivative financial liabilities		–	–	(417)	–
Profit/(loss) before tax		218,812	(24,297)	172,430	(60,942)
Income tax (expense)/credit	6	(39,490)	321	(38,887)	648
Profit/(loss) for the period		179,322	(23,976)	133,543	(60,294)

		For the three months ended 30 September		For the nine months ended 30 September	
		2020	2019	2020	2019
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit/(loss) for the period		179,322	(23,976)	133,543	(60,294)
Other comprehensive income/(loss) for the period					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences arising on translation of foreign operations		122	(996)	(140)	(1,866)
Release of exchange difference upon disposal of subsidiaries	9	–	323	–	323
Share of exchange differences of investments in associates		–	164	–	(157)
Other comprehensive income/(loss) for the period, net of tax		122	(509)	(140)	(1,700)
Total comprehensive income/(loss) for the period		179,444	(24,485)	133,403	(61,994)
Profit/(loss) for the period attributable to:					
– Owners of the Company		61,800	(21,935)	21,532	(56,148)
– Non-controlling interests		117,522	(2,041)	112,011	(4,146)
		179,322	(23,976)	133,543	(60,294)
Total comprehensive income/(loss) for the period attributable to:					
– Owners of the Company		61,903	(22,131)	21,448	(57,252)
– Non-controlling interests		117,541	(2,354)	111,955	(4,742)
		179,444	(24,485)	133,403	(61,994)
Earnings/(loss) per share					
– Basic and diluted (HK\$)	8	0.064	(0.023)	0.022	(0.059)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

	Attributable to owners of the Company									
	Share capital	Share premium	Share option reserves	Special reserves	Other reserves	Financial assets at fair value through other comprehensive income reserves	Exchange reserves	Accumulated losses	Sub-total	Non-controlling interests
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2020 (Audited)	96,981	498,852	22,793	212,948	4,163	(15,285)	(200)	(531,060)	289,192	24,171
Profit for the period	-	-	-	-	-	-	-	21,532	21,532	112,011
Other comprehensive loss for the period:										
Exchange differences arising from translation of foreign operations	-	-	-	-	-	-	(84)	-	(84)	(56)
Other comprehensive loss for the period, net of tax	-	-	-	-	-	-	(84)	-	(84)	(56)
Total comprehensive income for the period	-	-	-	-	-	-	(84)	21,532	21,448	111,955
Disposal of non-controlling interests (note 9(a))	-	-	-	-	(1,009)	-	-	-	(1,009)	602
Equity-settled share-based payments	-	-	6,975	-	-	-	-	-	6,975	-
Capital injection from non-controlling interests	-	-	-	-	-	-	-	-	-	6,883
Changes in ownership interests in subsidiaries without loss of control	-	-	-	-	158	-	-	-	158	(49)
Repurchase of ordinary shares	(296)	(3,012)	-	-	-	-	-	-	(3,308)	-
At 30 September 2020 (Unaudited)	96,685	495,840	29,768	212,948	3,312	(15,285)	(284)	(509,528)	313,456	143,562

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

	Attributable to owners of the Company									
	Share capital	Share premium	Share option reserves	Special reserves	Other reserves	Financial assets at fair value through other comprehensive income reserves	Exchange reserves	Accumulated losses	Sub-total	Non-controlling interests
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2019 (Audited)	93,535	443,140	12,258	212,948	4,163	(10,402)	650	(432,215)	324,077	(5,162)
Loss for the period	—	—	—	—	—	—	—	(56,148)	(56,148)	(4,146)
Other comprehensive loss for the period:										
Exchange differences arising from translation of foreign operations	—	—	—	—	—	—	(1,270)	—	(1,270)	(596)
Release of exchange difference upon disposal of subsidiaries (note 9(b))	—	—	—	—	—	—	323	—	323	—
Share of exchange differences of investments in associates	—	—	—	—	—	—	(157)	—	(157)	—
Other comprehensive loss for the period, net of tax	—	—	—	—	—	—	(1,104)	—	(1,104)	(596)
Total comprehensive loss for the period	—	—	—	—	—	—	(1,104)	(56,148)	(57,252)	(4,742)
Equity-settled share-based payment	—	—	7,014	—	—	—	—	—	7,014	—
Capital contribution from non-controlling interests	—	—	—	—	—	—	—	—	—	1,950
Issue of ordinary shares	2,751	43,465	—	—	—	—	—	—	46,216	—
Subscription shares	580	11,020	—	—	—	—	—	—	11,600	—
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	35,413
Repurchase of ordinary shares	(38)	(471)	—	—	—	—	—	—	(509)	—
At 30 September 2019 (Unaudited)	96,828	497,154	19,272	212,948	4,163	(10,402)	(454)	(488,363)	331,146	27,459

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED THIRD QUARTERLY RESULTS

1. GENERAL INFORMATION

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

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

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

As at 30 September 2020, 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 third quarterly results of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and applicable disclosures by the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) and the Hong Kong Companies Ordinance.

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

The principal accounting policies used in the preparation of the unaudited condensed consolidated third quarterly results for the nine months ended 30 September 2020 are consistent with those applied in the Company's annual report for the year ended 31 December 2019, 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 third quarterly results.

The HKICPA has issued a number of new and revised standards, amendments to standards and Int (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 2020. The adoption of these new and revised HKFRSs does not have any significant financial effect on the Group’s unaudited results of operations and financial position.

The Group has not early adopted the new and 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:

	For the three months ended		For the nine months ended	
	30 September		30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Provision of tumor immune cell therapy services	–	77	–	138
Manufacture and sale of health related and pharmaceutical products	161	398	746	1,192
Provision of medical laboratory testing services and health check services	513,688	13,162	539,259	40,059
Provision of insurance brokerage services	1,554	–	6,046	–
Money lending business	322	514	979	1,332
	<u>515,725</u>	<u>14,151</u>	<u>547,030</u>	<u>42,721</u>
Gross proceeds from trading of securities	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Gross proceeds	<u><u>515,725</u></u>	<u><u>14,151</u></u>	<u><u>547,030</u></u>	<u><u>42,721</u></u>

4. OTHER INCOME AND GAINS/(LOSS)

	For the three months ended		For the nine months ended	
	30 September		30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest income	4	35	15	174
Sundry income	55	85	325	186
Gain on disposal of property, plant and equipment	–	–	–	534
Government grants (<i>note</i>)	2,202	–	2,855	–
Reversal of impairment loss of other receivables	–	–	2,079	–
Written off of property, plant and equipment	–	(1,081)	–	(1,950)
Exchange (losses)/gain, net	(56)	38	(92)	10
	<u>2,205</u>	<u>(923)</u>	<u>5,182</u>	<u>(1,046)</u>

Note: Government grants relate to wage subsidy received by the Group.

5. FINANCE COSTS

	For the three months ended		For the nine months ended	
	30 September		30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest expenses:				
– Other borrowings	237	390	780	505
– Effective interest expenses on convertible bonds	1,863	–	2,887	–
– Imputed interest on loans from a non-controlling shareholder of a subsidiary	–	9	9	59
– Lease liabilities	207	89	504	208
	<u>2,307</u>	<u>488</u>	<u>4,180</u>	<u>772</u>

6. INCOME TAX EXPENSE/(CREDIT)

	For the three months ended		For the nine months ended	
	30 September		30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
The amount comprises:				
Current tax expense/(credit):				
– Hong Kong Profits Tax	<u>39,817</u>	<u>56</u>	<u>39,867</u>	<u>157</u>
Deferred tax:				
– Current period	<u>(327)</u>	<u>(377)</u>	<u>(980)</u>	<u>(805)</u>
	<u>39,490</u>	<u>(321)</u>	<u>38,887</u>	<u>(648)</u>

Hong Kong Profits Tax is calculated at the tax rate of 16.5% (nine months ended 30 September 2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the nine months ended 30 September 2020.

Under the two-tiered profits tax regime, profits tax rate for the first HK\$2 million of assessable profits of qualifying corporations established in Hong Kong will be lowered to 8.25%, and profits above that amount will be subject to the tax rate of 16.5%.

One of the subsidiaries 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 nine months ended 30 September 2020 (nine months ended 30 September 2019: 15%).

The PRC Enterprise Income Tax has been provided as a rate of 25% for the nine months ended 30 September 2020 (nine months ended 30 September 2019: 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.

7. DIVIDEND

The Board does not recommend the payment of any dividend for the nine months ended 30 September 2020 (nine months ended 30 September 2019: HK\$Nil).

8. EARNINGS/(LOSS) PER SHARE

Basic and diluted earnings/(loss) per share is calculated by dividing the profit/(loss) for the period attributable to owners of the Company by the weighted average number of ordinary shares during the three and nine months ended 30 September 2020 and 2019.

	For the three months ended 30 September		For the nine months ended 30 September	
	2020	2019	2020	2019
	'000	'000	'000	'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Number of ordinary shares				
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings/(loss) per share	967,526	968,640	969,040	958,035
	<u><u>967,526</u></u>	<u><u>968,640</u></u>	<u><u>969,040</u></u>	<u><u>958,035</u></u>
	For the three months ended 30 September		For the nine months ended 30 September	
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit/(loss) for the period attributable to owners of the Company (HK\$'000)	61,800	(21,935)	21,532	(56,148)
	<u><u>61,800</u></u>	<u><u>(21,935)</u></u>	<u><u>21,532</u></u>	<u><u>(56,148)</u></u>
Basic and diluted earnings/(loss) per share (HK\$)	0.064	(0.023)	0.022	(0.059)
	<u><u>0.064</u></u>	<u><u>(0.023)</u></u>	<u><u>0.022</u></u>	<u><u>(0.059)</u></u>

The computation of diluted earnings per share does not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price for shares for the three and nine months ended 30 September 2020.

Diluted loss per share for the three and nine months ended 30 September 2019 equals basic loss per share as the exercise of the outstanding share options would be anti-dilutive.

9. DISPOSAL OF SUBSIDIARIES

(a) Disposal of Huge Profit Group

On 14 September 2020, the Company, as vendor, entered into a sale and purchase agreement with an independent third party, as purchaser, to disposal of the 78% equity interest in Huge Profit Trading Limited and its subsidiary (collectively, the “**Huge Profit Group**”) at a cash consideration of HK\$500,000. The completion of the disposal of the Huge Profit Group took place on the same date.

An analysis of the net assets of the Huge Profit Group at the date on which the Group lost control (i.e. 14 September 2020), was as follows:

	<i>HK\$'000</i> (Unaudited)
Property, plant and equipment	509
Inventories	304
Trade and other receivables	2,330
Cash and cash equivalents	371
Total assets	3,514
Trade and other payables	1,668
Total liability	1,668
Net assets disposed of	1,846
	For the nine months ended 30 September 2020
	<i>HK\$'000</i> (Unaudited)
Loss on disposal of the Huge Profit Group:	
Consideration	500
Release of non-controlling interests	(602)
Release of other reserves	1,009
Less: Net assets disposed of	(1,846)
	(939)

(b) Disposal of Dragon Leap Group

On 16 August 2019, Dynasty Well Limited, a direct wholly-owned subsidiary of the Company, as vendor, entered into a sale and purchase agreement with an independent third party, as purchaser, to dispose of the entire equity interests in Dragon Leap Enterprises Limited and its subsidiary (collectively, the “**Dragon Leap Group**”) at a cash consideration of HK\$50,000. The completion of the disposal of the Dragon Leap Group took place on the same date.

An analysis of the net assets of the Dragon Leap Group at the date on which the Group lost control (i.e. 16 August 2019), was as follows:

	<i>HK\$'000</i> (Unaudited)
Deposits, prepayments and other receivables	455
Cash and cash equivalents	<u>34</u>
Total assets	<u>489</u>
Other payables and accruals	<u>446</u>
Total liability	<u>446</u>
Net assets disposed of	<u><u>43</u></u>
	For the nine months ended 30 September 2019 <i>HK\$'000</i> (Unaudited)
Loss on disposal of the Dragon Leap Group:	
Consideration	50
Release of exchange difference upon disposal	(323)
Less: Net assets disposed of	<u>(43)</u>
	<u><u>(316)</u></u>

FINANCIAL REVIEW

During the nine months ended 30 September 2020 (the “**2020 Q3 Period**”), the principal activities of the Group are (i) provision of tumor immune cell therapy, immune cell storage and health management services in the PRC; (ii) manufacture, research and development, sale and distribution of health related and pharmaceutical products in the PRC and Hong Kong; (iii) provision of medical laboratory testing services and health check services in Hong Kong; (iv) provision of insurance brokerage services; and (v) trading of securities in Hong Kong.

Turnover

During the 2020 Q3 Period, the Group recorded a turnover of approximately HK\$547,030,000, representing a significantly increase of approximately 1,180.47% as compared with that of approximately HK\$42,721,000 for the nine months ended 30 September 2019 (the “**2019 Q3 Period**”). In view of the rapid spread of the novel coronavirus (“**COVID-19**”) epidemic worldwide, tremendous impacts have been brought to the business operation of various industries and overall global economy. In order to capture the market share of demand shift focusing on COVID-19 testing services, the Group has set up a laboratory and an additional temporary laboratory with 16 air membrane in Hong Kong to provide COVID-19 tests to Hong Kong citizens. The third wave of COVID-19 infection came in mid-July in Hong Kong, the Group provided COVID-19 testing services for private clinics, and corporate and government clients, and individuals. As a result, the revenue from medical laboratory testing services and health check services segment increased significantly with strategic development and marketing and promotion campaigns for the 2020 Q3 Period.

Provision of tumor immune cell therapy services

Upon the completion of the acquisition of approximately 67% of equity interest of 上海隆耀生物科技有限公司 (in English, for identification purpose only, Shanghai Longyao Biotech Company Limited) (“**Shanghai Longyao**”) on 29 March 2019, a company engaged in tumor immune cell therapy, immune cell storage and health management services in the PRC. Shanghai Longyao has completed the clinical research cooperation for cell therapy with 3 Class III Grade A hospitals in the PRC. Also, Shanghai Longyao has conducted an investigator initiated clinical research on its self-developed new generation of CD20-targeted autologous CAR-T. During 2020 Q3 Period, Shanghai Longyao has applied to the Center for Drug Evaluation of the National Medical Products Administration for registration of the clinical trial of a medical product manufactured in China under the product name of LY007 Cellular Injection (the “**Product**”). The application in relation to the Product has been examined and accepted in accordance with Article 32 of the Administrative License Law of the People’s Republic of China. If no rejection or questioning comments are received from the Center for Drug Evaluation within 60 days from the date of application acceptance, Shanghai Longyao may commence clinical trials of the Product in accordance with the submitted proposal. The

Product is a chimeric antigen receptor T-cell (CAR-T) injection and is mainly used in the treatment of relapsing and refractory CD20-positive B-cell non-Hodgkin's lymphoma, including diffuse large B-cell lymphoma and metastatic follicular lymphoma. The Product has been self-developed by Shanghai Longyao and incorporates the OX40 co-stimulatory signal design, which is an intellectual property. Experiments have proved that the design enhances the efficacy of the Product without compromising safety. No turnover from this segment was generated during the 2020 Q3 Period.

Manufacture and sale of health related and pharmaceutical products

Manufacture and sale of health related and pharmaceutical products segment recorded a slightly decrease during the 2020 Q3 Period. The turnover of this segment decreased from approximately HK\$1,192,000 for the 2019 Q3 Period to approximately HK\$746,000 for the 2020 Q3 Period mainly due to the tough economic environment in Hong Kong and COVID-19 pandemic.

Provision of medical laboratory testing services and health check services

The Group had offered a wide spectrum of quality health check diagnostic services in Hong Kong through three health check centers and three medical testing central laboratories. The turnover of this segment has increased from approximately HK\$40,059,000 for the 2019 Q3 Period to approximately HK\$539,259,000 for the 2020 Q3 Period. It represented a significantly increased by 1,246.16% as compared with 2019 Q3 Period. To minimise the impact on the performance of the Group resulting from the COVID-19 epidemic, the Group has entered into distribution agreements with suppliers in relation to detection test kit of COVID-19 and provided COVID-19 testing to customers, in order to capture the market share of demand shift focusing on COVID-19 tests. Besides, the Group has set up a laboratory and an additional temporary laboratory with 16 air membrane in Hong Kong to provide COVID-19 tests to Hong Kong citizens and adjusted strategic development and launched marketing and promotion campaigns on medical laboratory testing services and health check services segment. The third wave of COVID-19 infection came in mid-July in Hong Kong, the Group provided COVID-19 testing services for private clinics, and corporates and government clients, and individuals. As a result, the revenue from medical laboratory testing services and health check services segment increased significantly for the 2020 Q3 Period.

Provision of insurance brokerage services

Having completed the acquisition of 51% issued shares in Fortstone International (Hong Kong) Limited (“**Fortstone**”), a company engaged in insurance brokerage services, on 31 October 2019, the Group has established a foothold in provision of insurance brokerage services and the total turnover from the business was approximately HK\$6,046,000 during the 2020 Q3 Period (2019 Q3 Period: HK\$Nil).

Money Lending business

Ferran Finance Limited, an indirect wholly-owned subsidiary of the Company, is a holder of money lenders license under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). With the increasing market demands of the micro-financing business in Hong Kong, the Group has utilised HK\$16.5 million for the money lending business. The Group's loan portfolio comprises unsecured loans granted to individual customers. The loan receivables carry an interest rate at 8% per annum and are repayable within one year. The money lending business recorded an interest income of approximately HK\$979,000 for the 2020 Q3 Period (2019 Q3 Period: HK\$1,332,000).

Gross profit and gross profit margin

The Group recorded a gross profit of approximately HK\$272,563,000 for the 2020 Q3 Period, representing an increase of approximately HK\$256,874,000 when compared with that of approximately HK\$15,689,000 in the 2019 Q3 Period. Also, the gross profit margin for the 2020 Q3 Period was approximately 49.83%, representing an increase of approximately 13.11 percentage point when compared with the gross profit margin of approximately 36.72% for the 2019 Q3 Period. The increase in gross profit margin was attributable to a substantial growth in the turnover from medical laboratory testing services and health check services segment.

Selling and distribution expenses

Selling and distribution expenses were approximately HK\$8,595,000 (2019 Q3 Period: HK\$9,322,000) for the 2020 Q3 Period, representing a decrease of approximately HK\$727,000 or 7.80% compared with such expenses for the 2019 Q3 Period. The decrease is due to less rental expenses incurred during the 2020 Q3 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 2020 Q3 Period were approximately HK\$91,184,000, representing an increase of approximately HK\$26,728,000 or 41.47%, as compared with that of approximately HK\$64,456,000 for the 2019 Q3 Period. The increase in administrative expenses was mainly attributable to (i) increase in research and development costs and amortisation of intangible assets of approximately HK\$16,445,000 (2019 Q3 Period: HK\$3,450,000) and HK\$6,532,000 (2019 Q3 Period: HK\$5,273,000) for 2020 Q3 Period respectively resulted from tumor immune cell therapy services segment; and (ii) increase in staff costs by HK\$4,899,000 due to expansion of medical laboratory testing services and health check services segment.

Finance costs

During the 2020 Q3 Period, the Group's interest expenses amounted to approximately HK\$4,180,000 (2019 Q3 Period: HK\$772,000). The increase in the finance costs was mainly attributable to higher level of other short-term borrowings as the working capital and placing of convertible bonds during the 2020 Q3 Period.

Profit/(loss) for the period

The Group recorded a net profit of approximately HK\$133,543,000 for the 2020 Q3 Period (2019 Q3 Period: net loss of approximately HK\$60,294,000). The turnaround from net loss for the 2019 Q3 Period to net profit for the 2020 Q3 Period was mainly attributable to (i) substantial increase in demand for COVID-19 testing services due to third wave of COVID-19 infection in mid-July in Hong Kong; (ii) one of participants of COVID-19 testing services under Universal Community Testing Programme for Hong Kong citizens; and (iii) a robust growth in revenue and gross profit from medical laboratory testing services and health check service segment with strategic development and marketing and promotion campaigns.

BUSINESS REVIEW

Memorandum of understanding in relation to the possible investment in the equity interest in Hechao Reproductive Medical Centre Limited

On 25 March 2020, the Company entered into a non-legally binding memorandum of understanding with 合巢生殖醫學中心有限公司 (in English, for identification purpose only, Hechao Reproductive Medical Centre Limited) ("**Hechao Reproductive Medical Centre**") in relation to the Group's possible investment in Hechao Reproductive Medical Centre, which is a company principally engaged in the provision of reproductive medical services. No legally binding agreement has been entered into by the Company with Hechao Reproductive Medical Centre in respect of the possible investment. Details were disclosed in the announcements of the Company dated 25 March 2020 and 24 June 2020.

Repurchase of shares

During the 2020 Q3, the Company repurchased 2,955,000 shares of the Company ranged from HK\$1.01 to HK\$1.28 per share on the Stock Exchange pursuant to the general mandate to repurchase the shares of the Company granted by the shareholders of the Company to the Board at the annual general meeting of the Company held on 15 May 2019 and 26 May 2020. The Company subsequently cancelled the 2,955,000 repurchased shares on 22 July 2020.

Disposal of subsidiaries

Having taken into consideration that the performance of Huge Profit Trading Limited and its subsidiary (collectively, the "**Huge Profit Group**") for the past financial years was not satisfactory, the Directors considered that the disposal of the Huge Profit Group would enable the Company to free up the resources devoted to this business and redirect the resources to the Group's other existing business which might have higher growth

potential to maximise the benefit of the shareholders of the Company. The completion of the disposal of the Huge Profit Group took place on 14 September 2020. For details, please refer to the disclosure made in note 9(a) to the unaudited condensed consolidated financial statement.

Sale and purchase agreement and master services agreement

On 30 September 2020, Sunrise Diagnostic Centre Limited (“**SDCL**”), an indirect non-wholly-owned subsidiary of the Company, and BGI Health (HK) Company Limited (“**BGI**”), a company incorporated in Hong Kong with limited liability and the holder of 40% of the issued share capital of SDCL, entered into a master services agreement in respect of the provision of the COVID-19 test services through RT-PCR method. On the same date, SDCL and BGI also entered into a sale and purchase agreement in relation to the sale and purchase of the equipment for performing COVID-19 nucleic acid testing services at a consideration of HK\$145,393,461.77. Details were disclosed in the announcement of the Company dated 30 September 2020.

FUTURE PROSPECT

The economic outlook for the coming year will continue to be sluggish with the uncertain geopolitical and macroeconomic environment challenges including the ongoing trade conflict between the US and China, Brexit, the social unrest in Hong Kong and novel coronavirus outbreak.

The healthcare industry is also affected to varying degrees. The Group will continue to overcome the adverse effects, adjusting its strategy and continuing to consolidate the market share of its medical testing and healthcare businesses in Hong Kong. At the same time, the focus will be placed on the development and application for registration of immune cell products, striving to achieve breakthroughs in product research and development milestones.

CAR-T technology is considered to be the most promising tumour treatment method. According to the expectation of Coherent Market Insights, its market size will grow exponentially between 2019 and 2028, with a compound annual growth rate as high as 46.1%. CAR-T companies in the market will benefit from the rapid growth of the industry alike.

The management of the Group is confident of the prospects of the biotechnology industry. The Group will seek to obtain clinical approval for cell therapy products as soon as possible and strive for the early launch of CAR-T products for tumour treatment. While serving cancer patients, the CAR-T products will also create more value for the Company. At the same time, the Company will continue to explore and identify better technologies and products internationally for cooperation and acquisition, and continuously enrich the Group’s technology reserve and product lines in the field of cell therapy industry. The Company is committed to developing into a competitive company in the international cell therapy industry.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

Except for the disposal of subsidiaries as disclosed in the section headed “BUSINESS REVIEW” above, the Group did not have any other material acquisition or disposal of subsidiaries and affiliated companies for the 2020 Q3 Period.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2020, the Group had a total of 142 (30 September 2019: 136) full time employees which were located in the PRC and Hong Kong. Total staff costs for the 2020 Q3 Period was approximately HK\$50,529,000 (2019 Q3 Period: HK\$34,895,000).

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 and share option scheme.

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. 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 2020 Q3 Period were approximately HK\$1,152,000 (2019 Q3 Period: HK\$1,524,000).

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

As at 30 September 2020, 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 (Note a)
Mr. Liu Xiaolin (“Mr. Liu”)	Interest of a controlled corporation	529,500,546 (Note b)	54.77%
	A concert party to an agreement to buy shares as described in s317(1)(b) of the SFO	128,300,000 (Note c)	13.27%
	Total	<u>657,800,546</u>	<u>68.04%</u>

Notes:

- (a) As at 30 September 2020, the total number of the issued shares of the Company was 966,851,150 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.
- (c) Pursuant to an agreement in respect of the sale and purchase of the Company’s shares from Mr. Liu to Bright Joy Ventures Limited dated 11 September 2018, Bright Joy Ventures Limited, Mr. Yau Wing Yiu and Genius Lead further entered into a concert party agreement on 11 September 2018. As such, Mr. Liu was deemed to be interested in the shares which Genius Lead was interested in the capacity of a concert party. Further, Mr. Liu also made a loan to Bright Joy Ventures Limited to buy the relevant shares as described in s317(1)(b) of the SFO.

On 11 March 2019, the concert party agreement expired and Mr. Liu was no longer deemed to be interested in the shares beneficially held by Mr. Yau Wing Yiu. Mr. Liu remained to be interested in 128,300,000 shares as the lender of the loan to Bright Joy Ventures Limited to buy the relevant shares as described in s317(1)(b) of the SFO as at 30 September 2020.

(ii) Long position in shares of associated corporation

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

(iii) Long position in share options granted

Name of Directors	Nature of interest	Date of Grant	Exercisable period	Exercise price per share	Aggregate long position in the underlying shares	Approximate percentage (note a)
Mr. Liu	Beneficial owner	12 January 2018	12 January 2019 to 11 January 2022	HK\$1.67	780,000	0.08%
	Beneficial owner	20 August 2019	20 August 2020 to 19 August 2023	HK\$1.68	960,000	0.10%
Mr. Wang Zheng	Beneficial owner	12 January 2018	12 January 2019 to 11 January 2022	HK\$1.67	4,000,000	0.41%
	Beneficial owner	20 August 2019	20 August 2020 to 19 August 2023	HK\$1.68	600,000	0.06%
Mr. Huang Song	Beneficial owner	12 January 2018	12 January 2019 to 11 January 2022	HK\$1.67	4,000,000	0.41%
Mr. Yao Michael Yi	Beneficial owner	20 August 2019	20 August 2020 to 19 August 2023	HK\$1.68	9,680,000	1.00%
Mr. He Xun	Beneficial owner	2 September 2020	2 September 2021 to 1 September 2024	HK\$2.00	9,660,000	1.00%
Total					<u>29,680,000</u>	<u>3.06%</u>

Note:

- (a) As at 30 September 2020, the total number of the issued shares of the Company was 966,851,150 ordinary shares of HK\$0.10 each of the Company.

Save as disclosed above, as at 30 September 2020, 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 September 2020, 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 as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long position in shares and underlying shares

Name of shareholder	Capacity and nature of interest	No. of shares held	Approximate percentage (Note a)
Genius Earn (Note b)	Interest of a controlled corporation	529,500,546	54.77%
Genius Lead (Note b)	Beneficial owner	529,500,546	54.77%
Bright Joy Ventures Limited	Beneficial owner	128,300,000	13.27%
	A concert party to an agreement to buy shares as described in s317(1)(b) of the SFO	529,500,546 (Note c)	54.77%
Yau Wing Yiu	Beneficial owner	7,720,000	0.80%
	Interest of a controlled corporation	657,800,546 (Note d)	68.04%

Notes:

- (a) As at 30 September 2020, the total number of the issued shares of the Company was 966,851,150 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) Pursuant to an agreement in respect of the sale and purchase of the Company's shares from Mr. Liu to Bright Joy Ventures Limited dated 11 September 2018, Bright Joy Ventures Limited, Mr. Yau Wing Yiu and Genius Lead further entered into a concert party agreement on 11 September 2018. As such, Bright Joy Ventures Limited is interested in the shares which Genius Lead and Yau Wing Yiu is interested in the capacity of a concert party. Further, Mr. Liu also made a loan to Bright Joy Ventures Limited to buy the relevant shares as described in s317(1)(b) of the SFO.

On 11 March 2019, the concert party agreement expired and Bright Joy Ventures Limited ceased to be interested in the shares beneficially held by Mr. Yau Wing Yiu. Bright Joy Ventures Limited, as borrower of loan from Mr. Liu to buy relevant shares, remains to be interested in 529,500,546 shares to which Mr. Liu is interested.

- (d) Bright Joy Ventures Limited is wholly-owned by Mr. Yau Wing Yiu. As such, Mr. Yau Wing Yiu is deemed to be interested in the shares of the Company to which Bright Joy Ventures Limited is interested.

Save as disclosed above, as at 30 September 2020, no other person or entity (other than a Director or chief executive of the Company) who had interests or short positions in the shares or underlying shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed by the shareholders of the Company on 29 May 2014, the Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute the success the Group's operation. The principal terms of the share option scheme were disclosed in the Company's 2019 annual report.

Details of movements in the Company's share options during the 2020 Q3 Period are set out as follows:

Name of Grantees	Date of grant	Exercise price per share (HK\$)	Number of Shares over which options are exercisable					Exercise period	
			Balance as at 1 January 2020	Granted during the 2020 Q3 Period	Exercised during the 2020 Q3 Period	Lapsed during the 2020 Q3 Period	Cancelled during the 2020 Q3 Period		Balance as at 30 September 2020
Directors									
Mr. Liu	12 January 2018	1.67	780,000 (Note 1)	–	–	–	–	780,000	Note 5
	20 August 2019	1.68	960,000 (Note 3)	–	–	–	–	960,000	Note 7
Mr. Wang Zheng	12 January 2018	1.67	4,000,000 (Note 1)	–	–	–	–	4,000,000	Note 5
	20 August 2019	1.68	600,000 (Note 3)	–	–	–	–	600,000	Note 7
Mr. Huang Song	12 January 2018	1.67	4,000,000 (Note 1)	–	–	–	–	4,000,000	Note 7
Mr. Yao Michael Yi	20 August 2019	1.68	9,680,000 (Note 3)	–	–	–	–	9,680,000	Note 7
Mr. He Xun	2 September 2020	2.00	–	9,660,000 (Note 4)	–	–	–	9,660,000	Note 8
Sub-total			20,020,000	9,660,000	–	–	–	29,680,000	

Name of Grantees	Date of grant	Exercise price per share (HK\$)	Number of Shares over which options are exercisable					Balance as at 30 September 2020	Exercise period
			Balance as at 1 January 2020	Granted during the 2020 Q3 Period	Exercised during the 2020 Q3 Period	Lapsed during the 2020 Q3 Period	Cancelled during the 2020 Q3 Period		
Consultants	12 January 2018	1.67	15,600,000 (Note 1)	-	-	-	-	15,600,000	Note 5
	20 August 2019	1.68	9,680,000 (Note 3)	-	-	-	-	9,680,000	Note 7
Sub-total			<u>25,280,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,280,000</u>	
Employees	4 October 2018	1.71	3,000,000 (Note 2)	-	-	-	-	3,000,000	Note 6
	20 August 2019	1.68	4,500,000 (Note 3)	-	-	-	-	4,500,000	Note 7
Sub-total			<u>7,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,500,000</u>	
Total			<u>52,800,000</u>	<u>9,660,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,460,000</u>	

Notes:

1. The share options were granted on 12 January 2018. The closing price of the shares on the date of grant was HK\$1.67 per Share.
2. The share options were granted on 4 October 2018. The closing price of the shares on the date of grant was HK\$1.71 per Share.
3. The share options were granted on 20 August 2019. The closing price of the shares on the date of grant was HK\$1.35 per Share.
4. The share options were granted on 2 September 2020. The closing price of the shares on the date of grant was HK\$1.53 per Share.
5. The share options are exercisable to subscribe for (i) a maximum of one-third of the shares granted to each grantee in respect of the share options from 12 January 2019 to 11 January 2020; (ii) a maximum of another one-third of the shares granted to each grantee in respect of the share options from 12 January 2020 to 11 January 2021; and (iii) a maximum of the remaining one-third of the shares granted to each grantee in respect of the share options from 12 January 2021 to 11 January 2022.

6. The share options are exercisable to subscribe for (i) a maximum of one-third of the Shares granted to the grantee in respect of the share option from 4 October 2019 to 3 October 2020; (ii) a maximum of another one-third of the Shares granted to the grantee in respect of the share option from 4 October 2020 to 3 October 2021; and (iii) a maximum of the remaining one-third of the Shares granted to the grantee in respect of the share option from 4 October 2021 to 3 October 2022.
7. The share options are exercisable to subscribe for (i) a maximum of one-third of the Shares granted to the grantee in respect of the share option from 20 August 2020 to 19 August 2021; (ii) a maximum of another one-third of the Shares granted to the grantee in respect of the share option from 20 August 2021 to 19 August 2022; and (iii) a maximum of the remaining one-third of the Shares granted to the grantee in respect of the share option from 20 August 2022 to 19 August 2023.
8. The share options are exercisable to subscribe for (i) a maximum of one-third of the Shares granted to the grantee in respect of the share option from 2 September 2021 to 1 September 2022; (ii) a maximum of another one-third of the Shares granted to the grantee in respect of the share option from 2 September 2022 to 1 September 2023; and (iii) a maximum of the remaining one-third of the Shares granted to the grantee in respect of the share option from 2 September 2023 to 1 September 2024.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

At no time during the 2020 Q3 Period or at the end of the 2020 Q3 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 five Directors on 12 January 2018, 20 August 2019 and 2 September 2020.

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the 2020 Q3 Period, a total of 2,955,000 ordinary shares of the Company were repurchased by the Company on the Stock Exchange. All the repurchased shares were subsequently cancelled by the Company on 22 July 2020. The Directors believe that the repurchases reflect the Company's confidence in its long-term business prospects and would ultimately benefit the Company and create value for the shareholders of the Company. Details of the repurchases of shares of the Company are as follows:

Date of repurchase	Number of shares	Repurchased price per share		Consideration
		Highest HK\$	Lowest HK\$	
13 May 2020	75,000	1.08	1.01	76,550
14 May 2020	230,000	1.13	1.02	247,300
15 May 2020	355,000	1.11	1.02	380,600
18 May 2020	85,000	1.13	1.05	92,300
19 May 2020	220,000	1.13	1.07	240,800
20 May 2020	120,000	1.13	1.08	133,750
21 May 2020	125,000	1.12	1.09	137,950
22 May 2020	195,000	1.11	1.08	213,700
25 May 2020	235,000	1.13	1.07	258,900
27 May 2020	350,000	1.15	1.08	392,600
28 May 2020	55,000	1.13	1.10	61,400
29 May 2020	150,000	1.15	1.10	169,950
1 June 2020	25,000	1.18	1.16	29,200
3 June 2020	45,000	1.15	1.10	51,250
4 June 2020	225,000	1.21	1.12	263,400
5 June 2020	110,000	1.23	1.19	132,150
8 June 2020	5,000	1.20	1.20	6,000
9 June 2020	185,000	1.23	1.14	215,650
10 June 2020	80,000	1.26	1.20	97,450
15 June 2020	40,000	1.28	1.19	49,250
16 June 2020	45,000	1.28	1.26	57,150
Total	2,955,000			3,307,300

Save as disclosed above, there was no purchase, sale or redemption by the Company or any of its subsidiaries, of any listed securities of the Company during the 2020 Q3 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 2020 Q3 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 2020 Q3 Period, the Company has complied with the code provisions in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 15 to the GEM Listing Rules.

COMPETING AND CONFLICT OF INTEREST

None of the Directors or the controlling shareholders of the Company or their respective 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 2020 Q3 Period.

AUDIT COMMITTEE

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

The unaudited condensed consolidated quarterly results of the Group for the 2020 Q3 Period have not been audited by the Company’s auditor, but have been reviewed by the Audit Committee in accordance with the accounting principles and practices adopted by the Company and the Audit Committee has discussed internal controls and financial reporting matters before any disclosure and release of information.

SUFFICIENCY OF PUBLIC FLOAT

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

GENERAL

On behalf of the Board, I would like to take this opportunity 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
Co-Chairman and Executive Director

Hong Kong, 11 November 2020

As at the date of this announcement, the board of Directors comprises six executive Directors, namely, Mr. Liu Xiaolin (Co-Chairman), Mr. Yao Michael Yi (Co-Chairman), Mr. He Xun, Mr. Huang Song, Mr. Leung Pak Hou Anson and Mr. Wang Zheng; and three independent non-executive Directors, namely, Mr. Yan Guoxiang, Dr. Ho Ivan Chun Kit and Mr. Qian Hongji.

This announcement will remain on the “Latest Listed Company Information” page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication and on the website of the Company at www.cbshhk.com.