



CHINA BIOTECH SERVICES HOLDINGS LIMITED

中國生物科技服務控股有限公司

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

(Stock code: 8037)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2021

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UNAUDITED FIRST QUARTERLY RESULTS

The board (the “**Board**”) of Directors of the Company presents the unaudited condensed consolidated first quarterly results of the Company and its subsidiaries (collectively, the “**Group**”) for the three months ended 31 March 2021 together with the unaudited comparative figures for the corresponding period in 2020.

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

FOR THE THREE MONTHS ENDED 31 MARCH 2021

		For the three months ended 31 March	
	Notes	2021 HK\$'000	2020 HK\$'000
Turnover	3	154,169	12,704
Cost of sales		<u>(78,949)</u>	<u>(9,707)</u>
Gross profit		75,220	2,997
Other income and gains/(loss)	4	202	143
Selling and distribution expenses		(3,138)	(2,917)
Administrative expenses		<u>(33,419)</u>	<u>(24,793)</u>
Profit/(loss) from operations		38,865	(24,570)
Finance costs	5	<u>(2,280)</u>	<u>(456)</u>
Profit/(loss) before tax		36,585	(25,026)
Income tax (expense)/credit	6	<u>(9,346)</u>	<u>318</u>
Profit/(loss) for the period		<u>27,239</u>	<u>(24,708)</u>

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

FOR THE THREE MONTHS ENDED 31 MARCH 2021

		For the three months ended	
		31 March	
		2021	2020
	<i>Notes</i>	HK\$'000	HK\$'000
Profit/(loss) for the period		<u>27,239</u>	<u>(24,708)</u>
Other comprehensive loss for the period			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>(493)</u>	<u>(272)</u>
Other comprehensive loss for the period, net of tax		<u>(493)</u>	<u>(272)</u>
Total comprehensive income/(loss) for the period		<u><u>26,746</u></u>	<u><u>(24,980)</u></u>
Profit/(loss) for the period attributable to:			
– Owners of the Company		1,819	(22,096)
– Non-controlling interests		<u>25,420</u>	<u>(2,612)</u>
		<u><u>27,239</u></u>	<u><u>(24,708)</u></u>
Total comprehensive income/(loss) for the period attributable to:			
– Owners of the Company		1,262	(22,284)
– Non-controlling interests		<u>25,484</u>	<u>(2,696)</u>
		<u><u>26,746</u></u>	<u><u>(24,980)</u></u>
Earnings/(loss) per share			
– Basic and diluted (HK\$)	8	<u><u>0.002</u></u>	<u><u>(0.023)</u></u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED 31 MARCH 2021

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED 31 MARCH 2021

	Attributable to owners of the Company									
	Share capital	Share premium	Share-based payment reserves	Special reserves	Other reserves	Financial assets at fair value through other comprehensive income reserve	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
Loss for the period	–	–	–	–	–	–	–	(22,096)	(22,096)	(2,612)
Other comprehensive loss for the period:										
Exchange differences arising from translation of foreign operations	–	–	–	–	–	–	(188)	–	(188)	(84)
Other comprehensive loss for the period, net of tax	–	–	–	–	–	–	(188)	–	(188)	(84)
Total comprehensive loss for the period	–	–	–	–	–	–	(188)	(22,096)	(22,284)	(2,696)
Share-based payments	–	–	2,578	–	–	–	–	–	2,578	–
At 31 March 2020 (Unaudited)	96,981	498,852	25,371	212,948	4,163	(15,285)	(388)	(553,156)	269,486	21,475

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FIRST QUARTERLY RESULTS

1. GENERAL INFORMATION

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

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

The Company is an investment holding company. The principal activities of its subsidiaries are (i) provision of 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 31 March 2021, the Company's immediate and ultimate holding company is Genius Lead Limited (“**Genius Lead**”), a company incorporated in Samoa with limited liability and Genius Earn Limited (“**Genius Earn**”), a company incorporated in the British Virgin Islands (“**BVI**”) with limited liability, respectively.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

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

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

The principal accounting policies used in the preparation of the unaudited condensed consolidated first quarterly results for the three months ended 31 March 2021 are consistent with those applied in the Company's annual report for the year ended 31 December 2020, 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 first 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 2021. 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	
	31 March	
	2021	2020
	HK\$’000	HK\$’000
Revenue from contracts with customers within the scope of HKFRS 15:		
Manufacture and sale of health related and pharmaceutical products	107	407
Provision of medical laboratory testing services and health check services	146,440	8,885
Provision of insurance brokerage services	3,777	3,084
Provision of logistics services	3,534	—
Money lending business	311	328
	154,169	12,704

4. OTHER INCOME AND GAINS/(LOSS)

	For the three months ended	
	31 March	
	2021	2020
	HK\$’000	HK\$’000
Interest income	2	8
Sundry income	290	144
Exchange losses, net	(90)	(9)
	202	143

5. FINANCE COSTS

	For the three months ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Interest expenses:		
– Other borrowings	184	323
– Effect interest on convertible bonds	1,875	–
– Imputed interest on loan from a non-controlling shareholder of a subsidiary	–	9
– Lease liabilities	221	124
	<u>2,280</u>	<u>456</u>

6. INCOME TAX EXPENSE/(CREDIT)

	For the three months ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
The amount comprises:		
Current tax:		
– Hong Kong Profits Tax	<u>9,681</u>	<u>9</u>
Deferred tax:		
– Current period	<u>(335)</u>	<u>(327)</u>
	<u>9,346</u>	<u>(318)</u>

Hong Kong Profits Tax is calculated at the tax rate of 16.5% (three months ended 31 March 2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the three months ended 31 March 2021.

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 three months ended 31 March 2021 (three months ended 31 March 2020: 15%).

The PRC Enterprise Income Tax has been provided as a rate of 25% for the three months ended 31 March 2021 (three months ended 31 March 2020: 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 three months ended 31 March 2021 (three months ended 31 March 2020: Nil).

8. EARNINGS/(LOSS) PER SHARE

Basic and diluted earnings/(loss) per share are 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 months ended 31 March 2021 and 2020.

	For the three months ended 31 March	
	2021	2020
	'000	'000
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings/(loss) per share	966,052	969,806
	2021	2020
	HK\$'000	HK\$'000
Profit/(loss) for the period attributable to owners of the Company	1,819	(22,096)
Basic and diluted earnings/(loss) per share (HK\$)	0.002	(0.023)

The weighted average numbers of ordinary shares used as denominators in calculating the basic and diluted earnings/(loss) per share are the same.

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

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

Diluted loss per share for the three months ended 31 March 2020 equals basic loss per share as the exercise of the outstanding share options would be anti-dilutive.

FINANCIAL REVIEW

During the three months ended 31 March 2021 (the “**2021 Q1 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) the 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 2021 Q1 Period, the Group recorded a turnover of approximately HK\$154,169,000, representing an increase of approximately 11.14 times as compared with that of approximately HK\$12,704,000 for the three months ended 31 March 2020 (the “**2020 Q1 Period**”). As the prevalence of COVID-19 continues and together with the enactment of Compulsory Testing for high risk groups and high exposure groups under regulation, the demand for the COVID-19 testing services is high. In order to capture the market share of demand shift focusing on COVID-19 testing services, the Group has set up a laboratory in Hong Kong to provide COVID-19 testing services for private clinics, and corporate and government clients, and individuals. In addition, the Group set up a mobile laboratory in the Hong Kong International Airport to provide arrival passengers with COVID-19 testing services. 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 2021 Q1 Period.

Provision of tumor immune cell therapy services

上海隆耀生物科技有限公司 (in English, for identification purpose only, Shanghai Longyao Biotech Company Limited) (“**Shanghai Longyao**”), an indirect non-wholly-owned subsidiary of the Company, is engaged in tumor immune cell therapy, 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. In 2020, 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 “**LY007 Cellular Injection**”). On 21 January 2021, Shanghai Longyao received the approval letter for clinical trial from the National Medical Products Administration for LY007 Cellular Injection. The classification of the registration is Class I new drug. LY007 Cellular Injection is a chimeric antigen receptor T-cell (CAR-T) injection and is mainly used in the treatment of relapsed/refractory CD20-positive B-cell non-Hodgkin lymphoma, including diffuse large B-cell lymphoma and metastatic follicular lymphoma. LY007 Cellular Injection has been developed independently by Shanghai Longyao and incorporates its patented OX40 co-stimulatory signal design. No turnover from this segment was generated during the 2021 Q1 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 2021 Q1 Period. The turnover of this segment decreased from approximately HK\$407,000 for the 2020 Q1 Period to approximately HK\$107,000 for the 2021 Q1 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\$8,885,000 for the 2020 Q1 Period to approximately HK\$146,440,000 for the 2021 Q1 Period. It significantly increased by 15.48 times as compared with the 2020 Q1 Period. To minimise the impact on the performance of the Group resulting from the COVID-19 epidemic, the Group has set up a laboratory 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. In the fourth wave of COVID-19 infection which came in November 2020 in Hong Kong, the Group provided COVID-19 testing services for private clinics, and corporates and government clients, and individuals. Also, the Group set up a mobile laboratory in the Hong Kong International Airport to provide arrival passengers with COVID-19 testing services. As a result, the revenue from medical laboratory testing services and health check services segment increased significantly for the 2021 Q1 Period.

Provision of insurance brokerage services

Provision of insurance brokerage services segment recorded a slightly increase during the 2021 Q1 Period. The turnover of this segment increased from approximately HK\$3,084,000 during the 2020 Q1 Period to approximately HK\$3,777,000 for the 2021 Q1 Period. It represented an increased by 22.51% as compared with the 2020 Q1 Period due to diversity of local customers to minimise the impact of lockdown.

Provision of logistics services

Starting from fourth quarter of 2020, the Group provided logistics services for clinics and corporates. It recorded approximately HK\$3,534,000 (2020 Q1 Period: HK\$Nil) during the 2021 Q1 Period.

Money Lending business

Ferran Finance Limited, an indirect wholly-owned subsidiary of the Company, is a holder of money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). With the increasing market demands of the micro-financing business in Hong Kong, the Group has utilised HK\$17.1 million for the money lending business. The Group's loan portfolio comprises unsecured loans granted to individual customers. The loan receivables carry an interest rate at 8% to 10% per annum and are repayable within one year. The money lending business recorded an interest income of approximately HK\$311,000 for the 2021 Q1 Period (2020 Q1 Period: HK\$328,000).

Gross profit and gross profit margin

The Group recorded a gross profit of approximately HK\$75,220,000 for the 2021 Q1 Period, representing an increase of approximately HK\$72,223,000 when compared with that of approximately HK\$2,997,000 in the 2020 Q1 Period. Also, the gross profit margin for the 2021 Q1 Period was approximately 48.79%, representing an increase of approximately 25.20 percentage point when compared with the gross profit margin of approximately 23.59% for the 2020 Q1 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 for the 2021 Q1 Period were approximately HK\$3,138,000 (2020 Q1 Period: HK\$2,917,000), representing an increase of approximately HK\$221,000 or 7.58% compared with such expenses for the 2020 Q1 Period. The Group maintained stable level of selling and distribution expenses.

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 2021 Q1 Period were approximately HK\$33,419,000, representing an increase of approximately HK\$8,626,000 or 34.79%, as compared with that of approximately HK\$24,793,000 for the 2020 Q1 Period. The increase in administrative expenses was mainly attributable to (i) research and development costs of approximately HK\$6,425,000 for the 2021 Q1 Period (2020 Q1 Period: HK\$4,934,000) resulted from tumor immune cell therapy services segment; and (ii) increase in staff costs and depreciation of right-use-assets by HK\$2,091,000 due to expansion of medical laboratory testing services and health check services segment.

Finance costs

During the 2021 Q1 Period, the Group's interest expenses amounted to approximately HK\$2,280,000 (2020 Q1 Period: HK\$456,000). The increase in the finance costs was mainly attributable to higher level of other short-term borrowings as the working capital and amortisation of convertible bonds.

Profit/(loss) for the period

The Group recorded a net profit of approximately HK\$27,239,000 for the 2021 Q1 Period (2020 Q1 Period: net loss of approximately HK\$24,708,000). The turnaround from net loss for the 2020 Q1 Period to net profit for the 2021 Q1 Period was mainly attributable to (i) substantial increase in demand for COVID-19 testing services due to fourth wave of COVID-19 infection in November 2020 in Hong Kong; and (ii) 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**Repurchase of shares**

During the 2021 Q1 Period, the Company repurchased 485,000 shares of the Company ranged from HK\$1.27 to HK\$1.35 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 26 May 2020. The Company subsequently cancelled the 485,000 repurchased shares on 9 February 2021.

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 and COVID-19 outbreak.

While the COVID-19 pandemic continues, the successful research and development of vaccines is expected to mitigate the impact of the pandemic in Hong Kong and the rest of the world. With the continued discovery of variant strains of the novel coronavirus and the postponement of distribution of vaccination worldwide, the recovery of the global economy from the pandemic is expected to be a long and tortuous process.

The Group's business is being affected in various aspects. The continuation of the pandemic will generate revenue through the Group's novel coronavirus testing business and airport testing. As more and more people get vaccinated, the Group will adjust its testing business to capture new opportunities. With more mature continuous measures towards the pandemic, it is expected that the Group will initiate more international collaboration, including overseas registrations in respect of immune cell drug research and development and the introduction of overseas projects.

According to a report by Market Research Future, the global CAR-T market is expected to grow at a compound growth rate of 59% in the future and will reach US\$8,716.06 million by 2025. In addition, it is expected that China will approve the first CAR-T product for sale on the market in 2021, ushering in a new phase of development for the CAR-T market in China. All these will benefit research and development enterprises of immune cell drugs, which are represented by CAR-T. Up to 23 February 2021, four CAR-T products have been approved for sale on the market in the United States of America.

The Group will overcome the challenges and seize opportunities to actively explore the diversification and transformation of our testing business; commence Phase I clinical trials of CAR-T products that have already received clinical approval as soon as possible; advance the research and development and preparation work for clinical approval filing of CAR-T products targeting solid tumors and generic CAR-T products; introduce overseas projects with potential; and deepen our medical and healthcare industry deployment in the Greater Bay Area, striving to become an advanced international biomedical innovation platform.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not have any other material acquisition or disposal of subsidiaries and affiliated companies for the 2021 Q1 Period.

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

As at 31 March 2021, 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)	54.85%
	A concert party to an agreement to buy shares as described in s317(1)(b) of the SFO	126,200,000 (Note c)	13.07%
Total		<u>655,700,546</u>	<u>67.92%</u>

Notes:

- (a) As at 31 March 2021, the total number of the issued shares of the Company was 965,441,150 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 126,200,000 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.

(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	Exercise 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 2021 to 11 January 2022	HK\$1.67	260,000	0.03%
	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 2021 to 11 January 2022	HK\$1.67	1,400,000	0.15%
	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 2021 to 11 January 2022	HK\$1.67	1,400,000	0.15%
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%
					<u>23,960,000</u>	<u>2.49%</u>

Note:

- (a) As at 31 March 2021, the total number of the issued shares of the Company was 965,441,150 ordinary shares of HK\$0.10 each of the Company.

Save as disclosed above, as at 31 March 2021, none of the Directors nor chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules.

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

As at 31 March 2021, 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 shareholders	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	54.85%
Genius Lead (Note b)	Beneficial owner	529,500,546	54.85%
Bright Joy Ventures Limited	Beneficial owner	126,200,000	13.07%
	A concert party to an agreement to buy shares as described in s317(1)(b) of the SFO	530,720,546 (Note c)	54.97%
Yau Wing Yiu	Interest of a controlled corporation	656,920,546 (Note d)	68.04%
Guoyuan Securities Investment (Hong Kong) Limited (Note e)	Beneficial owner	44,857,142	4.65%
	Person having a security interest in shares	529,500,546	54.85%
Guoyuan International Holdings Limited (Note e)	Interest of a controlled corporation	574,357,688	59.49%
Guoyuan Securities Co., Ltd. (Note e)	Interest of a controlled corporation	574,357,688	59.49%

Notes:

- (a) As at 31 March 2021, the total number of the issued shares of the Company was 965,441,150 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 between Mr. Liu and 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 was interested in the shares which Genius Lead and Yau Wing Yiu were 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 as a concert party to an agreement to buy the relevant shares as described in s317(1)(b) of the SFO in the 530,720,546 shares of the Company in which Mr. Liu is interested (including the 529,500,546 shares held by Genius Lead and the 1,220,000 shares for which Mr. Liu may subscribe under the share options granted to him).

- (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 in which Bright Joy Ventures Limited is interested (including the 530,720,546 shares in which Bright Joy Ventures Limited is interested as a concert party to an agreement to buy the relevant shares as described in s317(1)(b) of the SFO).
- (e) 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 held by Guoyuan Securities Investment (Hong Kong) Limited. 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 interested.

Save as disclosed above, as at 31 March 2021, 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 2020 annual report.

Details of movements in the Company's share options during the 2021 Q1 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					Balance as at 31 March 2021	Exercise period
			Balance as at 1 January 2021	Granted during the 2021 Q1 Period	Exercised during the 2021 Q1 Period	Lapsed during the 2021 Q1 Period	Cancelled during the 2021 Q1 Period		
Directors									
Mr. Liu	12 January 2018	1.67	520,000 (Note 1)	–	–	260,000	–	260,000	Note 6
	20 August 2019	1.68	960,000 (Note 3)	–	–	–	–	960,000	Note 8
Mr. Wang Zheng	12 January 2018	1.67	2,700,000 (Note 1)	–	–	1,300,000	–	1,400,000	Note 6
	20 August 2019	1.68	600,000 (Note 3)	–	–	–	–	600,000	Note 8
Mr. Huang Song	12 January 2018	1.67	2,700,000 (Note 1)	–	–	1,300,000	–	1,400,000	Note 6
Mr. Yao Michael Yi	20 August 2019	1.68	9,680,000 (Note 3)	–	–	–	–	9,680,000	Note 8
Mr. He Xun	2 September 2020	2.00	9,660,000 (Note 4)	–	–	–	–	9,660,000	Note 9
Sub-total			26,820,000	–	–	2,860,000	–	23,960,000	
Consultants									
	12 January 2018	1.67	10,400,000 (Note 1)	–	–	5,200,000	–	5,200,000	Note 6
	20 August 2019	1.68	9,680,000 (Note 3)	–	–	–	–	9,680,000	Note 8
	26 November 2020	2.00 to 2.20	5,000,000 (Note 5)	–	–	–	–	5,000,000	Note 10
Sub-total			25,080,000	–	–	5,200,000	–	19,880,000	
Employees									
	4 October 2018	1.71	2,000,000 (Note 2)	–	–	–	–	2,000,000	Note 7
	20 August 2019	1.68	4,500,000 (Note 3)	–	–	–	–	4,500,000	Note 8
Sub-total			6,500,000	–	–	–	–	6,500,000	
Total			58,400,000	–	–	8,060,000	–	50,340,000	

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 were granted on 26 November 2020. The closing price of the shares on the date of grant was HK\$1.43 per Share.
6. The share options are exercisable to subscribe for the shares granted to each grantee in respect of the share options from 12 January 2021 to 11 January 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 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.
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 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.
9. The share options are exercisable to subscribe for (i) 3,220,000 shares from 2 September 2021 to 1 September 2022; (ii) 3,220,000 shares from 2 September 2022 to 1 September 2023; and (iii) 3,220,000 shares from 2 September 2023 to 1 September 2024.
10. The share options are exercisable to subscribe for (i) 1,665,000 shares from 26 November 2021 to 25 November 2022 at exercise price of HK\$2.00; (ii) 1,665,000 shares from 26 November 2022 to 25 November 2023 at exercise price of HK\$2.10; and (iii) 1,670,000 shares from 26 November 2023 to 25 November 2024 at exercise price of HK\$2.20.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

At no time during the 2021 Q1 Period or at the end of the 2021 Q1 Period has been/was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for the share options granted to 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 2021 Q1 Period, a total of 485,000 ordinary shares of the Company were repurchased by the Company on the Stock Exchange. The repurchased shares were subsequently cancelled by the Company on 9 February 2021. 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\$	
4 January 2021	115,000	1.30	1.27	147,850
5 January 2021	60,000	1.30	1.29	77,900
6 January 2021	30,000	1.33	1.28	38,950
8 January 2021	30,000	1.30	1.29	38,900
11 January 2021	25,000	1.27	1.27	31,750
12 January 2021	15,000	1.29	1.28	19,250
13 January 2021	5,000	1.27	1.27	6,350
14 January 2021	140,000	1.34	1.27	181,000
15 January 2021	65,000	1.35	1.31	86,250
Total	485,000			628,200

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 2021 Q1 Period.

COMPLIANCE WITH CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms not less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry with all Directors, the Company confirmed that all Directors have complied with the required standard of dealings and its code of conduct concerning securities transactions by the Directors during the 2021 Q1 Period.

CODE ON CORPORATE GOVERNANCE PRACTICES

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

Throughout the 2021 Q1 Period, the Company has complied with the code provisions in the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules.

COMPETING AND CONFLICT OF INTEREST

None of the Directors 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 2021 Q1 Period.

AUDIT COMMITTEE

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

The unaudited condensed consolidated first quarterly results of the Group for the 2021 Q1 Period have not been audited by the Company’s auditor, but have been reviewed by the Audit Committee in accordance with the accounting principles and practices adopted by the Company and the Audit Committee has discussed internal controls and financial reporting matters before any disclosure and release of information.

SUFFICIENCY OF PUBLIC FLOAT

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

GENERAL

On behalf of the Board, I would like to take this opportunity 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, 12 May 2021

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.