



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

Precision Treatment 精準治療

Future Biotechnology Platform 未來生物科技平臺

Precision Diagnosis 精準檢測

THIRD QUARTERLY REPORT

2022

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*This report, 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 report 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 report misleading.*

UNAUDITED THIRD QUARTERLY RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of China Biotech Services Holdings Limited (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 2022 together with the unaudited comparative figures for the corresponding period in 2021. The results are unaudited and are subject to the final results of assessment and valuation against the Group’s relevant assets which may record impairment losses for the three and nine months ended 30 September 2022, if any.

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

FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2022

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Gross proceeds	3	588,842	131,242	1,275,820	505,401
Turnover	3	588,842	131,242	1,275,751	505,401
Cost of sales		(203,751)	(54,191)	(539,438)	(211,792)
Gross profit		385,091	77,051	736,313	293,609
Net gain on financial assets at fair value through profit or loss	4	–	–	2,707	–
Other income and gains/(loss)	5	(4,796)	49	(924)	437
Reversal of impairment loss on financial assets, net		859	–	859	–
Selling and distribution expenses		(3,166)	(2,979)	(10,194)	(9,112)
Administrative expenses		(63,728)	(41,942)	(157,555)	(105,471)
Profit from operations		314,260	32,179	571,206	179,463
Finance costs	6	(949)	(1,210)	(3,259)	(5,286)
Share of loss of a joint venture		(1,428)	–	(2,460)	–
Gain on disposal of subsidiaries	10	–	–	1,696	–
Gain on fair value change of contingent consideration		7,653	–	7,653	–
Loss on disposal of financial assets		–	–	–	(507)
Loss on extension of convertible bonds		–	–	(1,527)	–
Loss on partial redemption of convertible bonds		–	–	–	(2,687)
Change in fair value of derivative financial instrument		(1,266)	–	(1,283)	(1,311)
Impairment loss recognised on goodwill		(1,716)	–	(1,716)	–
Profit before tax		316,554	30,969	570,310	169,672
Income tax expense	7	(59,308)	(8,068)	(106,704)	(37,781)
Profit for the period		257,246	22,901	463,606	131,891

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

FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2022

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Profit for the period		257,246	22,901	463,606	131,891
Other comprehensive (loss)/ income for the period					
Items that may be reclassified subsequently to profit or loss:					
Fair value change of financial assets at fair value through other comprehensive income		(7,158)	48,629	(42,194)	48,629
Exchange differences arising on translation of foreign operations		(10,998)	136	(18,320)	2,057
Release of exchange differences upon disposal of associates	10(b)	–	–	(740)	–
Other comprehensive (loss)/ income for the period, net of tax		(18,156)	48,765	(61,254)	50,686
Total comprehensive income for the period		239,090	71,666	402,352	182,577
Profit for the period attributable to:					
– Owners of the Company		91,296	3,015	159,516	27,254
– Non-controlling interests		165,950	19,886	304,090	104,637
		257,246	22,901	463,606	131,891
Total comprehensive income for the period attributable to:					
– Owners of the Company		72,683	47,315	102,951	71,844
– Non-controlling interests		166,407	24,351	299,401	110,733
		239,090	71,666	402,352	182,577
Earnings per share					
– Basic and diluted (HK\$)	9	0.095	0.003	0.166	0.028

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

Attributable to owners of the Company

	Share capital HK\$'000	Share premium HK\$'000	Share-based payment reserves HK\$'000	Shares held under share award scheme HK\$'000	Special reserves HK\$'000	Other reserves HK\$'000	Financial assets at fair value through other comprehensive income reserves HK\$'000	Exchange reserves HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2022 (Audited)	96,323	490,692	16,451	-	212,948	6,482	42,910	4,725	(475,133)	395,398	70,497	465,895
Profit for the period	-	-	-	-	-	-	-	-	159,516	159,516	304,090	463,606
Other comprehensive loss for the period:												
Fair value change of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	(38,359)	-	-	(38,359)	(3,835)	(42,194)
Exchange differences arising from translation of foreign operations	-	-	-	-	-	-	-	(17,466)	-	(17,466)	(854)	(18,320)
Release of exchange differences upon disposal of associates (note 10(b))	-	-	-	-	-	-	-	(740)	-	(740)	-	(740)
Other comprehensive loss for the period, net of tax	-	-	-	-	-	-	(38,359)	(18,206)	-	(56,565)	(4,689)	(61,254)
Total comprehensive income for the period	-	-	-	-	-	-	(38,359)	(18,206)	159,516	102,951	299,401	402,352
Share-based payments	-	-	1,767	-	-	-	-	-	-	1,767	-	1,767
Lapse of share options	-	-	(9,308)	-	-	-	-	-	9,308	-	-	-
Shares purchased under share award scheme	-	-	-	(2,985)	-	-	-	-	-	(2,985)	-	(2,985)
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	7,906	7,906
Dividend paid to non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	-	(150,000)	(150,000)
At 30 September 2022 (Unaudited)	96,323	490,692	8,910	(2,985)	212,948	6,482	4,551	(13,481)	(306,309)	497,131	227,804	724,935

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

Attributable to owners of the Company

	Share capital HK\$'000	Share premium HK\$'000	Share repurchase for cancellation HK\$'000	Share-based payment reserves HK\$'000	Special reserves HK\$'000	Other reserves HK\$'000	Financial assets at fair value through other comprehensive income reserves HK\$'000	Exchange reserves HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2021 (Audited)	96,685	496,840	(1,200)	25,629	212,948	3,312	938	2,783	(493,604)	343,331	168,774	512,105
Profit for the period	-	-	-	-	-	-	-	-	27,254	27,254	104,637	131,891
Other comprehensive income for the period:												
Fair value change of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	44,208	-	-	44,208	4,421	48,629
Exchange differences arising from translation of foreign operations	-	-	-	-	-	-	-	382	-	382	1,675	2,057
Other comprehensive income for the period, net of tax	-	-	-	-	-	-	44,208	382	-	44,590	6,096	50,686
Total comprehensive income for the period	-	-	-	-	-	-	44,208	382	27,254	71,844	110,733	182,577
Release of financial assets at fair value through other comprehensive income reserves upon disposal	-	-	-	-	-	-	14,830	-	(14,830)	-	-	-
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	490	490
Changes in ownership interests in subsidiaries without loss of control	-	-	-	-	-	3,170	-	-	-	3,170	1,057	4,227
Dividend paid to non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	-	(168,000)	(168,000)
Repurchase of ordinary shares	(362)	(5,148)	1,200	-	-	-	-	-	-	(4,310)	-	(4,310)
Share-based payments	-	-	-	4,605	-	-	-	-	-	4,605	-	4,605
Lapse of share options	-	-	-	(14,423)	-	-	-	-	14,423	-	-	-
At 30 September 2021 (Unaudited)	96,323	490,692	-	15,811	212,948	6,482	59,976	3,165	(466,757)	418,640	113,054	531,694

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED THIRD QUARTERLY RESULTS

1. GENERAL INFORMATION

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

The issued shares of the Company have been listed on GEM of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 17 June 2004.

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

As at 30 September 2022, the Company’s immediate and ultimate holding company is Genius Lead Limited (“**Genius Lead**”), a company incorporated in Samoa with limited liability and Genius Earn Limited (“**Genius Earn**”), a company incorporated in the British Virgin Islands (“**BVI**”) with limited liability, respectively.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated third quarterly results of the Group for the three and nine months ended 30 September 2022 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 of the Group for the three and nine months ended 30 September 2022 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 of the Group for the nine months ended 30 September 2022 are consistent with those applied in the Company’s annual report for the year ended 31 December 2021, except for the adoption of new and amendments to HKFRSs that affect the Group and has adopted 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 interpretations (collectively referred to as “**new and revised HKFRSs**”). The Group has adopted the new and revised HKFRSs which are relevant to the Group’s operations and are mandatory for the financial year beginning on 1 January 2022. The adoption of these new and revised HKFRSs does not have any significant financial effect on the Group’s unaudited results of operations and financial position.

The Group has not early adopted the new and 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 30 September		For the nine months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Provision of medical laboratory testing services and health check services	584,077	128,827	1,044,983	491,610
Manufacture and sale of health related and pharmaceutical products	1,155	–	216,557	107
Provision of insurance brokerage services	1,661	1,655	6,360	6,422
Provision of logistics services	1,944	443	7,816	6,320
Money lending business	5	317	35	942
	588,842	131,242	1,275,751	505,401
Gross proceeds from trading of securities	–	–	69	–
Gross proceeds	588,842	131,242	1,275,820	505,401

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

	For the three months ended 30 September		For the nine months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Net unrealised gain on financial assets at FVTPL	–	–	2,659	–
Net realised gain on financial assets at FVTPL	–	–	48	–
	–	–	2,707	–

5. OTHER INCOME AND GAINS/(LOSS)

	For the three months ended 30 September		For the nine months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Interest income	7	1	23	6
Sundry income	73	171	710	793
Government grants (note)	1,061	–	1,661	–
(Loss)/gain on disposal of property, plant and equipment	(2,028)	–	1,103	–
Loss on written-off of property, plant and equipment	–	–	(4)	–
Exchange losses, net	(3,909)	(123)	(4,417)	(362)
	(4,796)	49	(924)	437

Note: During the nine months ended 30 September 2022, the Group recognised government grants of approximately HK\$1,648,000 in respect of COVID-19 related subsidies, related to Employment Support Scheme provided by the Hong Kong government.

6. FINANCE COSTS

	For the three months ended 30 September		For the nine months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Interest expenses:				
– Other borrowings	276	119	530	356
– Effective interest expenses on convertible bonds	469	943	2,260	4,380
– Lease liabilities	204	148	469	550
	949	1,210	3,259	5,286

7. INCOME TAX EXPENSE

	For the three months ended 30 September		For the nine months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
The amount comprises:				
Current tax expense:				
– Hong Kong Profits Tax	59,629	8,404	107,700	38,789
Deferred tax:				
– Current period	(321)	(336)	(996)	(1,008)
	59,308	8,068	106,704	37,781

Under the two-tiered Profits Tax regime, the first HK\$2 million of assessable profits of the qualifying group entity established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to a tax rate of 16.5%. The taxable profits of the group entities not qualifying for the two-tiered Profit Tax rate regime will continue to be taxed at a rate of 16.5% (nine months ended 30 September 2021: 16.5%) during the nine months ended 30 September 2022.

One of the subsidiaries had been certified by the relevant PRC authorities as a high technology enterprise. Pursuant to the Income Tax Law in the PRC, the subsidiary was subjected to Enterprise Income Tax rate of 15% for the nine months ended 30 September 2022 (nine months ended 30 September 2021: 15%).

The PRC Enterprise Income Tax has been provided at a rate of 25% for the nine months ended 30 September 2022 (nine months ended 30 September 2021: 25%).

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

10. DISPOSAL OF SUBSIDIARIES

(a) Disposal of Lustrous Pearl Group

On 4 April 2022, the Company, as vendor, entered into a sale and purchase agreement with an independent third party, as purchaser, to disposal of the entire equity interest in Lustrous Pearl International Limited and its subsidiaries (collectively, the “**Lustrous Pearl Group**”) at a cash consideration of HK\$6,400,000. The completion of the disposal of Lustrous Pearl Group took place on the same date.

An analysis of the net assets of the Lustrous Pearl Group at the date on which the Group lost control (i.e. 4 April 2022), was as follows:

	<i>HK\$'000</i> (Unaudited)
Property, plant and equipment	8
Held for trading securities	4,398
Other receivables	720
Cash and cash equivalents	1,037
Total assets	6,163
Other payables	353
Total liability	353
Net assets disposal of	5,810
	For the nine months ended 30 September 2022 HK\$'000 (Unaudited)
Gain on disposal of the Lustrous Pearl Group:	
Consideration	6,400
Less: Net assets disposal of	(5,810)
	590
Net cash inflow arising on disposal:	
Consideration received on cash	6,400
Cash and cash equivalents disposal of	(1,037)
	5,363

(b) Disposal of Dynasty Well Group

On 31 May 2022, the Company, as vendor, entered into a sale and purchase agreement with an independent third party, as purchaser, to disposal of the entire equity interest in Dynasty Well Limited and its subsidiaries (collectively, the “**Dynasty Well Group**”) at a cash consideration of HK\$50,000. The completion of the disposal of Dynasty Well Group took place on the same date.

An analysis of the net liabilities of the Dynasty Well Group at the date on which the Group lost control (i.e. 31 May 2022), was as follows:

	<i>HK\$'000</i> (Unaudited)
Other receivables	7
Cash and cash equivalents	39
Total assets	46
Other payables	362
Total liability	362
Net liabilities disposal of	(316)

For the nine
months ended
30 September
2022
HK\$'000
(Unaudited)

Gain on disposal of the Dynasty Well Group:

Consideration	50
Release of exchange difference	740
Less: Net liabilities disposal of	316

1,106

Net cash inflow arising on disposal:

Consideration received on cash	50
Cash and cash equivalents disposal of	(39)

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11. COMPARATIVE FIGURES

During the three and nine months ended 30 September 2022, the Group modified the unaudited condensed consolidated statement of profit or loss and other comprehensive income classification of certain staff costs within cost of sales and selling and distribution expenses to reflect more appropriately the nature of expenses by function. Comparative amounts in the unaudited condensed consolidated statement of profit or loss and other comprehensive income were reclassified for consistency.

FINANCIAL REVIEW

During the nine months ended 30 September 2022 (the “**2022 Q3 Period**”), the principal activities of the Group are (i) provision of medical laboratory testing services and health check services in Hong Kong; (ii) provision of tumor immune cell therapy and health management services in the PRC; (iii) the manufacture, research and development, sale and distribution of health related and pharmaceutical products in the PRC and Hong Kong; and (iv) provision of insurance brokerage services.

Turnover

During the 2022 Q3 Period, the Group recorded a turnover of approximately HK\$1,275,751,000, representing an increase of approximately 1.52 times as compared with that of approximately HK\$505,401,000 for the nine months ended 30 September 2021 (the “**2021 Q3 Period**”). As the prevalence of novel coronavirus disease 2019 (“**COVID-19**”) continued with outbreak of mutated variants happening from time to time, the demand for medical laboratory testing services and health check services including nucleic acid test (“**NAT**”) for COVID-19 remained high. The introduction of compulsory testing for high risk or high exposure groups of persons under regulation (in particular, the Prevention and Control of Disease (Compulsory Testing for Certain Persons) Regulation (Chapter 599J of the Laws of Hong Kong)) brought a support to the demand for NAT services. In addition, the Group is one of the appointed service providers to provide rapid NAT for COVID-19 to passengers prior to departure from Hong Kong to the Mainland China or Macau at the Shenzhen Bay Port and at the Hong Kong-Zhuhai-Macao Bridge Hong Kong Port under the new arrangement enacted by the government of Hong Kong in March 2022. In conclusion, (i) the robust demand for rapid antigen test kits and COVID-19 test services; and (ii) the increase in demand for COVID-19 testing services from cross-border or overseas passengers due to the easing of border restrictions led to a significant increase in revenue during the 2022 Q3 Period.

Provision of medical laboratory testing services and health check services

The Group continues to offer a wide spectrum of medical laboratory testing services and quality health check diagnostic services in Hong Kong. The services of this segment were being delivered through four medical laboratories and three health check centres established in Hong Kong. The turnover of this segment increased from approximately HK\$491,610,000 for the 2021 Q3 Period to approximately HK\$1,044,983,000 for the 2022 Q3 Period. It marked an increase of 1.13 times as compared with the 2021 Q3 Period. In the fifth wave of COVID-19 pandemic which broke out in December 2021, the Group continued to provide NAT for COVID-19 for clients from private clinics, corporates, government offices and individuals to capture the soared demand for the services. Also, the Group is one of the pivot service providers to provide rapid NAT for COVID-19 to passengers prior to departure from Hong Kong to the Mainland China or Macau at the Shenzhen Bay Port and at the Hong Kong-Zhuhai-Macao Bridge Hong Kong Port under the new arrangement enacted by the government of Hong Kong in March 2022. The increase of segmental turnover was mainly brought by increase in demand of COVID-19 related laboratory testing services.

Provision of tumor immune cell therapy services

上海隆耀生物科技有限公司 (in English, for identification purpose only, Shanghai Longyao Biotech Company Limited) ("**Shanghai Longyao**"), an indirect non-wholly-owned subsidiary of the Company, is engaged in tumor immune cell therapy and health management services in the PRC. Shanghai Longyao received the approval for initiating a stage I clinical trial (the "**Trial**") on its investigational new drug ("**IND**") named as LY007 Cellular Injection ("**LY007 Injection**") from the National Medical Products Administration of China ("**NMPA**") in January 2021. LY007 Injection is the first CD20-targeted autologous chimeric antigen receptor T-cell ("**CAR-T**") therapy product approved by NMPA for initiating the Trial. LY007 Injection is an IND that carries Shanghai Longyao's patented novel structural design with the OX40 costimulatory molecule built-in independently for purpose of enhancing the natural T-cell activation. It has been classified as a Class 1 IND for the treatment of relapsed/refractory CD20-positive B-cell non-Hodgkin lymphoma. By the end of September 2021, Professor Zhao Weili, Vice President of 上海交通大學醫學院附屬瑞金醫院 (in English, for identification purpose only, Ruijin Hospital of Shanghai Jiao Tong University School of Medicine) ("**Ruijin Hospital**") of Shanghai, and Professor Li Jianyong, Head of the Department of Hematology of 江蘇省人民醫院 (in English, for identification purpose only, Jiangsu People's Hospital) ("**Jiangsu Hospital**") of Jiangsu, have been appointed by Shanghai Longyao as the co-principal investigators of the Trial. In January 2022, kick-off meetings of the Trial had been convened in the Ruijin Hospital and the Jiangsu Hospital. The first patient case enrolled in the Trial was taken up by the Ruijin Hospital on 1 March 2022 and the same subject was dosed successfully on 7 April 2022. Three patient cases were enrolled for the Trial by the end of the 2022 Q3 Period. No turnover from this segment was generated during the 2022 Q3 Period.

Manufacture and sale of health related and pharmaceutical products

Manufacture and sale of health related and pharmaceutical products segment recorded a robust increase in turnover during the 2022 Q3 Period. The turnover of this segment increased significantly from approximately HK\$107,000 for the 2021 Q3 Period to HK\$216,557,000 for the 2022 Q3 Period. It represented an increase of 2,022.90 times as compared with that of the 2021 Q3 Period. This significant uplift was driven by the robust demand for rapid antigen test kits due to the raging fifth wave of COVID-19 pandemic continuing in the 2022 Q3 Period.

Provision of insurance brokerage services

Provision of insurance brokerage services segment recorded a slightly decrease in turnover during the 2022 Q3 Period. The turnover of this segment decreased from approximately HK\$6,422,000 during the 2021 Q3 Period to approximately HK\$6,360,000 for the 2022 Q3 Period. It represented a slightly decrease of 0.97% as compared with the 2021 Q3 Period due to the impact of stringent travel restrictions imposed on visiting Mainland Chinese customers during the 2022 Q3 Period.

Provision of logistics services

The Group has been providing testing materials and specimens logistics services for local clinics and other corporate clients. The turnover of logistics services increased mildly from approximately HK\$6,320,000 for the 2021 Q3 Period to approximately HK\$7,816,000 for the 2022 Q3 Period. It represented an increase of 23.67% as compared with the 2021 Q3 Period due to increase in demand on testing materials and specimens logistics services.

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\$10.1 million for the money lending business as at 30 September 2022. 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\$35,000 for the 2022 Q3 Period (2021 Q3 Period: HK\$942,000).

Trading of financial assets at FVTPL

The Group investment portfolio comprises investments in listed securities in Hong Kong. This business segment recorded a net gain on financial assets at FVTPL of approximately HK\$2,707,000 for the 2022 Q3 Period (2021 Q3 Period: Nil) due to the disposal of some marketable shares and fair value changes of the investment portfolio.

Gross profit and gross profit margin

The Group recorded a gross profit of approximately HK\$736,313,000 for the 2022 Q3 Period, representing an increase of approximately HK\$442,704,000 when compared with that of approximately HK\$293,609,000 in the 2021 Q3 Period. Also, the gross profit margin for the 2022 Q3 Period was approximately 57.72%, representing a slightly decrease of approximately 0.37 percentage point when compared with the gross profit margin of approximately 58.09% for the 2021 Q3 Period. The Group maintained a stable level of gross profit margin.

Selling and distribution expenses

Selling and distribution expenses for the 2022 Q3 Period were approximately HK\$10,194,000 (2021 Q3 Period: HK\$9,112,000), representing an increase of approximately HK\$1,082,000 or 11.87% compared with such expenses for the 2021 Q3 Period. The increase was due to more aggressive strategic marketing and promotion campaign adopted for promoting the sales of health related products during the 2022 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 2022 Q3 Period were approximately HK\$157,555,000, representing an increase of approximately HK\$52,084,000 or 49.38%, as compared with that of approximately HK\$105,471,000 for the 2021 Q3 Period. The increase in administrative expenses was mainly attributable to (i) increase in staff costs and staff recruitment costs by approximately HK\$32,940,000 due to expansion of medical laboratory testing services and health check services segment; (ii) increase in repair and maintenance costs by approximately HK\$3,084,000; (iii) increase in legal and professional fees by approximately HK\$3,584,000 and listing fee by approximately HK\$2,915,000 due to corporate activities; and (iv) increase in research and development cost by approximately HK\$7,919,000 resulted from tumor immune cell therapy services segment.

Finance costs

During the 2022 Q3 Period, the Group's interest expenses amounted to approximately HK\$3,259,000 (2021 Q3 Period: HK\$5,286,000). The decrease in the finance costs was mainly attributable to the lower finance costs arising from convertible bonds subsequent to the partial redemption of convertible bonds on 11 May 2021.

Profit for the period

The Group recorded a net profit attributable to the owners of the Company of approximately HK\$159,516,000 for the 2022 Q3 Period (2021 Q3 Period: HK\$27,254,000). The increase in net profit for the 2022 Q3 Period was mainly attributable to (i) the robust demand for rapid antigen test kits for COVID-19 and COVID-19 testing services due to the fifth wave of COVID-19 pandemic in Hong Kong; and (ii) the increase in demand for COVID-19 testing services from cross-border or overseas passengers due to the easing of border restrictions.

BUSINESS REVIEW

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

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

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

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

Entering into a site admission and investment agreement in relation to the Boao Pilot Zone for a BNCT commercialisation project

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

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

On 11 March 2022, SDCL, an indirect non-wholly-owned subsidiary of the Company, entered into a joint venture agreement (“**JV Agreement**”) with Sure Metro Limited (“**SML**”), a wholly-owned subsidiary of Town Health International Medical Group Limited (“**Town Health**”, together with its subsidiaries, the “**Town Health Group**”), a company with its shares (stock code: 3886) listed on the Main Board of the Stock Exchange. Under the JV Agreement, SDCL and SML shall, respectively, subscribe for 51 and 48 shares (the “**JV Shares**”) of Hong Kong Medical Test Centre Limited (the “**JV Company**”), a wholly-owned subsidiary of SML immediately before the signing of the JV Agreement. Upon completion of the JV Agreement, SDCL and SML hold 51% and 49% shareholding of the JV Company respectively. The completion took place on 27 May 2022. The JV Company is engaged in the operation of a medical laboratory in Hong Kong. Details were disclosed in the announcement of the Company dated 11 March 2022.

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

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

Extension of maturity date of convertible bonds

On 10 May 2022, the Company and the subscriber of the convertible bonds entered into an amendment agreement for the purpose of extending the maturity date of the outstanding convertible bonds for two years from 10 May 2022 to 10 May 2024 (the “**Proposed Amendments**”). The Proposed Amendments have taken effect on 24 June 2022. Details were disclosed in the announcements of the Company dated 10 May 2022 and 24 June 2022.

Continuing connected transactions in relation to the 2022 master services agreement and the 2022 referral services agreement and revision of annual cap of the 2022 master referral services agreement

On 27 May 2022, SDCL, an indirect non-wholly-owned subsidiary of the Company, and BGI, a company incorporated in Hong Kong with limited liability and the holder of 40% of the issued share capital of SDCL, entered into the 2022 master services agreement in respect to the provision of COVID-19 testing services through RT-PCR method by BGI to SDCL and the 2022 referral services agreement in respect of which SDCL will refer customers who require COVID-19 testing services to BGI and provide several services from 27 May 2022 to 31 December 2022. On 13 October 2022, SDCL entered into a supplemental agreement to increase the annual cap for the transactions contemplated under the 2022 referral services agreement from HK\$400,000,000 to HK\$550,000,000 for the year ending 31 December 2022. Details were disclosed in the announcements of the Company dated 27 May 2022, 24 August 2022 and 13 October 2022.

Land use rights of a piece of state-owned construction land in Boao Pilot Zone

On 27 May 2022, Pengbo (Hainan), an indirect wholly-owned subsidiary of the Company, entered into a confirmation letter (掛牌出讓成交確認書) with the Public Resource Trading Centre of Qionghai City Land Reserve Sorting Out and Exchange Centre (瓊海市土地儲備整理交易中心), confirming that Pengbo (Hainan) has successfully won a bid for the right to use of a piece of state-owned construction land located in Boao Pilot Zone with an area of 6,171.03 square metres (Land Lot No.: LC07-18-01-03) for a term of 50 years for the construction and operation of a BNCT cancer treatment centre. Details were disclosed in the announcement of the Company dated 27 May 2022.

Major transaction in relation to the acquisition of BNCT equipment, the provision of technical advisory service and the acquisition of BNCT parts

On 23 June 2022, the Company (as guarantor) and Pengbo (Hainan), an indirect wholly-owned subsidiary of the Company, entered into the sales contract, memorandum of understanding and the service contract with Sumitomo Heavy Industries, Ltd. (“**Sumitomo**”) pursuant to which Pengbo (Hainan) will purchase BNCT equipment from Sumitomo, purchase BNCT parts from Sumitomo and receive technical advisory service from Sumitomo for the installation and tuning of the BNCT equipment, respectively. Details were disclosed in the announcement of the Company dated 23 June 2022 and the circular of the Company dated 22 August 2022.

Disposal of subsidiaries

(a) Disposal of Lustrous Pearl Group

Having taken into consideration that the performance of the Lustrous Pearl International Limited and its subsidiaries (collectively, the “**Lustrous Pearl Group**”) for the past financial years was not satisfactory, the Directors determined that the disposal of the Lustrous Pearl 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 Lustrous Pearl Group took place on 4 April 2022. For details, please refer to the disclosure made in note 10(a) to the unaudited condensed consolidated quarterly results.

(b) Disposal of Dynasty Well Group

Having taken into consideration that Dynasty Well Limited and its subsidiaries (collectively, the “**Dynasty Well Group**”) had been inactive in recent years, the Directors considered that the disposal of Dynasty Well Group would enable the Company to save administrative costs. The completion of the disposal of Dynasty Well Group took place on 31 May 2022. For details, please refer to the disclosure made in note 10(b) to the unaudited condensed consolidated quarterly results.

Possible transfer of listing

The Company announced on 1 September 2022 that it has appointed professional parties to evaluate the possibility of transferring the listing of the securities in the Company from GEM to the Main Board of the Stock Exchange. Details were disclosed in the announcement of the Company dated 1 September 2022.

Share award scheme

During the 2022 Q3 Period, the trustee of the Company purchased an aggregate of 2,325,000 shares of the Company with consideration of approximately HK\$2,985,000 on the Stock Exchange for the purpose of the share award scheme. No award shares have been granted to any selected participants pursuant to the share award scheme as at the date of this report.

FUTURE PROSPECT

From a global perspective, the international economy has shown signs of recovery with increasing rate of vaccinations, but the uncertainty over the impact of COVID-19 variants on the recovery of global economy remains. The macroeconomic conditions of Hong Kong will remain uncertain, and will fundamentally depend on, among other things, the (i) status of immigration control between mainland China and Hong Kong; (ii) easing of mandatory quarantine requirements for visitors and residents entering Hong Kong; (iii) level of inflation; and (iv) extent and frequency of interest rate adjustments by the Monetary Authority of Hong Kong.

The fifth wave of the COVID-19 outbreak boosted the demand of diagnostic and health checkup services of the Group in 2022. The Government of Hong Kong imposed a series of anti-epidemic measures in view of the ravages brought up by the highly contagious COVID-19 Omicron variant. From October 2022, SDCL has been appointed by the Hong Kong Government to operate 13 community testing centres or stations to provide NAT for high risk or high exposure groups of persons under regulation and self-paid tests.

While the fifth wave has faded out, the city's leading healthcare teams have warned the public on the possibility of a sixth wave COVID-19 outbreak. Consequently, the Group expects the demand of diagnostic and health checkup services to remain stable in 2022, while demand for self-paid nucleic acid test and other medical diagnostic services is expected to pick up upon easing of immigration control and quarantine requirements. The gradual resumption of normal lives will also help to dig out latent demands for healthcare services.

Asia Molecular Diagnostics Laboratory Limited ("**AMDL**") commenced operation in the second half of 2022. It is expected to bring another growth driver to the Group. AMDL is applying to CAP (College of American Pathologists) to provide U.S. Food and Drug Administration ("**FDA**") approved Next-Generation Sequencing (NGS)-based cancer companion diagnostic tests to clients who have such diagnostic needs.

The progress of the Group's treatment segment has been drummed up. The stage I clinical trial of the first CD20-targeted investigational new drug, namely LY007 Cellular Injection, has begun in the first quarter of 2022. The first patient case enrolled case in the clinical trial has been completed by the Ruijin Hospital of Shanghai Jiao Tong University School of Medicine on 7 April 2022. Three patient cases were enrolled for the Trial by the end of the 2022 Q3 Period. The stage I clinical trial of LY007 Cellular Injection is expected to be completed by early 2023.

The Group has also been implementing the BNCT cancer treatment center project. The land use rights of a designated site in Hainan Boao Free trade Hope City has been secured for the setup and operation of the BNCT cancer treatment center and the equipment for rendering BNCT has been agreed to be purchased in the second quarter of 2022. The Group is also well prepared for the design and planning works of the project. The building and construction works of the project commenced in third quarter of 2022. Targeted launch of the BNCT cancer treatment center will be in 2025.

The Group has been striving to become an advanced international biomedical innovation platform by proactively exploring innovative cancer treatment technologies on a global scale. We will continue to optimize, enrich and diversify our diagnostic and health checkup business; complete Phase I clinical trials of CAR-T product that has already received clinical approval; complete the construction of the BNCT cancer treatment center; and strengthen our presence in the medical and healthcare industry in the Greater Bay Area. All in all, we are cautiously optimistic that the Group's performance will remain stable in 2022.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

Except for the formation of a joint venture and the disposal of subsidiaries of the entire equity interest of Lustrous Pearl Group and Dynasty Well Group 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 2022 Q3 Period.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2022, the Group had a total of 295 (30 September 2021: 215) full time employees which were located in the PRC and Hong Kong. Total staff costs for the 2022 Q3 Period was approximately HK\$104,363,000 (2021 Q3 Period: HK\$62,483,000).

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, share option scheme and share award scheme to provide further incentive and reward to eligible participants who contribute to the success of the Group.

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

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong (other than those who are covered under ORSO scheme). The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the scheme subject to a maximum of HK\$1,500 per month. 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 2022 Q3 Period were approximately HK\$2,095,000 (2021 Q3 Period: HK\$1,461,000).

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

As at 30 September 2022, the interests and short positions of each of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

(i) Long position in shares of the Company

Name of Director	Capacity and nature of interest	Number of shares held	Approximate percentage <i>(Note a)</i>
Mr. Liu Xiaolin ("Mr. Liu")	Interest of a controlled corporation	529,500,546 <i>(Note b)</i>	54.97%

Notes:

- (a) As at 30 September 2022, the total number of the issued shares of the Company was 963,231,150 ordinary shares of HK\$0.10 each of the Company.
- (b) Genius Lead is the registered and beneficial owner of these shares of the Company, and Genius Lead is wholly-owned by Genius Earn, which is in turn wholly-owned by Mr. Liu. As such, Mr. Liu is deemed to be interested in the shares of the Company held by Genius Lead.

(ii) Long position in shares of associated corporation

Name of Director	Name of associated corporation	Nature of interest	Number of shares held in associated corporation	Approximate percentage
Mr. Liu	Genius Earn	Beneficial owner	1	100%
	Genius Lead	Interest of a controlled corporation	1	100%

(iii) Long position in share options granted

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	20 August 2019	20 August 2022 to 19 August 2023	HK\$1.68	320,000	0.03%
Mr. Wang Zheng	Beneficial owner	20 August 2019	20 August 2022 to 19 August 2023	HK\$1.68	200,000	0.02%
Mr. He Xun	Beneficial owner	2 September 2020	2 September 2022 to 1 September 2024	HK\$2.00	6,440,000	0.67%
					6,960,000	0.72%

Note:

- (a) As at 30 September 2022, the total number of the issued shares of the Company was 963,231,150 ordinary shares of HK\$0.10 each of the Company.

Save as disclosed above, as at 30 September 2022, none of the Directors nor chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules.

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

As at 30 September 2022, the following person or entity (other than a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long position in shares and underlying shares of the Company

Name of Shareholder	Capacity and nature of interest	Number of shares held	Approximate percentage (Note a)
Genius Earn (Note b)	Interest of a controlled corporation	529,500,546	54.97%
Genius Lead (Note b)	Beneficial owner	529,500,546	54.97%
Guoyuan Securities Investment (Hong Kong) Limited (Note c)	Beneficial owner	22,428,571	2.33%
	Person having a security interest in shares	452,654,078	46.99%
Guoyuan International Holdings Limited (Note c)	Interest of a controlled corporation	475,082,649	49.32%
Guoyuan Securities Co., Ltd. (Note c)	Interest of a controlled corporation	475,082,649	49.32%
Richlane Ventures Limited (Note d)	Beneficial owner	58,000,000	6.02%
Ko Chun Shun Johnson ("Mr. Ko") (Note d)	Interest of controlled corporations	95,545,000	9.92%

Notes:

- (a) As at 30 September 2022, the total number of the issued shares of the Company was 963,231,150 ordinary shares of HK\$0.10 each of the Company.
- (b) Genius Lead is wholly-owned by Genius Earn. As such, Genius Earn is deemed to be interested in the shares of the Company held by Genius Lead under the SFO.
- (c) Guoyuan Securities Investment (Hong Kong) Limited is wholly-owned by Guoyuan International Holdings Limited. As such, Guoyuan International Holdings Limited is deemed to be interested in the shares of the Company 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.
- (d) Richlane Ventures Limited is wholly-owned by Mr. Ko. As such, Mr. Ko is deemed to be interested in the 58,000,000 shares of the Company held by Richlane Ventures Limited. The remaining 37,545,000 shares of the Company in which Mr. Ko is deemed to be interested are held by other companies controlled by Mr. Ko.

Save as disclosed above, as at 30 September 2022, no other person or entity (other than a Director or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company 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 of the Group's operation. The principal terms of the share option scheme were disclosed in the Company's 2021 annual report.

Details of movements in the Company's share options during the 2022 Q3 Period are set out as follows:

Name of Grantees	Date of grant	Exercise price per share (HK\$)	Balance as at 1 January 2022	Number of shares over which options are exercisable				Balance as at 30 September 2022	Exercise period
				Granted during the 2022 Q3 Period	Exercised during the 2022 Q3 Period	Lapsed during the 2022 Q3 Period	Cancelled during the 2022 Q3 Period		
Directors									
Mr. Liu	12 January 2018	1.67	260,000 (Note 1)	-	-	260,000	-	-	Note 5
	20 August 2019	1.68	640,000 (Note 2)	-	-	320,000	-	320,000	Note 6
Mr. Wang Zheng	12 January 2018	1.67	1,400,000 (Note 1)	-	-	1,400,000	-	-	Note 5
	20 August 2019	1.68	400,000 (Note 2)	-	-	200,000	-	200,000	Note 6
Mr. Huang Song	12 January 2018	1.67	1,400,000 (Note 1)	-	-	1,400,000	-	-	Note 5
Mr. He Xun	2 September 2020	2.00	9,660,000 (Note 3)	-	-	3,220,000	-	6,440,000	Note 7
Sub-total			13,760,000	-	-	6,800,000	-	6,960,000	

Name of Grantees	Date of grant	Exercise price per share (HK\$)	Balance as at 1 January 2022	Number of shares over which options are exercisable				Balance as at 30 September 2022	Exercise period
				Granted during the 2022 Q3 Period	Exercised during the 2022 Q3 Period	Lapsed during the 2022 Q3 Period	Cancelled during the 2022 Q3 Period		
Consultants									
Mr. Bi Wenhan	12 January 2018	1.67	2,600,000 (Note 1)	-	-	2,600,000	-	-	Note 5
Mr. Wu Ting Yuk Anthony	12 January 2018	1.67	2,600,000 (Note 1)	-	-	2,600,000	-	-	Note 5
	20 August 2019	1.68	6,460,000 (Note 2)	-	-	3,220,000	-	3,240,000	Note 6
Dr. Zhai Pu	26 November 2020	2.00 to 2.20	5,000,000 (Note 4)	-	-	-	-	5,000,000	Note 8
Sub-total			16,660,000	-	-	8,420,000	-	8,240,000	
Employees									
	20 August 2019	1.68	3,010,000 (Note 2)	-	-	1,830,000	-	1,180,000	Note 6
Sub-total			3,010,000	-	-	1,830,000	-	1,180,000	
Total			33,430,000	-	-	17,050,000	-	16,380,000	

Notes:

- The share options were granted on 12 January 2018. The closing price of the shares immediately before the date of grant was HK\$1.51 per share.
- The share options were granted on 20 August 2019. The closing price of the shares immediately before the date of grant was HK\$1.37 per share.
- The share options were granted on 2 September 2020. The closing price of the shares immediately before the date of grant was HK\$1.55 per share.
- The share options were granted on 26 November 2020. The closing price of the shares immediately before the date of grant was HK\$1.34 per share.

5. The share options granted to each grantee are exercisable to subscribe for (i) a maximum of one-third of the shares in respect which the share options were granted from 12 January 2019 to 11 January 2020; (ii) a maximum of another one-third of the shares in respect which the share options were granted from 12 January 2020 to 11 January 2021; and (iii) a maximum of the remaining one-third of the shares in respect of which the share options were granted from 12 January 2021 to 11 January 2022.
6. The share options granted to each grantee are exercisable to subscribe for (i) a maximum of one-third of the shares in respect of which the share options were granted from 20 August 2020 to 19 August 2021; (ii) a maximum of another one-third of the shares in respect which the share options were granted from 20 August 2021 to 19 August 2022; and (iii) a maximum of the remaining one-third of the shares in respect which the share options were granted from 20 August 2022 to 19 August 2023.
7. 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.
8. The share options are exercisable to subscribe for (i) 1,665,000 shares from 26 November 2021 to 25 November 2022 at exercise price of HK\$2.00; (ii) 1,665,000 shares from 26 November 2022 to 25 November 2023 at exercise price of HK\$2.10; and (iii) 1,670,000 shares from 26 November 2023 to 25 November 2024 at exercise price of HK\$2.20.

SHARE AWARD SCHEME

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

During the 2022 Q3 Period, the trustee purchased a total number of 2,325,000 shares on the market at a total consideration of approximately HK\$2,985,000. No shares were awarded by the Company under the share award scheme.

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

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

At no time during the 2022 Q3 Period or at the end of the 2022 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 three Directors on 20 August 2019 and 2 September 2020. No shares were awarded to any Director under the share award scheme.

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the 2022 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 2022 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 a high standard and ensuring compliance of the legal and regulatory requirements. The Company has put in place governance practices with emphasis on the integrity, quality of disclosures, transparency and accountability for the shareholders of the Company.

Throughout the 2022 Q3 Period, the Company has complied with the code provisions in the Corporate Governance Code as set out in Part 2 of 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 2022 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 report.

The unaudited condensed consolidated quarterly results of the Group for the 2022 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 report, the Company has maintained the prescribed public float under the GEM Listing Rules.

GENERAL

On behalf of the Board, we would like to take this opportunity to express our sincere gratitude to all the stakeholders for your support to the Company.

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

Hong Kong, 14 November 2022

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