



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

Future Biotechnology Platform
未來生物科技平臺

Precision Diagnosis
精準檢測

Precision Treatment
精準治療



INTERIM REPORT 2020

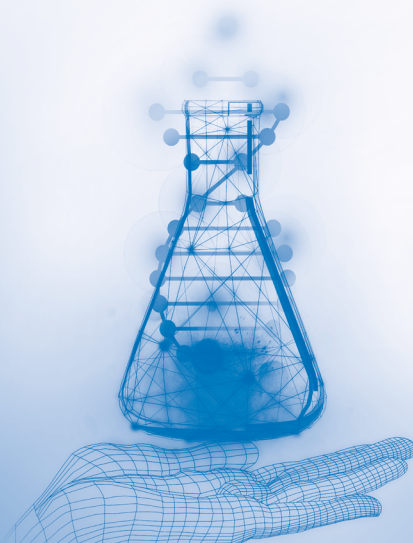
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*This report, for which the directors (the “**Directors**”) of China Biotech Services Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the 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 INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of China Biotech Services Holdings Limited (the “**Company**”) presents the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the three and six months ended 30 June 2020 together with the unaudited comparative figures for the corresponding period in 2019.

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

FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2020

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2020	2019	2020	2019
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Gross proceeds	3	18,601	14,389	31,305	28,570
Turnover	3	18,601	14,389	31,305	28,570
Cost of sales		(12,160)	(8,586)	(21,867)	(18,188)
Gross profit		6,441	5,803	9,438	10,382
Other income and gains/(loss)	5	2,834	193	2,977	(123)
Selling and distribution expenses		(2,631)	(3,250)	(5,548)	(6,194)
Administrative expenses		(26,166)	(23,950)	(50,959)	(39,865)
Loss from operations		(19,522)	(21,204)	(44,092)	(35,800)
Finance costs	6	(1,417)	(210)	(1,873)	(284)
Share of loss of associates		–	(262)	–	(561)
Change in fair value of derivative financial liabilities		(417)	–	(417)	–
Loss before tax	7	(21,356)	(21,676)	(46,382)	(36,645)
Income tax credit	8	285	316	603	327
Loss for the period		(21,071)	(21,360)	(45,779)	(36,318)

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

FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2020

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2020	2019	2020	2019
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss for the period		(21,071)	(21,360)	(45,779)	(36,318)
Other comprehensive income/ (loss) for the period					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences arising from translation of foreign operations		10	(928)	(262)	(870)
Share of exchange differences of investments in associates		–	129	–	(321)
Other comprehensive income/ (loss) for the period, net of tax		10	(799)	(262)	(1,191)
Total comprehensive loss for the period		(21,061)	(22,159)	(46,041)	(37,509)
Loss for the period attributable to:					
– Owners of the Company		(18,172)	(19,505)	(40,268)	(34,213)
– Non-controlling interests		(2,899)	(1,855)	(5,511)	(2,105)
		(21,071)	(21,360)	(45,779)	(36,318)
Total comprehensive loss for the period attributable to:					
– Owners of the Company		(18,171)	(20,026)	(40,455)	(35,121)
– Non-controlling interests		(2,890)	(2,133)	(5,586)	(2,388)
		(21,061)	(22,159)	(46,041)	(37,509)
Loss per share					
– Basic and diluted (HK\$)	10	(0.019)	(0.020)	(0.042)	(0.036)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

	Notes	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		22,550	23,783
Right-of-use assets		16,828	13,135
Goodwill		115,343	115,343
Intangible assets		90,903	95,258
Investments in associates		—	—
Financial assets at fair value through other comprehensive income		82,622	82,622
		328,246	330,141
Current assets			
Inventories		7,257	3,426
Trade and other receivables	11	20,566	19,891
Loan and interest receivables		15,408	15,952
Held for trading securities		4,624	1,317
Income tax recoverable		339	339
Bank and cash balances		59,549	45,518
Total current assets		107,743	86,443
TOTAL ASSETS		435,989	416,584
EQUITY AND LIABILITIES			
Share capital		96,981	96,981
Other reserves		156,734	192,211
Equity attributable to owners of the Company		253,715	289,192
Non-controlling interests		20,471	24,171
TOTAL EQUITY		274,186	313,363

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

		30 June 2020 <i>HK\$'000</i> (Unaudited)	31 December 2019 <i>HK\$'000</i> (Audited)
	Notes		
LIABILITIES			
Non-current liabilities			
Convertible bonds	13	75,822	–
Derivative financial liabilities	13	1,164	–
Lease liabilities		6,723	6,085
Contingent consideration payables		31,293	31,293
Deferred tax liabilities		11,431	12,084
		126,433	49,462
Current liabilities			
Trade and other payables	12	15,896	17,328
Other borrowings		3,870	23,911
Lease liabilities		10,495	7,271
Loan from a non-controlling shareholder of a subsidiary		4,948	4,939
Current tax liabilities		161	310
Total current liabilities		35,370	53,759
TOTAL EQUITY AND LIABILITIES		435,989	416,584

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Attributable to owners of the Company										Total
	Share capital	Share premium	Share option reserves	Special reserves	Other reserves	Financial assets at fair value through other comprehensive income reserves	Exchange reserves	Accumulated losses	Sub-total	Non-controlling interests	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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	313,363
Loss for the period	-	-	-	-	-	-	-	(40,268)	(40,268)	(5,511)	(45,779)
Other comprehensive loss for the period:											
Exchange differences arising from translation of foreign operations	-	-	-	-	-	-	(187)	-	(187)	(75)	(262)
Other comprehensive loss for the period, net of tax	-	-	-	-	-	-	(187)	-	(187)	(75)	(262)
Total comprehensive loss for the period	-	-	-	-	-	-	(187)	(40,268)	(40,455)	(5,586)	(46,041)
Equity-settled share-based payments	-	-	4,820	-	-	-	-	-	4,820	-	4,820
Capital injection from non-controlling interests	-	-	-	-	-	-	-	-	-	1,935	1,935
Changes in ownership interests in subsidiaries without loss of control	-	-	-	-	158	-	-	-	158	(49)	109
At 30 June 2020 (Unaudited)	96,981	498,852	27,613	212,948	4,321	(15,285)	(387)	(571,328)	253,715	20,471	274,186

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Attributable to owners of the Company									
	Share capital	Share premium	Share option reserves	Special reserves	Other reserves	Financial assets at fair value through other comprehensive income reserves	Exchange reserves	Accumulated losses	Sub-total	Non-controlling interests
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2019 (Audited)	93,535	443,140	12,258	212,948	4,163	(10,402)	650	(432,215)	324,077	(5,162)
Loss for the period	-	-	-	-	-	-	-	(34,213)	(34,213)	(2,105)
Other comprehensive loss for the period:										
Exchange differences arising from translation of foreign operations	-	-	-	-	-	-	(587)	-	(587)	(283)
Share of exchange differences of investments in associates	-	-	-	-	-	-	(321)	-	(321)	-
Other comprehensive loss for the period, net of tax	-	-	-	-	-	-	(908)	-	(908)	(283)
Total comprehensive loss for the period	-	-	-	-	-	-	(908)	(34,213)	(35,121)	(2,388)
Equity-settled share-based payment	-	-	4,230	-	-	-	-	-	4,230	-
Issuance of shares	2,751	43,465	-	-	-	-	-	-	46,216	-
Subscription shares	580	11,020	-	-	-	-	-	-	11,600	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	35,413
At 30 June 2019 (Unaudited)	96,866	497,625	16,488	212,948	4,163	(10,402)	(258)	(466,428)	351,002	27,863

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	For the six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash used in operating activities	(37,129)	(17,078)
Net cash used in investing activities	(908)	(72,258)
Net cash generated from financing activities	52,216	8,744
Net decrease in cash and cash equivalents	14,179	(80,592)
Cash and cash equivalents at beginning of the period	45,518	154,479
Effect of foreign exchange rate changes	(148)	(947)
Cash and cash equivalents at end of the period	59,549	72,940

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

1. GENERAL INFORMATION

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

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

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

As at 30 June 2020, the Company’s immediate and ultimate holding company is Genius Lead Limited (“**Genius Lead**”), a company incorporated in Samoa with limited liability and Genius Earn Limited (“**Genius Earn**”), a company incorporated in the British Virgin Islands (“**BVI**”) with limited liability, respectively.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated interim results for the six months ended 30 June 2020 have been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”) Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as well as with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

The principal accounting policies used in the preparation of the unaudited condensed consolidated interim results for the six months ended 30 June 2020 are consistent with those applied in the Company’s annual report for the year ended 31 December 2019, except for the adoption of new and amendments to HKFRSs that affect the Group and has adopted the first time for the current period’s unaudited condensed consolidated interim results.

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

The HKICPA has issued a number of new and revised standards, amendments to standards and Int (collectively referred to as “**new and revised HKFRSs**”). The Group has adopted the new and revised HKFRSs which are relevant to the Group’s operations and are mandatory for the financial year beginning on 1 January 2020. The adoption of these new and revised HKFRSs does not have any significant financial effect on the Group’s unaudited condensed consolidated interim results of operations and financial position.

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

3. TURNOVER

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

	For the three months ended 30 June		For the six months ended 30 June	
	2020 HK\$’000 (Unaudited)	2019 HK\$’000 (Unaudited)	2020 HK\$’000 (Unaudited)	2019 HK\$’000 (Unaudited)
Provision of tumor immune cell therapy services	–	61	–	61
Manufacture and sale of health related and pharmaceutical products	178	317	585	794
Provision of medical laboratory testing services and health check services	16,686	13,640	25,571	26,897
Provision of insurance brokerage services	1,408	–	4,492	–
Money lending business	329	371	657	818
	18,601	14,389	31,305	28,570
Gross proceeds from trading of securities	–	–	–	–
Gross proceeds	18,601	14,389	31,305	28,570

4. SEGMENT INFORMATION

The Group has five operating segments as follows:

Immunotherapy	–	provision of tumor immune cell therapy, immune cell storage and health management services
Pharmaceutical products	–	manufacture, research and development, sale and distribution of health related and pharmaceutical products
Medical and health related services	–	provision of medical laboratory testing services and health check services
Securities	–	trading of securities
Insurance brokerage	–	insurance brokerage services
Others	–	money lending business

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

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

Segment profits or losses do not include other income and gains/(losses), unallocated administrative expenses, share of loss of associates, change in fair value of derivative financial liabilities, finance costs and income tax credit. Segment assets do not include the unallocated bank and cash balances, interests in associates, current and deferred tax assets. Segment liabilities do not include convertible bonds, derivative financial liabilities, other borrowings, current and deferred tax liabilities and contingent consideration. Segment non-current assets do not include financial instruments, deferred tax assets and post-employment benefit assets.

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

Segment turnover and results

For the six months ended 30 June 2020

	Immunotherapy	Pharmaceutical products	Medical and health related services	Securities	Insurance brokerage	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Gross proceeds –							
Segment turnover	-	585	25,571	-	4,492	657	31,305
Segment results	(15,893)	(1,307)	(4,316)	(3,507)	(125)	315	(24,833)
Other income and gains/(losses)							2,977
Finance costs							(1,873)
Share of loss of associates							-
Change in fair value of derivative financial liabilities							(417)
Unallocated corporate expenses							(22,236)
Loss before tax							(46,382)
Income tax credit							603
Loss for the period							(45,779)

For the six months ended 30 June 2019

	Immunotherapy HK\$'000 (Unaudited)	Pharmaceutical products HK\$'000 (Unaudited)	Medical and health related services HK\$'000 (Unaudited)	Securities HK\$'000 (Unaudited)	Insurance brokerage HK\$'000 (Unaudited)	Others HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Gross proceeds – Segment turnover	61	794	26,897	–	–	818	28,570
Segment results	(5,595)	(895)	(3,743)	(3,582)	–	463	(13,352)
Other income and gains/(losses)							(123)
Finance costs							(284)
Share of loss of associates							(561)
Unallocated corporate expenses							(22,325)
Loss before tax							(36,645)
Income tax credit							327
Loss for the period							(36,318)

Segment assets and liabilities

As at 30 June 2020

	Immunotherapy HK\$'000 (Unaudited)	Pharmaceutical products HK\$'000 (Unaudited)	Medical and health related services HK\$'000 (Unaudited)	Securities HK\$'000 (Unaudited)	Insurance brokerage HK\$'000 (Unaudited)	Others HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment assets	189,627	1,460	59,079	3,221	11,721	15,408	280,516
Unallocated corporate assets							155,473
							435,989
Segment liabilities	3,910	520	18,552	765	1,042	94	24,883
Unallocated corporate liabilities							136,920
							161,803

As at 31 December 2019

	Immunotherapy	Pharmaceutical products	Medical and health related services	Securities	Insurance brokerage	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Segment assets	194,962	1,834	52,464	1,582	12,348	15,952	279,142
Unallocated corporate assets							137,442
							416,584
Segment liabilities	3,473	819	16,955	281	1,638	68	23,234
Unallocated corporate liabilities							79,987
							103,221

Other segment information**For the six months ended 30 June 2020**

	Immunotherapy	Pharmaceutical products	Medical and health related services	Securities	Insurance brokerage	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Capital expenditures	602	–	305	–	–	12	919
Share loss of associates	–	–	–	–	–	–	–
Amortisation of intangible assets	4,355	–	–	–	–	–	4,355
Depreciation of property, plant and equipment	563	–	1,220	11	31	225	2,050
Depreciation of right-of-use assets	377	146	1,719	–	146	2,261	4,649
Reversal of impairment loss of other receivables	–	–	–	–	–	(2,079)	(2,079)

Other segment information
For the six months ended 30 June 2019

	Immunotherapy	Pharmaceutical	Medical and health related	Securities	Insurance	Others	Total
	HK\$'000	products	services	HK\$'000	brokerage	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Capital expenditures	196	–	1,538	–	–	–	1,734
Written off of property, plant and equipment	–	–	506	–	–	363	869
Gain on disposal of property, plant and equipment	–	–	(534)	–	–	–	(534)
Share loss of associates	–	–	–	–	–	561	561
Amortisation of intangible assets	2,177	–	612	–	–	–	2,789
Depreciation of property, plant and equipment	29	1	1,908	5	–	860	2,803
Depreciation of right-of-use assets	197	–	988	–	–	1,465	2,650

5. OTHER INCOME AND GAINS/(LOSS)

	For the three months ended 30 June		For the six months ended 30 June	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest income	3	122	11	139
Sundry income	126	38	270	101
Gain on disposal of property, plant and equipment	–	534	–	534
Government grants (note)	653	–	653	–
Reversal of impairment loss of other receivables	2,079	–	2,079	–
Written off of property, plant and equipment	–	(504)	–	(869)
Exchange (losses)/gain, net	(27)	3	(36)	(28)
	2,834	193	2,977	(123)

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

6. FINANCE COSTS

	For the three months ended 30 June		For the six months ended 30 June	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest expenses:				
– Other borrowings	220	115	543	115
– Effective interest expense on convertible bonds	1,024	–	1,024	–
– Imputed interest on loan from a non-controlling shareholder of a subsidiary	–	22	9	50
– Lease liabilities	173	73	297	119
	1,417	210	1,873	284

7. LOSS BEFORE TAX

Loss before tax has been arrived at after charging:

	For the three months ended 30 June		For the six months ended 30 June	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Amortisation of intangible assets	2,178	2,488	4,355	2,789
Cost of inventories sold	6,494	3,100	9,106	6,872
Depreciation of property, plant and equipment	1,293	1,408	2,050	2,803
Depreciation of right-of-use assets	2,269	1,528	4,649	2,650
Equity-settled share-based payment (included in administrative expenses)	2,242	2,029	4,820	4,230
Operating lease charges				
– Office premises, warehouses and staff quarters	468	1,377	1,012	2,880
Staff costs (including Directors' remuneration)				
– Salaries, bonuses and allowances	11,977	11,423	24,792	22,549
– Retirement benefits scheme contributions	330	703	769	1,030
	12,307	12,126	25,561	23,579
Written off of property, plant and equipment	–	504	–	869
Write-down on inventories (included in cost of sales)	90	8	104	30

8. INCOME TAX CREDIT

	For the three months ended 30 June		For the six months ended 30 June	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
The amount comprises:				
Current tax:				
– Hong Kong Profits Tax	(41)	(61)	(50)	(101)
Deferred tax:				
– Current period	326	377	653	428
	285	316	603	327

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

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 six months ended 30 June 2020 (six months ended 30 June 2019: 15%).

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

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

9. DIVIDEND

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

10. LOSS PER SHARE

Basic and diluted loss per share is calculated by dividing the loss for the period attributable to owners of the Company by the weighted average number of ordinary shares during the three and six months ended 30 June 2020 and 2019.

	For the three months ended 30 June		For the six months ended 30 June	
	2020	2019	2020	2019
	'000	'000	'000	'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Number of ordinary shares				
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	969,806	968,656	969,806	952,646
	For the three months ended 30 June		For the six months ended 30 June	
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company (HK\$'000)	(18,172)	(19,505)	(40,268)	(34,213)
Basic and diluted loss per share (HK\$)	(0.019)	(0.020)	(0.042)	(0.036)

Diluted loss per share for the three and six months ended 30 June 2020 and 2019 equals basic loss per share as the exercise of the outstanding share options would be anti-dilutive.

11. TRADE AND OTHER RECEIVABLES

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Trade receivables	9,933	11,434
Allowance for impairment loss	(345)	(345)
	9,588	11,089
Rental and other deposits	4,272	3,317
Other receivables	2,507	2,067
Prepayment	2,668	3,561
Sales proceeds on disposal of associates	1,268	3,347
Cash held in securities trading accounts with stock brokers	1,686	12
Allowance for impairment loss of other receivables	(1,423)	(3,502)
	10,978	8,802
	20,566	19,891

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

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

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
0 to 90 days	8,705	9,936
91 to 180 days	514	858
181 to 365 days	363	271
Over 365 days	6	24
	9,588	11,089

As at 30 June 2020, an aggregate allowance was made for estimated irrecoverable trade receivables of approximately HK\$345,000 (31 December 2019: HK\$345,000).

As at 30 June 2020, trade receivables of approximately HK\$883,000 (31 December 2019: HK\$1,153,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables past due but not impaired is as follows:

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Less than 90 days	514	858
91 to 275 days	363	271
Over 275 days	6	24
	883	1,153

12. TRADE AND OTHER PAYABLES

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Trade payables	2,929	3,404
Accruals	9,093	10,853
Receipt in advance	394	102
Other payables	3,480	2,969
	15,896	17,328

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

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
0 to 90 days	2,416	3,173
91 to 180 days	413	51
181 to 365 days	10	180
Over 365 days	90	–
	2,929	3,404

13. CONVERTIBLE BONDS

On 11 May 2020, the Company issued convertible bonds at the issue price of US\$10,000,000 (equivalent to approximately HK\$77,500,000) (equal to 100 per cent. of the principal amount of the convertible bonds). There was no movement in the number of these convertible bonds during the period. The bonds are convertible at the option of the bondholders into ordinary shares at the initial conversion price of HK\$1.75 per conversion share and at the exchange rate of HK\$7.85 to US\$1.00, a maximum number of 44,857,142 conversion shares will be allotted and issued upon exercise of the conversion rights attached to the convertible bonds in full. The bonds carry interest at a rate of 8.5% per annum, which is payable half-yearly in arrears on 24 June and 24 December. The maturity date is 2 years from issue date. The convertible bonds are secured by 529,500,546 ordinary shares of the Company held by Genius Lead Limited, controlling shareholder and guaranteed by Mr. Liu Xiaolin, the co-chairman and executive Director of the Company.

The convertible bonds contain a liability component and a derivative component. The derivative component is measured at fair value on initial recognition while any excess of proceeds over the amount initially recognised as the derivative component is recognised as a financial liability. The fair value of the derivative component of the convertible bonds at the issue date was valued by an independent valuer. The fair value of the derivative financial liability valued by the independent valuer is based on valuation technique whose variables include that uses only data from observable market. The effective interest rate of the liability component is approximately 10.20% per annum.

The carrying values of the liability component of the convertible bonds recognised in the unaudited condensed consolidated statement of financial position at the end of the reporting period are as follows:

	30 June 2020 US\$'000 (Unaudited)	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Nominal value of convertible bonds issued during the period	10,000	77,500	–
Equity component on initial recognition upon issuance of convertible bonds	–	–	–
Derivative component on initial recognition upon issuance of convertible bonds	(96)	(747)	–
Direct transaction costs attributable to the liability component	(158)	(1,223)	–
Liability component at the issuance date	9,746	75,530	–
Interest expense	132	1,024	–
Interest paid	(94)	(732)	–
Liability component	9,784	75,822	–

The interest charge of the convertible bonds for the six months ended 30 June 2020 is calculating using effective interest method by applying an effective interest rate of approximately 10.20% to the liability.

Derivative component

The summary of movement of convertible bonds is as follows:

	30 June 2020 HK\$'000 (Unaudited)
At 1 January	–
Recognition at fair value	747
Loss on change in fair value	417
	<hr/>
At 30 June	1,164

14. SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Company operates a share option scheme (the “**Scheme**”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants include the full-time and part-time employees, executives, officers, directors, business consultants, agents, legal and financial advisers of the Company and the Company’s subsidiaries. The Scheme became effective on 29 May 2014 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of shares options in excess of this limit is subject to shareholders’ approval in a general meeting.

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

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

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

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

Details of the specific categories of options are as follows:

Date of grant	Vesting period	Exercise period	Exercise price (HK\$)	Number of share options
Directors				
12 January 2018	12 January 2018 to 11 January 2019	12 January 2019 to 11 January 2020	1.67	2,860,000
12 January 2018	12 January 2018 to 11 January 2020	12 January 2020 to 11 January 2021	1.67	2,860,000
12 January 2018	12 January 2018 to 11 January 2021	12 January 2021 to 11 January 2022	1.67	3,060,000
20 August 2019	20 August 2019 to 19 August 2020	20 August 2020 to 19 August 2021	1.68	3,740,000
20 August 2019	20 August 2019 to 19 August 2021	20 August 2021 to 19 August 2022	1.68	3,740,000
20 August 2019	20 August 2019 to 19 August 2022	20 August 2022 to 19 August 2023	1.68	3,760,000
Consultants				
12 January 2018	12 January 2018 to 11 January 2019	12 January 2019 to 11 January 2020	1.67	5,200,000
12 January 2018	12 January 2018 to 11 January 2020	12 January 2020 to 11 January 2021	1.67	5,200,000
12 January 2018	12 January 2018 to 11 January 2021	12 January 2021 to 11 January 2022	1.67	5,200,000
20 August 2019	20 August 2019 to 19 August 2020	20 August 2020 to 19 August 2021	1.68	3,220,000
20 August 2019	20 August 2019 to 19 August 2021	20 August 2021 to 19 August 2022	1.68	3,220,000
20 August 2019	20 August 2019 to 19 August 2022	20 August 2022 to 19 August 2023	1.68	3,240,000
Employees				
4 October 2018	4 October 2018 to 3 October 2019	4 October 2019 to 3 October 2020	1.71	1,000,000
4 October 2018	4 October 2018 to 3 October 2020	4 October 2020 to 3 October 2021	1.71	1,000,000
4 October 2018	4 October 2018 to 3 October 2021	4 October 2021 to 3 October 2022	1.71	1,000,000
20 August 2019	20 August 2019 to 19 August 2020	20 August 2020 to 19 August 2021	1.68	1,490,000
20 August 2019	20 August 2019 to 19 August 2021	20 August 2021 to 19 August 2022	1.68	1,490,000
20 August 2019	20 August 2019 to 19 August 2022	20 August 2022 to 19 August 2023	1.68	1,520,000
				52,800,000

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

	30 June 2020		30 June 2019	
	Number of share options	Weighted average exercise price HK\$	Number of share options	Weighted average exercise price HK\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Outstanding at the beginning of the period	52,800,000	1.68	30,380,000	1.67
Lapsed during the period	–	–	(3,000,000)	1.67
Exercisable at the end of the period	52,800,000	1.68	27,380,000	1.67

The weighted average share price at the date of exercise for share options exercised during the period was HK\$1.68. The options outstanding at the end of the reporting period have a weighted average remaining contractual life of 2 years (2019: 2.6) and the exercise prices range from HK\$1.67 to HK\$1.71 (for the six months ended 30 June 2019: HK\$1.67 to HK\$1.71). The options were granted on 12 January 2018, 4 October 2018 and 20 August 2019 respectively. The estimated fair values of the options granted on those dates are HK\$25,507,000, HK\$2,586,000 and HK\$12,618,000 respectively.

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

	12 January 2018	4 October 2018	20 August 2019
Date of grant	12 January 2018	4 October 2018	20 August 2019
Exercise price	HK\$1.67	HK\$1.71	HK\$1.68
Expected life	4 years	4 years	4 years
Expected volatility	84.72%-92.79%	70.28%-83.06%	51.60%-74.76%
Dividend yield	0%	0%	0%
Risk-free interest rate	1.78%-2.06%	2.74%-2.95%	1.59%-1.79%

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

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

The Group recognised the total expense of approximately HK\$4,820,000 for the six months ended 30 June 2020 (six months ended 30 June 2019: HK\$4,230,000) in relation to share options granted by the Company.

15. CAPITAL COMMITMENT

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

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Capital contribution to: WFOE in Guangdong province, the PRC	7,481	7,481

On 19 January 2018, the Group has established a WFOE in Guangdong Province, the PRC, pursuant to the cooperation agreement dated 6 November 2017 entered into with 中國(廣東)自由貿易試驗區深圳前海蛇口片區管理委員會 (in English, China (Guangdong) Pilot Free Trade Zone Qianhai & Shekou Area of Shenzhen Management Committee) in related to cooperation for provision of biotech services. The registered capital of the WFOE is RMB10,000,000 and the Group has paid the registered capital of RMB3,498,000 (31 December 2019: RMB3,498,000). The remaining capital commitment was RMB6,502,000 (equivalent to approximately HK\$7,481,000) (31 December 2019: RMB6,502,000 (equivalent to approximately HK\$7,481,000)).

16. RELATED PARTY TRANSACTIONS

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

	For the three months ended 30 June		For the six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Loan interest expenses paid to the ultimate controlling party of the Company	138	–	436	–

- (b) Key management personnel remuneration

	For the three months ended 30 June		For the six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Salaries, bonus and benefits	3,741	2,762	7,072	5,067
Equity-settled share-based payments	1,006	619	2,055	1,304
Retirement benefits scheme contributions	9	9	18	18
	4,756	3,390	9,145	6,389

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

FINANCIAL REVIEW

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

Turnover

During the 2020 Interim Period, the Group recorded a turnover of approximately HK\$31,305,000, representing an increase of approximately 9.57% as compared with that of approximately HK\$28,570,000 for the six months ended 30 June 2019 (the “**2019 Interim Period**”). In view of the rapid spread of the novel coronavirus (“**COVID-19**”) epidemic worldwide, tremendous impacts have been brought to the business operation of various industries and overall global economy. Inevitably, the Group recorded a slightly decrease in revenue from laboratory testing and health check services segment resulted from COVID-19 pandemic outbreak and weak consumption sentiments. The decrease was fully set-off by the revenue contributed from insurance brokerage services segment of HK\$4,492,000 (2019 Interim Period: HK\$Nil). As a result, the Group recorded an increase in revenue as compared with that of 2019 Interim Period.

Provision of tumor immune cell therapy services

Upon the completion of the acquisition of approximately 67% of equity interest of 上海隆耀生物科技有限公司 (in English, for identification purpose only, Shanghai Longyao Biotech Company Limited) (“**Shanghai Longyao**”) on 29 March 2019, a company engaged in tumor immune cell therapy, immune cell storage and health management services in the PRC. Shanghai Longyao has completed the clinical research cooperation for cell therapy with 3 Class III Grade A hospitals in the PRC. Also, Shanghai Longyao has conducted an investigator initiated clinical research on its self-developed new generation of CD20-targeted autologous CAR-T. As a result, no turnover from this segment was generated during 2020 Interim Period.

Manufacture and sale of health related and pharmaceutical products

Manufacture and sale of health related and pharmaceutical products segment recorded a slightly decrease during the 2020 Interim Period. The turnover of this segment decreased from approximately HK\$794,000 for the 2019 Interim Period to approximately HK\$585,000 for the 2020 Interim 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, one medical testing central laboratory and one molecular laboratory. During the 2020 Interim Period, Hong Kong suffered from economic downturn due to COVID-19 pandemic. The performance of medical laboratory and health check segment was affected by the outbreak of COVID-19, the keen competition in the medical laboratory testing services and health check services industry and sluggish consumption. The turnover of this segment has decreased from approximately HK\$26,897,000 for the 2019 Interim Period to approximately HK\$25,571,000 for the 2020 Interim Period. It represented a slightly decreased by 4.93% as compared with 2019 Interim Period. To minimise the impact on the performance of the Group resulting from the COVID-19 epidemic, the Group has entered into distribution agreements with suppliers in relation to detection test kit of COVID-19 and provided COVID-19 testing to customers, in order to capture the market share of demand shift focusing on COVID-19 tests. As a result, the turnover of this segment has been improved.

Provision of insurance brokerage services

Having completed the acquisition of 51% issued shares in Fortstone International (Hong Kong) Limited ("**Fortstone**"), a company engaged in insurance brokerage services, on 31 October 2019, the Group has established a foothold in provision of insurance brokerage services and the total turnover from the business was approximately HK\$4,492,000 during the 2020 Interim Period (2019 Interim Period: HK\$Nil).

Money Lending business

Ferran Finance Limited, an indirect wholly-owned subsidiary of the Company, is a holder of money lenders license under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). With the increasing market demands of the micro-financing business in Hong Kong, the Group has utilised HK\$16.5 million for the money lending business. The Group's loan portfolio comprises unsecured loans granted to individual customers. The loan receivables carry an interest rate at 8% per annum and are repayable within one year. The money lending business recorded an interest income of approximately HK\$657,000 for the 2020 Interim Period (2019 Interim Period: HK\$818,000).

Gross profit and gross profit margin

The Group recorded a gross profit of approximately HK\$9,438,000 for the 2020 Interim Period, representing a decrease of approximately HK\$944,000 when compared with that of approximately HK\$10,382,000 in the 2019 Interim Period. Also, the gross profit margin for the 2020 Interim Period was approximately 30.15%, representing a decrease of approximately 6.19 percentage point when compared with the gross profit margin of approximately 36.34% for the 2019 Interim Period. The decrease in gross profit margin was attributable to decrease in the turnover from medical laboratory and health check services segment.

Selling and distribution expenses

Selling and distribution expenses were approximately HK\$5,548,000 (2019 Interim Period: HK\$6,194,000) for the 2020 Interim Period, representing a decrease of approximately HK\$646,000 or 10.43% compared with such expenses for the 2019 Interim Period. The decrease is due to less staff costs and rental expenses incurred during 2020 Interim Period.

Administrative expenses

The administrative expenses mainly consisted of staff costs, share-based payment, legal and professional fees, depreciation, research and development costs, and amortisation of intangible assets. The administrative expenses for the 2020 Interim Period were approximately HK\$50,959,000, representing an increase of approximately HK\$11,094,000 or 27.83%, as compared with that of approximately HK\$39,865,000 for the 2019 Interim Period. The increase in administrative expenses was mainly attributable to increase in research and development costs and amortisation of intangible assets of approximately HK\$9,627,000 (2019 Interim Period: HK\$1,488,000) and HK\$4,355,000 (2019 Interim Period: HK\$2,790,000) for 2020 Interim Period respectively resulted from tumor immune cell therapy services segment.

Finance costs

During the 2020 Interim Period, the Group's interest expenses amounted to approximately HK\$1,873,000 (2019 Interim Period: HK\$284,000). The increase in the finance costs was mainly attributable to higher level of other short-term borrowings as the working capital and placing of convertible bonds during the 2020 Interim Period.

Loss for the Period

The Group recorded a loss of approximately HK\$45,779,000 for the 2020 Interim Period (2019 Interim Period: HK\$36,318,000). The increase in net loss for 2020 Interim Period was mainly attributable to (i) decrease in revenue from medical laboratory testing and health check services segment due to the outbreak of COVID-19; and (ii) increase in administrative expenses of approximately HK\$11,094,000 due to increase in amortisation of intangible assets and research and development costs from tumor immune cell therapy services segment.

BUSINESS REVIEW

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

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

Repurchase of shares

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

FUTURE PROSPECT

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

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

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

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

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has financed its operations and capital expenditures requirements through (i) internal generated resources, (ii) net proceeds from the placing of new shares under general mandate and (iii) bank and other borrowings.

Liquidity and Financial Resources

As at 30 June 2020, the Group held cash and bank balances of approximately HK\$59,549,000 (31 December 2019: HK\$45,518,000), all were principally denominated in Renminbi and Hong Kong dollars. The increase in cash and bank balances of approximately HK\$14,031,000 is mainly due to placing of convertible bonds of HK\$77,500,000 which partially set-off by repayment of other borrowings of HK\$23,911,000 and utilised for general working capital of approximately HK\$37,129,000.

As at 30 June 2020, the Group had convertible bonds of approximately US\$9,784,000 (equivalent to approximately HK\$75,822,000) (31 December 2019: HK\$Nil) which are secured by 529,500,546 ordinary shares of the Company held by Genius Lead Limited, the controlling shareholder of the Company and guaranteed by Mr. Liu Xiaolin, co-chairman and executive director of the Company and carried a fixed interest rate of 8.5% per annum and is repayable on 11 May 2022.

As at 30 June 2020, the Group had no loan from controlling shareholder. As at 31 December 2019, the Group had a loan from controlling shareholder of approximately HK\$20,000,000 which is unsecured and carried a fixed interest rate of 6% per annum and is repayable within one year. The loan from controlling shareholder is fully repaid during the 2020 Interim Period.

As at 30 June 2020, the Group had secured other borrowing of approximately HK\$3,870,000 (31 December 2019: unsecured other borrowing of approximately RMB3,500,000 (equivalent to approximately HK\$3,911,000)), which carried a fixed interest rate of 8.5% (31 December 2019: 8%) per annum and is repayable within one year.

The increase in the other borrowings were mainly due to placing of convertible bond during the 2020 Interim Period.

As at 30 June 2020, total assets of the Group were approximately HK\$435,989,000 (31 December 2019: HK\$416,584,000), whereas total liabilities were approximately HK\$161,803,000 (31 December 2019: HK\$103,221,000). The gearing ratio of the Group, calculated as total liabilities over total assets, was approximately 37.11% (31 December 2019: 24.78%). Current ratio (defined as total current assets divided by total current liabilities) was 3.05 times (31 December 2019: 1.61 times).

Fortstone, an indirect non-wholly owned subsidiary of the Company, acquired on 31 October 2019, is a holder of insurance broker licence under the Insurance Ordinance. As an insurance brokerage company, Fortstone is subject to capital and net assets requirement under the Insurance Ordinance. Fortstone shall maintain a minimum net assets value and a minimum paid up share capital of HK\$400,000 at all times. Fortstone oversees its compliance with the capital and net assets requirement by monitoring Fortstone liquid asset and ranking liabilities at all times to ensure they are well above the minimum required level (i.e. HK\$400,000). As at 30 June 2020, Fortstone has complied with the capital and net assets requirement during the 2020 Interim Period.

Capital Structure

As at 30 June 2020, the total issued share capital of the Company was HK\$96,980,615 (31 December 2019: HK\$96,980,615) divided into 969,806,150 (31 December 2019: 969,806,150) ordinary shares of HK\$0.10 each.

Placing of convertible bonds under general mandate and use of proceeds

On 24 April 2020, the Company and Guoyuan Capital (Hong Kong) Limited (the “**Placing Agent**”) entered into a placing agreement (the “**Placing Agreement**”), pursuant to which the Placing Agent has conditionally agreed, on a best efforts basis, to procure subscriber(s) to enter into a subscription agreement with the Company and to subscribe for and pay for, and the Company has conditionally agreed to issue, convertible bonds at the issue price of US\$10,000,000 (the “**Convertible Bonds**”) (equal to 100 per cent. of the principal amount of the Convertible Bonds) on the completion date. On the same date, pursuant to the Placing Agreement, the Company further entered into a subscription agreement with Guoyuan Securities Investment (Hong Kong) Limited (the “**Subscriber**”) (being the placee procured by the Placing Agent) pursuant to which the Subscriber has conditionally agreed to subscribe for the Convertible Bonds in the aggregate principal amount of US\$10,000,000 (equivalent to approximately HK\$77,800,000). Based on the initial conversion price of HK\$1.75 per conversion share at the exchange rate of HK\$7.85 to US\$1.00, a maximum number of 44,857,142 conversion shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds in full. The completion of the placing took place on 11 May 2020. Details of the placing were disclosed in the announcements of the Company dated 24 April 2020, 27 April 2020 and 11 May 2020. The use of proceeds is as follows:

Intended use	Net proceeds HK\$'000	Utilisation up to 30 June 2020	Remaining balances as at 30 June 2020
		HK\$'000	HK\$'000
Repayment of loan and interests to the controlling shareholder	21,000 (equivalent to US\$2.699 million)	21,015 (equivalent to US\$2.713 million)	–
Potential investments	35,000 (equivalent to US\$4.499 million)	2,000 (equivalent to US\$0.3 million)	33,000 (equivalent to US\$4.199 million)
Research and development costs and general working capital	20,800 (equivalent to US\$2.673 million)	13,100 (equivalent to US\$1.7 million)	7,700 (equivalent to US\$0.973 million)

SIGNIFICANT INVESTMENTS HELD AND PERFORMANCE

As at 30 June 2020, the Group's financial assets at fair value through profit or loss amounted to approximately HK\$82,622,000 (31 December 2019: HK\$82,622,000) including three (31 December 2019: three) investments in unlisted equity securities. It mainly consisted of approximately HK\$38,880,000 in Pillar Biosciences, Inc. ("**Pillar**") (which represented 8.92% of the total asset of the Group as at 30 June 2020) and an investment of HK\$39,307,000 in Broncus Holding Corporation ("**Broncus**") (which represented 9.02% of the total asset of the Group as at 30 June 2020).

(i) Investment in Pillar

As at 30 June 2020, the Group held approximately 4.17% of Pillar or 1,638,216 series B preferred stock in Pillar with fair value of HK\$38,880,000 and at an initial investment costs of US\$4,999,999 (equivalent to HK\$39,208,000). Pillar is a precision testing company for cancer based in Boston, Massachusetts, the United States of America with a wholly-owned subsidiary in Shanghai, the PRC. Based on the latest unaudited consolidated financial statements of Pillar for the six months ended 30 June 2020, it recorded an unaudited consolidated loss of approximately US\$7.4 million. During the 2020 Interim Period, no dividend was received by the Group from Pillar and no fair value change through other comprehensive income was recognised for its investment in Pillar. The Group believes that the investment in Pillar will create synergies with the Group's medical laboratory testing services and health check services.

(ii) Investment in Broncus

As at 30 June 2020, the Group held approximately 2.05% or 1,641,794 series B preferred stock in Broncus with fair value of HK\$39,307,000 and at an initial investment costs of US\$5,000,001.54 (equivalent to HK\$39,282,000). Broncus is a company mainly engaged in the development and manufacturing of navigation, diagnostic and therapeutic technologies to treat patients with lung disease. Based on the latest unaudited consolidated financial statements of Broncus for the year ended 31 December 2019, it recorded an unaudited consolidated loss of approximately HK\$17.3 million. During the 2020 Interim Period, no dividend was received by the Group from Broncus and no fair value change through other comprehensive income was recognised for its investment in Broncus. The investment in Broncus enables the Group to strategically lay out in precision diagnosis, and to enter into the field of precision treatment. Other than bringing investment return to the Group, the Group will also explore collaborative opportunity with Broncus.

The Group did not hold any other significant investments with a market value that account for more than 5% of the Group's unaudited total assets as at 30 June 2020.

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 2020 Interim Period.

CAPITAL COMMITMENTS

Details of capital commitments are stated in note 15 to the unaudited condensed consolidated interim results.

CHARGES ON THE GROUP'S ASSETS

As at 30 June 2020, the Group had no charges.

CONTINGENT LIABILITIES

As at 30 June 2020, the Group has no significant contingent liabilities.

FOREIGN EXCHANGE AND INTEREST RATE EXPOSURE

During the 2020 Interim Period, the business activities of the Group were mainly denominated in Hong Kong dollars and Renminbi. When appropriate and at times of interest rate or exchange rate uncertainties or volatility, hedging instruments including interest rate swaps and foreign currency forwards contract will be used by the Group in the management of exposure affecting interest rates and foreign exchange rate fluctuations as appropriate.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2020, the Group had a total of 142 (30 June 2019: 134) full time employees which were located in the PRC and Hong Kong. Total staff costs for the 2020 Interim Period was approximately HK\$25,561,000 (2019 Interim Period: HK\$23,579,000).

The Group remunerates its employees based on their performance, experience and the prevailing market condition. Performance related bonuses are also granted on a discretionary basis. Other employee benefits include mandatory provident fund, insurance and medical coverage, training and share option scheme.

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

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

The total contributions payable to the above schemes by the Group and charged to the condensed consolidated statement of profit or loss and other comprehensive income for the 2020 Interim Period were approximately HK\$769,000 (2019 Interim Period: HK\$1,030,000).

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

As at 30 June 2020, the interests and short positions of each of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong (the “**SFO**”)) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

(i) Long position in shares of the Company

Name of Director	Capacity and nature of interest	No. of shares held	Approximate percentage (Note a)
Mr. Liu Xiaolin ("Mr. Liu")	Interest of a controlled corporation	529,500,546 (Note b)	54.60%
	A concert party to an agreement to buy shares as described in s317(1)(b) of the SFO	128,300,000 (Note c)	13.23%
Total		657,800,546	67.83%

Notes:

- (a) As at 30 June 2020, the total number of the issued shares of the Company was 969,806,150 ordinary shares of HK\$0.10 each of the Company.
- (b) Genius Lead is the registered and beneficial owner of these shares of the Company, and Genius Lead is wholly-owned by Genius Earn, which is in turn wholly-owned by Mr. Liu. As such, Mr. Liu is deemed to be interested in the shares of the Company held by Genius Lead.
- (c) Pursuant to an agreement in respect of the sale and purchase of the Company's shares from Mr. Liu to Bright Joy Ventures Limited dated 11 September 2018, Bright Joy Ventures Limited, Mr. Yau Wing Yiu and Genius Lead further entered into a concert party agreement on 11 September 2018. As such, Mr. Liu was deemed to be interested in the shares which Genius Lead was interested in the capacity of a concert party. Further, Mr. Liu also made a loan to Bright Joy Ventures Limited to buy the relevant shares as described in s317(1)(b) of the SFO.

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

(ii) Long position in shares of associated corporation

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

(iii) Long position in share options granted

Name of Directors	Nature of interest	Date of Grant	Exercisable period	Exercise price per share	Aggregate long position in the underlying shares	Approximate percentage <i>(note a)</i>
Mr. Liu	Beneficial owner	12 January 2018	12 January 2019 to 11 January 2022	HK\$1.67	780,000	0.08%
	Beneficial owner	20 August 2019	20 August 2020 to 19 August 2023	HK\$1.68	960,000	0.10%
Mr. Wang Zheng	Beneficial owner	12 January 2018	12 January 2019 to 11 January 2022	HK\$1.67	4,000,000	0.41%
	Beneficial owner	20 August 2019	20 August 2020 to 19 August 2023	HK\$1.68	600,000	0.06%
Mr. Huang Song	Beneficial owner	12 January 2018	12 January 2019 to 11 January 2022	HK\$1.67	4,000,000	0.41%
Mr. Yao Michael Yi	Beneficial owner	20 August 2019	20 August 2020 to 19 August 2023	HK\$1.68	9,680,000	1.00%
Total					20,020,000	2.06%

Note:

- (a) As at 30 June 2020, the total number of the issued shares of the Company was 969,806,150 ordinary shares of HK\$0.10 each of the Company.

Save as disclosed above, as at 30 June 2020, none of the Directors nor chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules.

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

As at 30 June 2020, the following person or entity (other than a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long position in shares and underlying shares

Name of shareholder	Capacity and nature of interest	No. of shares held	Approximate percentage (Note a)
Genius Earn (Note b)	Interest of a controlled corporation	529,500,546	54.60%
Genius Lead (Note b)	Beneficial owner	529,500,546	54.60%
Bright Joy Ventures Limited	Beneficial owner	128,300,000	13.23%
	A concert party to an agreement to buy shares as described in s317(1)(b) of the SFO	529,500,546 (Note c)	54.60%
Yau Wing Yiu	Beneficial owner	7,720,000	0.80%
	Interest of a controlled corporation	657,800,546 (Note d)	67.83%

Notes:

- (a) As at 30 June 2020, the total number of the issued shares of the Company was 969,806,150 ordinary shares of HK\$0.10 each of the Company.
- (b) Genius Lead is wholly-owned by Genius Earn. As such, Genius Earn is deemed to be interested in the shares of the Company held by Genius Lead under the SFO.
- (c) Pursuant to an agreement in respect of the sale and purchase of the Company's shares from Mr. Liu to Bright Joy Ventures Limited dated 11 September 2018, Bright Joy Ventures Limited, Mr. Yau Wing Yiu and Genius Lead further entered into a concert party agreement on 11 September 2018. As such, Bright Joy Ventures Limited is interested in the shares which Genius Lead and Yau Wing Yiu is interested in the capacity of a concert party. Further, Mr. Liu also made a loan to Bright Joy Ventures Limited to buy the relevant shares as described in s317(1)(b) of the SFO.

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

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

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

SHARE OPTION SCHEME

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

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

Name of Grantees	Date of grant	Exercise price per share (HK\$)	Balance as at 1 January 2020	Number of Shares over which options are exercisable				Balance as at 30 June 2020	Exercise period
				Granted during the 2020 Interim Period	Exercised during the 2020 Interim Period	Lapsed during the 2020 Interim Period	Cancelled during the 2020 Interim Period		
Directors									
Mr. Liu	12 January 2018	1.67	780,000 (Note 1)	-	-	-	-	780,000	Note 4
	20 August 2019	1.68	960,000 (Note 3)	-	-	-	-	960,000	Note 6
Mr. Wang Zheng	12 January 2018	1.67	4,000,000 (Note 1)	-	-	-	-	4,000,000	Note 4
	20 August 2019	1.68	600,000 (Note 3)	-	-	-	-	600,000	Note 6
Mr. Huang Song	12 January 2018	1.67	4,000,000 (Note 1)	-	-	-	-	4,000,000	Note 4
Mr. Yao Michael Yi	20 August 2019	1.68	9,680,000 (Note 3)	-	-	-	-	9,680,000	Note 6
Sub-total			20,020,000	-	-	-	-	20,020,000	
Consultants									
	12 January 2018	1.67	15,600,000 (Note 1)	-	-	-	-	15,600,000	Note 4
	20 August 2019	1.68	9,680,000 (Note 3)	-	-	-	-	9,680,000	Note 6
Sub-total			25,280,000	-	-	-	-	25,280,000	
Employees									
	4 October 2018	1.71	3,000,000 (Note 2)	-	-	-	-	3,000,000	Note 5
	20 August 2019	1.68	4,500,000 (Note 3)	-	-	-	-	4,500,000	Note 6
Sub-total			7,500,000	-	-	-	-	7,500,000	
Total			52,800,000	-	-	-	-	52,800,000	

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 are exercisable to subscribe for (i) a maximum of one-third of the shares granted to each grantee in respect of the share options from 12 January 2019 to 11 January 2020; (ii) a maximum of another one-third of the shares granted to each grantee in respect of the share options from 12 January 2020 to 11 January 2021; and (iii) a maximum of the remaining one-third of the shares granted to each grantee in respect of the share options from 12 January 2021 to 11 January 2022.
5. 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.
6. The share options are exercisable to subscribe for (i) a maximum of one-third of the Shares granted to the grantee in respect of the share option from 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

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

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

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

Save as disclosed above, there was no purchase, sale or redemption by the Company or any of its subsidiaries, of any listed securities of the Company during the 2020 Interim Period.

COMPLIANCE WITH CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms not less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry with all Directors, the Company confirmed that all Directors have complied with the required standard of dealings and its code of conduct concerning securities transactions by the Directors during the 2020 Interim Period.

CODE ON CORPORATE GOVERNANCE PRACTICES

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

Throughout the 2020 Interim Period, the Company has complied with the code provisions in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 15 to the GEM Listing Rules.

COMPETING AND CONFLICT OF INTEREST

None of the Directors or the controlling shareholders of the Company or their respective associates (as defined in the GEM Listing Rules) had any interest in a business, which competes or may compete, either directly or indirectly, with the business of the Group nor any conflict of interest which has or may have with the Group during the 2020 Interim Period.

AUDIT COMMITTEE

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

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

SUFFICIENCY OF PUBLIC FLOAT

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

GENERAL

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

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

Hong Kong, 12 August 2020

As at the date of this report, 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.