

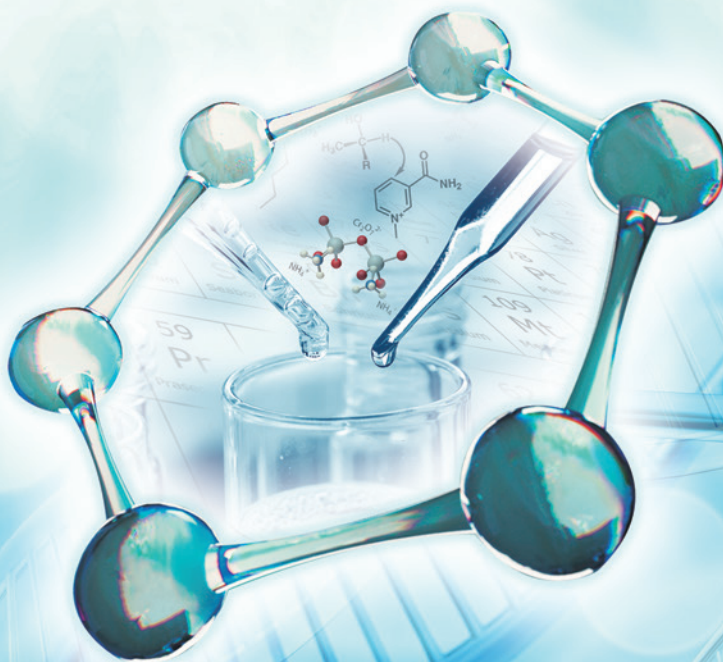


CHINA BIOTECH SERVICES HOLDINGS LIMITED

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



INTERIM REPORT 2021
Future Biotechnology Platform
未來生物科技平臺

Precision Diagnosis
精準檢測

Precision Treatment
精準治療

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UNAUDITED INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of China Biotech Services Holdings Limited (the “**Company**”) presents the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the three and six months ended 30 June 2021 together with the unaudited comparative figures for the corresponding period in 2020.

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

FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2021

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Turnover	3	219,990	18,601	374,159	31,305
Cost of sales		(78,652)	(12,160)	(157,601)	(21,867)
Gross profit		141,338	6,441	216,558	9,438
Other income and gains/(loss)	5	186	2,834	388	2,977
Selling and distribution expenses		(2,995)	(2,631)	(6,133)	(5,548)
Administrative expenses		(30,110)	(26,166)	(63,529)	(50,959)
Profit/(loss) from operations		108,419	(19,522)	147,284	(44,092)
Finance costs	6	(1,796)	(1,417)	(4,076)	(1,873)
Loss on disposal of financial assets		(507)	–	(507)	–
Loss on partial redemption of convertible bonds		(2,687)	–	(2,687)	–
Change in fair value of derivative financial instrument		(1,311)	(417)	(1,311)	(417)
Profit/(loss) before tax	7	102,118	(21,356)	138,703	(46,382)
Income tax (expense)/credit	8	(20,367)	285	(29,713)	603
Profit/(loss) for the period		81,751	(21,071)	108,990	(45,779)

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

FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2021

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Profit/(loss) for the period		81,751	(21,071)	108,990	(45,779)
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		2,414	10	1,921	(262)
Other comprehensive income/(loss) for the period, net of tax		2,414	10	1,921	(262)
Total comprehensive income/(loss) for the period		84,165	(21,061)	110,911	(46,041)
Profit/(loss) for the period attributable to:					
– Owners of the Company		22,420	(18,172)	24,239	(40,268)
– Non-controlling interests		59,331	(2,899)	84,751	(5,511)
		81,751	(21,071)	108,990	(45,779)
Total comprehensive income/(loss) for the period attributable to:					
– Owners of the Company		23,267	(18,171)	24,529	(40,455)
– Non-controlling interests		60,898	(2,890)	86,382	(5,586)
		84,165	(21,061)	110,911	(46,041)
Earnings/(loss) per share					
– Basic and diluted (HK\$)	10	0.023	(0.019)	0.025	(0.042)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

	Notes	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		110,841	128,796
Right-of-use assets		12,547	18,863
Goodwill		118,599	117,595
Intangible assets		84,264	88,072
Investments in associates		–	–
Financial assets at fair value through other comprehensive income		94,258	98,845
Derivative financial assets	13	2,137	5,637
		422,646	457,808
Current assets			
Inventories		2,057	5,532
Trade and other receivables	11	238,363	41,533
Loan and interest receivables		13,071	13,060
Held for trading securities		1,270	1,270
Income tax recoverable		7	379
Bank and cash balances		133,167	384,539
Total current assets		387,935	446,313
TOTAL ASSETS		810,581	904,121
EQUITY AND LIABILITIES			
Share capital		96,544	96,685
Other reserves		276,844	246,646
Equity attributable to owners of the Company		373,388	343,331
Non-controlling interests		88,703	168,774
TOTAL EQUITY		462,091	512,105

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

		30 June 2021	31 December 2020
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Convertible bonds	13	–	76,292
Lease liabilities		4,566	6,786
Contingent consideration payables		25,799	25,799
Deferred tax liabilities		10,153	10,825
		40,518	119,702
Current liabilities			
Trade and other payables	12	188,003	213,041
Other borrowings		6,857	10,664
Lease liabilities		8,423	12,598
Convertible bonds	13	38,392	–
Current tax liabilities		66,297	36,011
Total current liabilities		307,972	272,314
TOTAL EQUITY AND LIABILITIES		810,581	904,121

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	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 reserve 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	495,840	(1,200)	25,629	212,948	3,312	938	2,783	(493,604)	343,331	168,774	512,105
Profit for the period	-	-	-	-	-	-	-	-	24,239	24,239	84,751	108,990
Other comprehensive income for the period:												
Exchange differences arising from translation of foreign operations	-	-	-	-	-	-	-	290	-	290	1,631	1,921
Other comprehensive income for the period, net of tax	-	-	-	-	-	-	-	290	-	290	1,631	1,921
Total comprehensive income for the period	-	-	-	-	-	-	-	290	24,239	24,529	86,382	110,911
Release of financial assets at fair value through other comprehensive income reserve 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 and/or cancellation of shares	(141)	(1,687)	517	-	-	-	-	-	-	(1,311)	-	(1,311)
Share-based payments	-	-	-	3,669	-	-	-	-	-	3,669	-	3,669
Lapse of share options	-	-	-	(13,118)	-	-	-	-	13,118	-	-	-
At 30 June 2021 (Unaudited)	96,544	494,153	(683)	16,180	212,948	6,482	15,768	3,073	(471,077)	373,388	88,703	462,091

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Attributable to owners of the Company										Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Share option 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	
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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Net cash used in operating activities	(32,647)	(37,129)
Net cash used in investing activities	(168,785)	(908)
Net cash (used in)/generated from financing activities	(50,206)	52,216
Net (decrease)/increase in cash and cash equivalents	(251,638)	14,179
Cash and cash equivalents at beginning of the period	384,539	45,518
Effect of foreign exchange rate changes	266	(148)
Cash and cash equivalents at end of the period	133,167	59,549

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 2021, the Company’s immediate and ultimate holding company is Genius Lead Limited (“**Genius Lead**”), a company incorporated in Samoa with limited liability and Genius Earn Limited (“**Genius Earn**”), a company incorporated in the British Virgin Islands (“**BVI**”) with limited liability, respectively.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated interim results for the six months ended 30 June 2021 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 2021 are consistent with those applied in the Company’s annual report for the year ended 31 December 2020, except for the adoption of new and amendments to HKFRSs that may affect the Group and has adopted the first time for the current period’s unaudited condensed consolidated interim results.

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

The HKICPA has issued a number of new and revised standards, amendments to standards and interpretations (collectively referred to as “**new and revised HKFRSs**”). The Group has adopted the new and revised HKFRSs which are relevant to the Group’s operations and are mandatory for the financial year beginning on 1 January 2021. 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	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Manufacture and sale of health related and pharmaceutical products	–	178	107	585
Provision of medical laboratory testing services and health check services	216,343	16,686	362,783	25,571
Provision of insurance brokerage services	990	1,408	4,767	4,492
Provision of logistics services	2,343	–	5,877	–
Money lending business	314	329	625	657
	219,990	18,601	374,159	31,305

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 and provision of logistics services

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

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

Segment profits or losses do not include other income and gains/(losses), unallocated administrative expenses, loss on disposal of financial assets, loss on partial redemption of convertible bonds, change in fair value of derivative financial instrument, finance costs and income tax expense/(credit). Segment assets do not include the unallocated bank and cash balances, interests in associates, derivative financial assets, current and deferred tax assets. Segment liabilities do not include convertible bonds, 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 2021

	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)
Revenue from external customers	-	107	362,783	-	4,767	6,502	374,159
Segment results	(17,986)	(273)	181,614	(1,953)	(293)	956	162,065
Other income and gains/(losses)							388
Finance costs							(4,076)
Loss on disposal of financial assets							(507)
Loss on partial redemption of convertible bonds							(2,687)
Change in fair value of derivative financial instrument							(1,311)
Unallocated corporate expenses							(15,169)
Profit before tax							138,703
Income tax expense							(29,713)
Profit for the period							108,990

For the six months ended 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)
Revenue from external customers	–	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)
Change in fair value of derivative financial instrument							(417)
Unallocated corporate expenses							(22,236)
Loss before tax							(46,382)
Income tax credit							603
Loss for the period							(45,779)

Segment assets and liabilities

As at 30 June 2021

	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	186,010	694	353,057	6,955	11,364	14,582	572,662
Unallocated corporate assets							237,919
							810,581
Segment liabilities	11,571	63	251,501	401	254	57	263,847
Unallocated corporate liabilities							84,643
							348,490

As at 31 December 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
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Segment assets	188,718	1,234	190,506	2,084	11,515	13,060	407,117
Unallocated corporate assets							497,004
							904,121
Segment liabilities	9,977	309	248,047	375	422	72	259,202
Unallocated corporate liabilities							132,814
							392,016

Other segment information**For the six months ended 30 June 2021**

	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	28	–	4,836	–	–	6	4,870
Amortisation of intangible assets	4,478	–	–	–	–	–	4,478
Depreciation of property, plant and equipment	586	–	22,018	11	31	225	22,871
Depreciation of right-of-use assets	342	48	3,857	–	146	2,244	6,637
Write-down of inventories	–	–	2,630	–	–	–	2,630

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
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)
Write-down of inventories	–	–	104	–	–	–	104

5. OTHER INCOME AND GAINS/(LOSS)

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest income	3	3	5	11
Sundry income	332	126	622	270
Government grants (note)	–	653	–	653
Reversal of impairment loss of other receivables	–	2,079	–	2,079
Exchange losses, net	(149)	(27)	(239)	(36)
	186	2,834	388	2,977

Note: During the six months ended 30 June 2020, the Group recognised government grants of HK\$653,000 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 June		For the six months ended 30 June	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest expenses:				
– Other borrowings	53	220	237	543
– Effective interest expense on convertible bonds	1,562	1,024	3,437	1,024
– Imputed interest on loan from a non-controlling shareholder of a subsidiary	–	–	–	9
– Lease liabilities	181	173	402	297
	1,796	1,417	4,076	1,873

7. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax has been arrived at after charging:

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Amortisation of intangible assets	2,244	2,178	4,478	4,355
Cost of inventories sold	32,846	6,494	57,458	9,106
Depreciation of property, plant and equipment	11,277	1,293	22,871	2,050
Depreciation of right-of-use assets	3,418	2,269	6,637	4,649
Equity-settled share-based payment (included in administrative expenses)	1,357	2,242	3,669	4,820
Operating lease charges				
– Office premises, warehouses and staff quarters	683	468	1,319	1,012
Staff costs (including Directors' remuneration)				
– Salaries, bonuses and allowances	18,076	11,977	32,503	24,792
– Retirement benefits scheme contributions	581	330	1,006	769
	18,657	12,307	33,509	25,561
Write-down on inventories (included in cost of sales)	2,630	90	2,630	104

8. INCOME TAX EXPENSE/(CREDIT)

	For the three months ended		For the six months ended	
	30 June		30 June	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
The amount comprises:				
Current tax:				
– Hong Kong Profits Tax	20,704	41	30,385	50
Deferred tax:				
– Current period	(337)	(326)	(672)	(653)
	20,367	(285)	29,713	(603)

Under the two-tiered Profits Tax regime, the first HK\$2 million of taxable profits of the qualifying group entity established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. The 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% (six months ended 30 June 2020: 16.5%) during the six months ended 30 June 2021.

One of the subsidiaries had been certified by the relevant PRC authorities as 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 six months ended 30 June 2021 (six months ended 30 June 2020: 15%).

The PRC Enterprise Income Tax has been provided as a rate of 25% for the six months ended 30 June 2021 (six months ended 30 June 2020: 25%) for other subsidiaries with operations in the PRC.

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, interpretations and practices in respect thereof.

9. DIVIDEND

The Board does not recommend the payment of any dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: HK\$Nil).

10. EARNINGS/(LOSS) PER SHARE

Basic and diluted earnings/(loss) per share is calculated by dividing the profit/(loss) for the period attributable to owners of the Company by the weighted average number of ordinary shares during the three and six months ended 30 June 2021 and 2020.

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	2021	2020
	'000	'000	'000	'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Number of ordinary shares				
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings/(loss) per share	965,441	969,806	965,745	969,806
	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit/(loss) for the period attributable to owners of the Company (HK\$'000)	22,420	(18,172)	24,239	(40,268)
Basic and diluted earnings/(loss) per share (HK\$)	0.023	(0.019)	0.025	(0.042)

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

The computation of the diluted earnings per share did not assume the exercise of the Company's outstanding share options as the exercise price of those share options was higher than the average market prices of the share for the three months and six months ended 30 June 2021.

The computation of the diluted earnings per share did not assume the conversion of the Company's convertible bonds since its exercise had anti-dilute effect that would result in a decrease in earnings per share for the three months and six months ended 30 June 2021.

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

11. TRADE AND OTHER RECEIVABLES

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Trade receivables	217,418	30,891
Allowance for impairment loss	(577)	(577)
	216,841	30,314
Rental and other deposits	6,278	5,383
Other receivables	8,876	3,891
Prepayment	1,367	1,621
Sales proceeds on disposal of associates	1,268	1,268
Cash held in securities trading accounts with stock brokers	5,156	479
Allowance for impairment loss of other receivables	(1,423)	(1,423)
	21,522	11,219
	238,363	41,533

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 and logistics 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 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
0 to 90 days	181,726	27,041
91 to 180 days	32,289	3,042
181 to 365 days	2,734	231
Over 365 days	92	–
	216,841	30,314

As at 30 June 2021, an aggregate allowance was made for estimated irrecoverable trade receivables of approximately HK\$577,000 (31 December 2020: HK\$577,000).

As at 30 June 2021, trade receivables of approximately HK\$35,115,000 (31 December 2020: HK\$3,273,000) were past due but not impaired. These related to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables past due but not impaired is as follows:

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Less than 90 days	32,289	3,042
91 to 275 days	2,734	231
Over 275 days	92	–
	35,115	3,273

12. TRADE AND OTHER PAYABLES

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Trade payables	166,735	190,233
Accruals	10,138	12,477
Receipt in advance	560	559
Other payables	10,570	9,772
	188,003	213,041

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

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
0 to 90 days	51,749	24,144
91 to 180 days	20,001	166,079
181 to 365 days	94,975	10
Over 365 days	10	–
	166,735	190,233

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

On 27 May 2021, the Company has redeemed the outstanding convertible bonds in part in the principal amount of US\$5,000,000 being 50% of the total outstanding principal amount of US\$10,000,000. The maturity date is two years from issue date. The remaining outstanding convertible bonds are secured by 264,750,273 ordinary shares of the Company held by Genius Lead Limited, controlling shareholder and guaranteed by Mr. Liu Xiaolin, the chairman and executive director of the Company.

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

	30 June 2021 HK\$'000 (Unaudited)	30 June 2020 HK\$'000 (Unaudited)
Nominal value of convertible bonds issued during the period	–	77,500
Transaction cost related to liability component	–	(1,223)
Derivative component on initial recognition upon issuance of convertible bonds	–	(747)
Liability component 1 January 2021/at the issuance date	76,292	75,530
Partial redemption during the period	(38,044)	–
Interest expense	3,437	1,024
Interest paid	(3,310)	(732)
Exchange difference	17	–
Liability component	38,392	75,822

Derivative component

The summary of movement of convertible bonds is as follows:

	(Assets) HK\$'000	Liabilities HK\$'000	Total HK\$'000
Derivative component at date of issue	(5,543)	6,290	747
Fair value (gain)/loss for the year	(8,691)	2,307	(6,384)
Derivative component at 31 December 2020 (audited)	(14,234)	8,597	(5,637)
Release of partial redemption of convertible bonds	6,442	(4,253)	2,189
Fair value (gain)/loss for the period	(4,875)	6,186	1,311
Derivative component at 30 June 2021 (unaudited)	(12,667)	10,530	(2,137)

The interest charge of the convertible bonds for the six months ended 30 June 2021 is calculating using effective interest method by applying an effective interest rate of approximately 10.19% to the liability.

The directors estimate the fair value of the liability component of the convertible bonds at 30 June 2021 to be approximately HK\$40,821,000 (31 December 2020: HK\$83,802,000). This fair value has been calculated by discounting the future cash flows at the market interest rate.

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

	30 June 2021	31 December 2020	Date of issue
Weighted average share price (HK\$)	1.64	1.30	1.11
Weighted average exercise price (HK\$)	1.75	1.75	1.75
Expected volatility	84.98%	52.74%	46.66%
Expected life (year)	0.86	1.36	2.00
Risk free rate	0.013%	0.08%	0.36%
Expected dividend yield	Nil	Nil	Nil

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 ordinary shares of the Company in issue at any time. The maximum number of ordinary shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the ordinary 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 ordinary shares of the Company in issue at any time or with an aggregate value (based on the price of the Company’s ordinary 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 ordinary shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company’s ordinary shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company’s ordinary 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 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
2 September 2020	2 September 2020 to 1 September 2021	2 September 2021 to 1 September 2022	2.00	3,220,000
2 September 2020	2 September 2020 to 1 September 2022	2 September 2022 to 1 September 2023	2.00	3,220,000
2 September 2020	2 September 2020 to 1 September 2023	2 September 2023 to 1 September 2024	2.00	3,220,000
Consultants				
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
26 November 2020	26 November 2020 to 25 November 2021	26 November 2021 to 25 November 2022	2.00	1,665,000
26 November 2020	26 November 2020 to 25 November 2022	26 November 2022 to 25 November 2023	2.10	1,665,000
26 November 2020	26 November 2020 to 25 November 2023	26 November 2023 to 25 November 2024	2.20	1,670,000

Date of grant	Vesting period	Exercise period	Exercise price (HK\$)	Number of share options
Employees				
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
				58,400,000

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

	30 June 2021		30 June 2020	
	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	58,400,000	1.77	52,800,000	1.68
Expired during the period	(8,060,000)	1.67	—	—
Lapsed during the period	(11,680,000)	1.68	—	—
Exercisable at the end of the period	38,660,000	1.81	52,800,000	1.68

The weighted average share price at the date of exercise for share options exercised during the period was HK\$1.81 per share. The options outstanding at the end of the reporting period have a weighted average remaining contractual life of 1.94 years (2020: 2) and the exercise prices range from HK\$1.67 per share to HK\$2.20 per share (for the six months ended 30 June 2020: HK\$1.67 to HK\$1.71). The options were granted on 12 January 2018, 4 October 2018, 20 August 2019, 2 September 2020 and 26 November 2020 respectively.

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

Date of grant	12 January 2018	4 October 2018	20 August 2019	2 September 2020	26 November 2020
Weighted average share price per share (HK\$)	1.67	1.71	1.68	1.53	1.43
Expected life (year)	4	4	4	4	4
Expected volatility	84.72%-92.79%	70.28%-83.06%	51.60%-74.76%	38.77%-60.78%	40.52%-54.91%
Dividend yield	0%	0%	0%	0%	0%
Risk-free interest rate	1.78%-2.06%	2.74%-2.95%	1.59%-1.79%	0.26%-0.28%	0.12%-0.24%

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\$3,669,000 for the six months ended 30 June 2021 (six months ended 30 June 2020: HK\$4,820,000) in relation to share options granted by the Company.

15. CAPITAL COMMITMENT

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

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Capital contribution to: WFOE in Guangdong province, the PRC	–	4,781

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 up the registered capital of RMB10,000,00 (31 December 2020: RMB5,947,000). The remaining capital commitment is nil (31 December 2020: RMB4,053,000 (equivalent to approximately HK\$4,781,000)).

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 transactions with its related parties during the period:

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loan interest expenses paid to the ultimate controlling party of the Company	–	138	–	436
Purchase of goods from a non-controlling shareholder of a subsidiary	11,878	–	11,878	–
Service fee charged by a non-controlling shareholder of a subsidiary	18,504	–	43,321	–
Service fee received from a non-controlling shareholder of a subsidiary	135,683	–	195,456	–

- (b) Remuneration of key management personnel

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Salaries, bonus and benefits	2,991	3,741	4,859	7,072
Equity-settled share-based payments	738	1,006	1,687	2,055
Retirement benefits scheme contributions	7	9	16	18
	3,736	4,756	6,562	9,145

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 2021 (the “**2021 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) the manufacture, research and development, sale and distribution of health related and pharmaceutical products in the PRC and Hong Kong; (iii) provision of medical laboratory testing services and health check services in Hong Kong; (iv) provision of insurance brokerage services; and (v) trading of securities in Hong Kong.

Turnover

During the 2021 Interim Period, the Group recorded a turnover of approximately HK\$374,159,000, representing an increase of approximately 10.95 times as compared with that of approximately HK\$31,305,000 for the six months ended 30 June 2020 (the “**2020 Interim Period**”). As the prevalence of COVID-19 continues and together with the enactment of Compulsory Testing for high risk groups and high exposure groups under regulations, the demand for the COVID-19 testing services is high. In order to capture the market share of demand shift focusing on COVID-19 testing services, the Group has set up a laboratory in Hong Kong to provide COVID-19 testing services for private clinics, corporate and government clients, and individuals. In addition, the Group set up a mobile laboratory in the Hong Kong International Airport to provide COVID-19 testing services to arrival passengers and persons employed to work in the airport area. As a result, the revenue from medical laboratory testing services and health check services segment increased significantly pursuant to this strategic development and the marketing and promotion campaigns launched during the 2021 Interim Period.

Provision of tumor immune cell therapy services

上海隆耀生物科技有限公司 (in English, for identification purpose only, Shanghai Longyao Biotech Company Limited) (“**Shanghai Longyao**”), an indirect non-wholly-owned subsidiary of the Company, is engaged in tumor immune cell therapy, immune cell storage and health management services in the PRC. Shanghai Longyao has completed the clinical research cooperation of cell therapy with 3 Class III Grade A hospitals in the PRC. Also, Shanghai Longyao has conducted an investigator initiated clinical research on its self-developed new generation of CD20-targeted autologous CAR-T. In November 2020, Shanghai Longyao applied to the Center for Drug Evaluation of the National Medical Products Administration for approval of the clinical trial of a medical product manufactured in China under the product name of LY007 Cellular Injection (the “**LY007 Cellular Injection**”). On 21 January 2021, Shanghai Longyao received the approval letter for clinical trial from the National Medical Products Administration for LY007 Cellular Injection. The classification of the registration is Class I new drug. LY007 Cellular Injection is a chimeric antigen receptor T-cell (CAR-T) injection and is mainly used in the treatment of relapsed/refractory CD20-positive B-cell non-Hodgkin lymphoma, including diffuse large B-cell lymphoma and metastatic follicular lymphoma. LY007 Cellular Injection has been developed independently by Shanghai Longyao and incorporates its patented OX40 co-stimulatory signal design. No turnover from this segment was generated during the 2021 Interim Period.

Manufacture and sale of health related and pharmaceutical products

Manufacture and sale of health related and pharmaceutical products segment recorded a decrease during the 2021 Interim Period. The turnover of this segment decreased from approximately HK\$585,000 for the 2020 Interim Period to approximately HK\$107,000 for the 2021 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 continued to offer a wide spectrum of quality health check diagnostic services in Hong Kong through three health check centers and three medical testing central laboratories. The turnover of this segment increased from approximately HK\$25,571,000 for the 2020 Interim Period to approximately HK\$362,783,000 for the 2021 Interim Period. That represented a significant increase by 13.19 times on a year-over-year basis. To minimise the impact on the performance of the Group resulting from the COVID-19 epidemic, the Group has set up a laboratory in Hong Kong to provide COVID-19 tests to Hong Kong citizens and adopted new strategy to launch marketing and promotion campaigns for the promotion of medical laboratory testing services and health check services segment. In the fourth wave of COVID-19 infection which happened in November 2020 in Hong Kong, the Group initiated direct COVID-19 testing services to customers from private clinics, corporates, government offices and individuals. Also, the Group set up a mobile laboratory in the Hong Kong International Airport to provide arrival passengers with COVID-19 testing services. As a result, the revenue from medical laboratory testing services and health check services segment increased significantly in the 2021 Interim Period.

Provision of insurance brokerage services

Provision of insurance brokerage services segment recorded a slightly increase during the 2021 Interim Period. The turnover of this segment increased from approximately HK\$4,492,000 during the 2020 Interim Period to approximately HK\$4,767,000 for the 2021 Interim Period. It represented an increased by 6.12% as compared with the 2020 Interim Period due to a change of marketing focus to local customers to minimise the impact of lockdown.

Provision of logistics services

Starting from fourth quarter of 2020, the Group provided logistics services of testing materials and specimens for clinics and corporates. It recorded a turnover of approximately HK\$5,877,000 (2020 Interim Period: HK\$Nil) during the 2021 Interim Period.

Money Lending business

Ferran Finance Limited, an indirect wholly-owned subsidiary of the Company, is a holder of money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). With the increasing market demands of micro-financing business in Hong Kong, the Group has allotted HK\$17.1 million for the money lending business. The Group's loan portfolio comprises unsecured loans granted to individual customers. The loan receivables carry an interest rate at 8% to 10% per annum and are repayable within one year. The money lending business recorded an interest income of approximately HK\$625,000 for the 2021 Interim Period (2020 Interim Period: HK\$657,000).

Gross profit and gross profit margin

The Group recorded a gross profit of approximately HK\$216,558,000 for the 2021 Interim Period, representing an increase of approximately HK\$207,120,000 when compared with that of approximately HK\$9,438,000 in the 2020 Interim Period. Also, the gross profit margin for the 2021 Interim Period was approximately 57.88%, representing an increase of approximately 27.73 percentage point when compared with the gross profit margin of approximately 30.15% for the 2020 Interim Period. The increase in gross profit margin was attributable to a substantial growth in the turnover from medical laboratory testing services and health check services segment during the 2021 Interim Period.

Selling and distribution expenses

Selling and distribution expenses for the 2021 Interim Period were approximately HK\$6,133,000 (2020 Interim Period: HK\$5,548,000), representing an increase of approximately HK\$585,000 or 10.54% compared with such expenses for the 2020 Interim Period. The Group maintained at stable level of selling and distribution expenses even though the turnover had grown for 10.95 times in the 2021 Interim Period on a year-over-year basis.

Administrative expenses

The administrative expenses mainly consisted of staff costs, share-based payment, legal and professional fees, depreciation, research and development costs, and amortisation of intangible assets. The administrative expenses for the 2021 Interim Period were approximately HK\$63,529,000, representing an increase of approximately HK\$12,570,000 or 24.67%, as compared with that of approximately HK\$50,959,000 for the 2020 Interim Period. The increase in administrative expenses was mainly attributable to (i) increase in research and development costs of approximately HK\$11,357,000 (2020 Interim Period: HK\$9,627,000) resulted from tumor immune cell therapy services segment; and (ii) increase in depreciation of property, plant and equipment and right-of-use assets by HK\$1,935,000 and staff costs by HK\$3,275,000 due to expansion of medical laboratory testing services and health check services segment.

Finance costs

During the 2021 Interim Period, the Group's interest expenses amounted to approximately HK\$4,076,000 (2020 Interim Period: HK\$1,873,000). The increase in the finance costs was mainly attributable to higher level of other short-term borrowings as working capital and the amortisation of convertible bonds.

Profit/(loss) for the period

The Group recorded a net profit of approximately HK\$108,990,000 for the 2021 Interim Period (2020 Interim Period: net loss of approximately HK\$45,779,000). The turnaround from net loss for the 2020 Interim Period to net profit for the 2021 Interim Period was mainly attributable to (i) substantial increase in demand for COVID-19 testing services due to the fourth wave of COVID-19 infection happened in November 2020 in Hong Kong; and (ii) a robust growth in revenue and gross profit from medical laboratory testing services and health check service segment with adoption of new strategy and the launch of marketing and promotion campaigns.

BUSINESS REVIEW

Repurchase of shares

During the 2021 Interim Period, the Company repurchased 485,000 shares and 2,210,000 shares of the Company ranged from HK\$1.27 to HK\$1.78 per share in two exercises from open market pursuant to the general mandate to repurchase the shares of the Company granted by the shareholders of the Company to the Board at the annual general meeting of the Company held on 26 May 2020 and 18 May 2021 respectively. The Company subsequently cancelled the 485,000 repurchased shares and 2,210,000 repurchased shares on 9 February 2021 and 9 August 2021 respectively.

Partial redemption of convertible bonds

On 27 May 2021, the Company redeemed the outstanding convertible bonds in part in the principal amount of US\$5,000,000 being 50% of the total outstanding principal amount of US\$10,000,000 (the "**Partial Redemption**"). Upon completion of the Partial Redemption, the principal amount of the convertible bonds remaining outstanding is US\$5,000,000. Following to the Partial Redemption, the subscriber has discharged 264,750,273 shares being half of the shares charged by Genius Lead Limited to the subscriber under the share charge agreement (the "**Partial Release**"). Upon the Partial Release, the number of shares being held under charge by Genius Lead Limited to the subscriber that remained in effect is 264,750,273 shares. Details related to Partial Redemption were disclosed in the announcement of the Company dated 27 May 2021.

FUTURE PROSPECT

The economic outlook for the coming year will continue to be sluggish with the uncertain geopolitical and macroeconomic environment challenges including the ongoing trade conflict between US and China and the recurrent outbreaks of COVID-19.

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

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

According to a report by Market Research Future, the global CAR-T market is expected to grow at a compound growth rate of 59% in the future and will reach US\$8,716.06 million by 2025. In addition, the first CAR-T therapy had been approved by the Chinese authority on 23 June 2021 for sale in the market, ushering in a new phase of development for the use of cellular therapies in China. All these will benefit research and development enterprises of immune cell drugs, which are represented by CAR-T and other cell-based therapies. By the end of the 2021 Interim Period, five CAR-T products have been approved for sale on the market in the United States of America.

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

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 2021, the Group held cash and bank balances of approximately HK\$133,167,000 (31 December 2020: HK\$384,539,000), all were principally denominated in Renminbi and Hong Kong dollars. The decrease in cash and bank balances of approximately HK\$251,372,000 is mainly due to outlays used for the partial redemption of convertible bonds and for dividend payment made to the non-controlling shareholders of a subsidiary during the 2021 Interim Period.

As at 30 June 2021, the Group had convertible bonds of approximately US\$4,954,000 (equivalent to approximately HK\$38,392,000) (31 December 2020: US\$9,844,000 (equivalent to approximately HK\$76,292,000)) which are secured by 264,750,273 (31 December 2020: 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, chairman and executive director of the Company and carried a fixed interest rate of 8.5% per annum and is due for a conversion or a repayment on 11 May 2022.

As at 30 June 2021, the Group had other unsecured borrowing of approximately HK\$6,857,000 (equivalent to approximately RMB5,700,000) (31 December 2020: HK\$10,664,000 (equivalent to approximately USD500,000 and RMB5,700,000)) which carried a fixed interest rate of 8% to 10% (31 December 2020: 8% to 10%) per annum and is repayable within one year.

The decrease in the other borrowings were mainly due to partial redemption of convertible bond during the 2021 Interim Period.

As at 30 June 2021, total assets of the Group were approximately HK\$810,581,000 (31 December 2020: HK\$904,121,000), whereas total liabilities were approximately HK\$348,490,000 (31 December 2020: HK\$392,016,000). The gearing ratio of the Group, calculated as total liabilities over total assets, was approximately 42.99% (31 December 2020: 43.36%). Current ratio (defined as total current assets divided by total current liabilities) was 1.26 times (31 December 2020: 1.64 times).

Fortstone, an indirect non-wholly owned subsidiary of the Company, 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\$500,000 at all times. Fortstone oversees its compliance with the capital and net assets requirement by monitoring Fortstone's liquid asset and ranking liabilities at all times to ensure they are well above the minimum required level (i.e. HK\$500,000). As at 30 June 2021, Fortstone has complied with the capital and net assets requirement during the 2021 Interim Period.

Capital Structure

As at 30 June 2021, the total issued share capital of the Company was HK\$96,544,115 (31 December 2020: HK\$96,685,115) divided into 965,441,150 (31 December 2020: 966,851,150) ordinary shares of HK\$0.10 each.

SIGNIFICANT INVESTMENTS HELD AND PERFORMANCE

As at 30 June 2021, the Group's financial assets at fair value through other comprehensive income amounted to approximately HK\$94,258,000 (31 December 2020: HK\$98,845,000) including two (31 December 2020: three) investments in unlisted equity securities. It mainly consisted an investment of approximately HK\$47,006,000 in Pillar Biosciences, Inc. ("**Pillar**") (which represented 5.80% of the total asset of the Group as at 30 June 2021) and an investment of HK\$47,252,000 in Broncus Holding Corporation ("**Broncus**") (which represented 5.83% of the total asset of the Group as at 30 June 2021).

(i) Investment in Pillar

As at 30 June 2021, the Group held approximately 4% (31 December 2020: 4%) of equity interest of Pillar or 1,638,216 series B preferred stock in Pillar with fair value of HK\$47,006,000 (equivalent to US\$6,064,000) (31 December 2020: 47,006,000 (equivalent to US\$6,064,000)) 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 year ended 31 December 2020, it recorded an unaudited consolidated loss of approximately US\$16.3 million. No fair value change through other comprehensive income was recognised on the Group's investment in Pillar. No dividend income was received from Pillar for 2021 Interim Period. 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 2021, the Group held approximately 1.48% (31 December 2020: 1.63%) of equity interest of Broncus or 1,641,794 series B preferred stock in Broncus with fair value of HK\$47,252,000 (equivalent to US\$6,097,000) (31 December 2020: HK\$47,252,000 (equivalent to US\$6,097,000)) 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 US\$17.33 million. No fair value change through other comprehensive income was recognised on the Group's investment in Broncus. No dividend income was received from Broncus for the 2021 Interim Period. The investment in Broncus enables the Group to strategically lay out in precision diagnosis, and to enter into the field of precision treatment. Other than bringing investment return to the Group, the Group will also explore collaborative opportunity with Broncus.

The Group did not hold any other significant investments with a market value that account for more than 5% of the Group's unaudited total assets as at 30 June 2021.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not have any other material acquisition or disposal of subsidiaries and affiliated companies for the 2021 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 2021, the Group had no charges on its assets.

CONTINGENT LIABILITIES

As at 30 June 2021, the Group has no significant contingent liabilities.

FOREIGN EXCHANGE AND INTEREST RATE EXPOSURE

During the 2021 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 2021, the Group had a total of 200 (30 June 2020: 142) full time employees which were located in the PRC and Hong Kong. Total staff costs for the 2021 Interim Period was approximately HK\$33,509,000 (2020 Interim Period: HK\$25,561,000).

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 2021 Interim Period were approximately HK\$1,006,000 (2020 Interim Period: HK\$769,000).

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

As at 30 June 2021, the interests and short positions of each of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

(i) Long position in shares of the Company

Name of Director	Capacity and nature of interest	No. of shares held	Approximate percentage (Note a)
Mr. Liu Xiaolin ("Mr. Liu")	Interest of a controlled corporation	529,500,546 (Note b)	54.85%

Notes:

- (a) As at 30 June 2021, the total number of the issued shares of the Company was 965,441,150 ordinary shares of HK\$0.10 each of the Company.
- (b) Genius Lead is the registered and beneficial owner of these shares of the Company, and Genius Lead is wholly-owned by Genius Earn, which is in turn wholly-owned by Mr. Liu. As such, Mr. Liu is deemed to be interested in the shares of the Company held by Genius Lead.

(ii) Long position in shares of associated corporation

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

(iii) Long position in share options granted

Name of Directors	Nature of interest	Date of Grant	Exercise period	Exercise price per share	Aggregate long position in the underlying shares	Approximate percentage <i>(note a)</i>
Mr. Liu	Beneficial owner	12 January 2018	12 January 2021 to 11 January 2022	HK\$1.67	260,000	0.03%
	Beneficial owner	20 August 2019	20 August 2020 to 19 August 2023	HK\$1.68	960,000	0.10%
Mr. Wang Zheng	Beneficial owner	12 January 2018	12 January 2021 to 11 January 2022	HK\$1.67	1,400,000	0.15%
	Beneficial owner	20 August 2019	20 August 2020 to 19 August 2023	HK\$1.68	600,000	0.06%
Mr. Huang Song	Beneficial owner	12 January 2018	12 January 2021 to 11 January 2022	HK\$1.67	1,400,000	0.15%
Mr. He Xun	Beneficial owner	2 September 2020	2 September 2021 to 1 September 2024	HK\$2.00	9,660,000	1.00%
Total					14,280,000	1.49%

Note:

- (a) As at 30 June 2021, the total number of the issued shares of the Company was 965,441,150 ordinary shares of HK\$0.10 each of the Company.

Save as disclosed above, as at 30 June 2021, none of the Directors nor chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules.

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

As at 30 June 2021, the following person or entity (other than a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long position in shares and underlying shares

Name of 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	54.85%
Genius Lead (Note b)	Beneficial owner	529,500,546	54.85%
Guoyuan Securities Investment (Hong Kong) Limited (Note c)	Beneficial owner	22,428,571	2.32%
	Person having a security interest in shares	452,654,078	46.89%
Guoyuan International Holdings Limited (Note c)	Interest of a controlled corporation	475,082,640	49.21%
Guoyuan Securities Co., Ltd. (Note c)	Interest of a controlled corporation	475,082,640	49.21%

Notes:

- (a) As at 30 June 2021, the total number of the issued shares of the Company was 965,441,150 ordinary shares of HK\$0.10 each of the Company.
- (b) Genius Lead is wholly-owned by Genius Earn. As such, Genius Earn is deemed to be interested in the shares of the Company held by Genius Lead under the SFO.
- (c) Guoyuan Securities Investment (Hong Kong) Limited is wholly-owned by Guoyuan International Holdings Limited. As such, Guoyuan International Holdings Limited is deemed to be interested in the shares of the Company held by Guoyuan Securities Investment (Hong Kong) Limited. Guoyuan International Holdings Limited is wholly-owned by Guoyuan Securities Co., Ltd.. As such, Guoyuan Securities Co., Ltd. is deemed to be interested in the shares of the Company in which Guoyuan International Holdings Limited is interested.

Save as disclosed above, as at 30 June 2021, no other person or entity (other than a Director or chief executive of the Company) who had interests or short positions in the shares or underlying shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed by the shareholders of the Company on 29 May 2014, the Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute the success the Group's operation. The principal terms of the share option scheme were disclosed in the Company's 2020 annual report.

Details of movements in the Company's share options during the 2021 Interim Period are set out as follows:

Name of Grantees	Date of grant	Exercise price per share (HK\$)	Balance as at 1 January 2021	Number of Shares over which options are exercisable				Balance as at 30 June 2021	Exercise period
				Granted during the 2021 Interim Period	Exercised during the 2021 Interim Period	Lapsed during the 2021 Interim Period	Cancelled during the 2021 Interim Period		
Directors									
Mr. Liu	12 January 2018	1.67	520,000 (Note 1)	–	–	260,000	–	260,000	Note 6
	20 August 2019	1.68	960,000 (Note 3)	–	–	–	–	960,000	Note 8
Mr. Wang Zheng	12 January 2018	1.67	2,700,000 (Note 1)	–	–	1,300,000	–	1,400,000	Note 6
	20 August 2019	1.68	600,000 (Note 3)	–	–	–	–	600,000	Note 8
Mr. Huang Song	12 January 2018	1.67	2,700,000 (Note 1)	–	–	1,300,000	–	1,400,000	Note 6
Mr. Yao Michael Yi	20 August 2019	1.68	9,680,000 (Note 3)	–	–	9,680,000	–	–	Note 8
Mr. He Xun	2 September 2020	2.00	9,660,000 (Note 4)	–	–	–	–	9,660,000	Note 9
Sub-total			26,820,000	–	–	12,540,000	–	14,280,000	

Name of Grantees	Date of grant	Exercise price per share (HK\$)	Number of Shares over which options are exercisable				Balance as at 30 June 2021	Exercise period
			Balance as at 1 January 2021	Granted during the 2021 Interim Period	Exercised during the 2021 Interim Period	Lapsed during the 2021 Interim Period	Cancelled during the 2021 Interim Period	
Consultants	12 January 2018	1.67	10,400,000 (Note 1)	-	-	5,200,000	-	5,200,000 Note 6
	20 August 2019	1.68	9,680,000 (Note 3)	-	-	-	-	9,680,000 Note 8
	26 November 2020	2.00 to 2.20	5,000,000 (note 5)	-	-	-	-	5,000,000 Note 10
Sub-total			25,080,000	-	-	5,200,000	-	19,880,000
Employees	4 October 2018	1.71	2,000,000 (Note 2)	-	-	2,000,000	-	- Note 7
	20 August 2019	1.68	4,500,000 (Note 3)	-	-	-	-	4,500,000 Note 8
Sub-total			6,500,000	-	-	2,000,000	-	4,500,000
Total			58,400,000	-	-	19,740,000	-	38,660,000

Notes:

1. The share options were granted on 12 January 2018. The closing price of the Shares on the date of grant was HK\$1.67 per Share.
2. The share options were granted on 4 October 2018. The closing price of the Shares on the date of grant was HK\$1.71 per Share.
3. The share options were granted on 20 August 2019. The closing price of the Shares on the date of grant was HK\$1.35 per Share.
4. The share options were granted on 2 September 2020. The closing price of the shares on the date of grant was HK\$1.53 per Share.
5. The share options were granted on 26 November 2020. The closing price of the shares on the date of grant was HK\$1.43 per Share.
6. The share options are exercisable to subscribe for the shares granted to each grantee in respect of the share options from 12 January 2021 to 11 January 2022.

7. The share options are exercisable to subscribe for (i) a maximum of one-third of the shares granted to the grantee in respect of the share option from 4 October 2019 to 3 October 2020; (ii) a maximum of another one-third of the shares granted to the grantee in respect of the share option from 4 October 2020 to 3 October 2021; and (iii) a maximum of the remaining one-third of the shares granted to the grantee in respect of the share option from 4 October 2021 to 3 October 2022.
8. The share options are exercisable to subscribe for (i) a maximum of one-third of the shares granted to the grantee in respect of the share option from 20 August 2020 to 19 August 2021; (ii) a maximum of another one-third of the shares granted to the grantee in respect of the share option from 20 August 2021 to 19 August 2022; and (iii) a maximum of the remaining one-third of the shares granted to the grantee in respect of the share option from 20 August 2022 to 19 August 2023.
9. The share options are exercisable to subscribe for (i) 3,220,000 shares from 2 September 2021 to 1 September 2022; (ii) 3,220,000 shares from 2 September 2022 to 1 September 2023; and (iii) 3,220,000 shares from 2 September 2023 to 1 September 2024.
10. The share options are exercisable to subscribe for (i) 1,665,000 shares from 26 November 2021 to 25 November 2022 at exercise price of HK\$2.00; (ii) 1,665,000 shares from 26 November 2022 to 25 November 2023 at exercise price of HK\$2.10; and (iii) 1,670,000 shares from 26 November 2023 to 25 November 2024 at exercise price of HK\$2.20.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

At no time during the 2021 Interim Period or at the end of the 2021 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, 20 August 2019 and 2 September 2020.

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the 2021 Interim Period, a total of 485,000 ordinary shares and 2,210,000 ordinary shares of the Company were repurchased by the Company on the Stock Exchange. The repurchased shares were subsequently cancelled by the Company on 9 February 2021 and 9 August 2021 respectively. The Directors believe that the repurchases reflect the Company's confidence in its long-term business prospects and would ultimately benefit the Company and create value for the shareholders of the Company. Details of the repurchases of shares of the Company are as follows:

Date of repurchase	Number of shares	Repurchased price per share		Consideration
		Highest HK\$	Lowest HK\$	
4 January 2021	115,000	1.30	1.27	147,850
5 January 2021	60,000	1.30	1.29	77,900
6 January 2021	30,000	1.33	1.28	38,950
8 January 2021	30,000	1.30	1.29	38,900
11 January 2021	25,000	1.27	1.27	31,750
12 January 2021	15,000	1.29	1.28	19,250
13 January 2021	5,000	1.27	1.27	6,350
14 January 2021	140,000	1.34	1.27	181,000
15 January 2021	65,000	1.35	1.31	86,250
22 June 2021	180,000	1.35	1.28	234,450
29 June 2021	70,000	1.65	1.62	114,600
30 June 2021	200,000	1.69	1.65	334,000
2 July 2021	215,000	1.69	1.63	357,950
5 July 2021	195,000	1.73	1.64	325,950
6 July 2021	325,000	1.75	1.68	550,750
7 July 2021	370,000	1.77	1.67	644,200
8 July 2021	255,000	1.75	1.66	436,150
9 July 2021	400,000	1.78	1.67	683,450
Total	2,695,000			4,309,700

Save as disclosed above, there was no purchase, sale or redemption by the Company or any of its subsidiaries, of any listed securities of the Company during the 2021 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 2021 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 2021 Interim Period, the Company has complied with the code provisions in the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules.

COMPETING AND CONFLICT OF INTEREST

None of the Directors or the controlling shareholders of the Company or their respective associates (as defined in the GEM Listing Rules) had any interest in a business, which competes or may compete, either directly or indirectly, with the business of the Group nor any conflict of interest which has or may have with the Group during the 2021 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 2021 Interim Period have not been audited by the Company’s auditor, but have been reviewed by the Audit Committee in accordance with the accounting principles and practices adopted by the Company and the Audit Committee has discussed internal controls and financial reporting matters before any disclosure and release of information.

SUFFICIENCY OF PUBLIC FLOAT

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

GENERAL

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

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

Hong Kong, 12 August 2021

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