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## **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)**

### **REVISION OF ANNUAL CAP FOR CONTINUING CONNECTED TRANSACTION IN RELATION TO THE 2022 REFERRAL SERVICES AGREEMENT**

#### **THE SUPPLEMENTAL AGREEMENT AND THE REVISED ANNUAL CAP**

On 13 October 2022, SDCL and BGI entered into the Supplemental Agreement to revise the annual cap for the transactions contemplated under the 2022 Referral Services Agreement for the year ending 31 December 2022 from HK\$400,000,000 to HK\$550,000,000. Save for the revision of annual cap, the terms and conditions of the 2022 Referral Services Agreement have not been amended by the Supplemental Agreement and remain in full force and effect.

#### **GEM LISTING RULES IMPLICATIONS**

As at the date of this announcement, BGI holds 40% of the issued share capital of SDCL, an indirect non-wholly owned subsidiary of the Company. BGI is therefore a connected person of the Company at the subsidiary level. The provision of Referral Services by SDCL to BGI as contemplated under 2022 Referral Services Agreement constitute a continuing connected transaction for the Company with a connected person at the subsidiary level under Chapter 20 of the GEM Listing Rules. Pursuant to Rule 20.52 of the GEM Listing Rules, the Company is required to re-comply with the applicable requirements under Chapter 20 of the GEM Listing Rules in relation to the revision of annual cap for such transaction.

Given that (i) the Directors have approved the Supplemental Agreement; and (ii) the independent non-executive Directors have confirmed that the terms of the Supplemental Agreement are fair and reasonable and the transaction thereunder are on normal commercial terms and in the interests of the Company and its Shareholders as a whole, such continuing connected transaction (including the revision of annual cap for such transaction) is exempt from the circular, independent financial advice and Shareholders' approval requirements pursuant to Rule 20.99 of the GEM Listing Rules.

References are made to the announcements of the Company dated 27 May 2022 and 24 August 2022 (the “**Announcements**”) in relation to the 2022 Referral Services Agreement dated 27 May 2022 entered into between SDCL and BGI. Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as in the Announcements.

The principal terms (including the scope of services, pricing and annual cap) of the 2022 Referral Services Agreement and information on the historical transaction amount between SDCL and BGI were set out in the Announcements. As disclosed in the Announcements, pursuant to the 2022 Referral Services Agreement, the maximum aggregate amount payable by BGI to SDCL under the 2022 Referral Services Agreement for the year ending 31 December 2022 shall not exceed HK\$400,000,000 (the “**Existing Annual Cap**”).

#### **THE SUPPLEMENTAL AGREEMENT AND THE REVISED ANNUAL CAP**

With reference to the unaudited management accounts of SDCL for the seven months ended 31 July 2022, the transaction amount in respect of the services under the 2022 Referral Services Agreement (including transactions between SDCL and BGI falling under the categories as governed by the 2022 Referral Services Agreement which took place between 1 January 2022 and 26 May 2022, being the period retrospectively covered by the Existing Annual Cap prior to the entering into of the 2022 Referral Services Agreement) was approximately HK\$365.2 million, representing approximately 91.3% of the Existing Annual Cap.

Due to the fact that the demand for COVID-19 test services from accredited clinical laboratories exceeds the demand previously anticipated by the Board, and based on the information currently available to the Company, the Company expects that the Existing Annual Cap will be insufficient.

On 13 October 2022, SDCL and BGI entered into a supplemental agreement (the “**Supplemental Agreement**”), pursuant to which the Existing Annual Cap of HK\$400,000,000 for the provision of Referral Services by SDCL to BGI for the year ending 31 December 2022 is revised to HK\$550,000,000 (the “**Revised Annual Cap**”). Save for the revision of annual cap, the terms and conditions of the 2022 Referral Services Agreement have not been amended by the Supplemental Agreement and remain in full force and effect.

### **Basis of the Revised Annual Cap**

The Revised Annual Cap was determined with reference to (i) the actual transaction amount for the provision of Referral Services under the 2022 Referral Services Agreement (including transactions between SDCL and BGI falling under the categories as governed by the 2022 Referral Services Agreement which took place between 1 January 2022 and 26 May 2022, being the period retrospectively covered by the Existing Annual Cap prior to the entering into of the 2022 Referral Services Agreement) from 1 January 2022 to 31 July 2022; and (ii) the anticipated demand for the COVID-19 test services for the year ending 31 December 2022 taking into account the latest development of the COVID-19 pandemic.

So far as the Company is aware, as at the date of this announcement, the transaction amount of the continuing connected transaction under the 2022 Referral Services Agreement has not exceeded the Existing Annual Cap.

### **REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE SUPPLEMENTAL AGREEMENT**

The Company has been closely monitoring the demands of COVID-19 test services. Based on the historical Referral Services Fee income earned during the period from 1 January 2022 to 31 July 2022, the Board anticipates that the demand for COVID-19 test services will exceed the demand previously estimated and the total transaction amount under the 2022 Referral Services Agreement for the year ending 31 December 2022 will exceed the Existing Annual Cap. The Directors believe that the Revised Annual Cap would enable the Group to continue to provide Referral Services to BGI for the year ending 31 December 2022 in compliance with the contractual term under the 2022 Referral Services Agreement (as supplemented by the Supplemental Agreement) and the GEM Listing Rules and may increase the total amount of Referral Services Fee receivable by the Group, which will benefit the Group and the Shareholders as a whole.

Having considered the factors as mentioned above, the Directors (including the independent non-executive Directors) are of the view that the Supplemental Agreement is entered into on normal commercial terms and in the ordinary and usual course of business of the Group, and the terms thereof, including the adoption of the Revised Annual Cap for the provision of Referral Services under the 2022 Referral Services Agreement, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

None of the Directors has material interest in the 2022 Referral Services Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder and hence no Director is required to abstain from voting on the relevant resolutions of the Board approving the same.

## **INFORMATION OF THE PARTIES**

The Group is principally engaged in (i) provision of medical laboratory testing services and health check services in Hong Kong; (ii) provision of tumor immune cell therapy and health management services in the PRC; (iii) manufacture, research and development, sale and distribution of health related and pharmaceutical products in the PRC and Hong Kong; and (iv) provision of insurance brokerage services.

SDCL is a company incorporated in Hong Kong with limited liability and an indirect non-wholly owned subsidiary of the Company. It is principally engaged in the provision of medical laboratory testing services in Hong Kong.

BGI is a company incorporated in Hong Kong with limited liability. BGI is principally engaged in the provision of genomic sequencing services and efficient bioinformatics analysis services. The beneficial owner of BGI is 深圳華大基因股份有限公司 (in English, for identification purpose only, BGI Genomics Co., Ltd), a company listed on the Shenzhen Stock Exchange (stock code: 300676.SZ). Since June 2020 (when SDCL was formed) and up to the date of this announcement, BGI has been a holder of 40% of the issued share capital in SDCL. Accordingly, BGI is a connected person of the Company at the subsidiary level.

## **GEM LISTING RULES IMPLICATIONS**

As at the date of this announcement, BGI holds 40% of the issued share capital of SDCL, an indirect non-wholly owned subsidiary of the Company. BGI is therefore a connected person of the Company at the subsidiary level. The provision of Referral Services by SDCL to BGI as contemplated under 2022 Referral Services Agreement constitute a continuing connected transaction for the Company with a connected person at the subsidiary level under Chapter 20 of the GEM Listing Rules. Pursuant to Rule 20.52 of the GEM Listing Rules, the Company is required to re-comply with the applicable requirements under Chapter 20 of the GEM Listing Rules in relation to the revision of annual cap for such transaction.

Given that (i) the Directors have approved the Supplemental Agreement; and (ii) the independent non-executive Directors have confirmed that the terms of the Supplemental Agreement are fair and reasonable and the transaction thereunder are on normal commercial terms and in the interests of the Company and its Shareholders as a whole, such continuing connected transaction (including the revision of annual cap for such transaction) is exempted from the circular, independent financial advice and Shareholders' approval requirements pursuant to Rule 20.99 of the GEM Listing Rules.

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

Hong Kong, 13 October 2022

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

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

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