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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)**

### **ISSUE OF CONVERTIBLE BONDS UNDER GENERAL MANDATE**

The Board is pleased to announce that on 20 December 2022 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, 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\$1.45 at the exchange rate of HK\$7.85 to US\$1.00, a maximum number of 54,137,931 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds in full, which represent approximately 5.62% of the existing issued share capital of the Company and approximately 5.32% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

The Conversion Shares will be allotted and issued under the General Mandate. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

The Existing CB will be surrendered and cancelled upon Completion.

Half of the Total Subscription Amount will be satisfied by the Subscriber by surrendering the 2020 Bond Certificate to the Company. Accordingly, the gross and net proceeds from the Subscription (after deducting related expenses) to be received by the Group upon Completion are estimated to be US\$5,000,000 (equivalent to approximately HK\$38,900,000) and US\$4,944,000 (equivalent to approximately HK\$38,464,000) respectively. The Company intends to use the net proceeds amounting to (i) US\$3,000,000 (equivalent to approximately HK\$23,340,000) for investment in BNCT project; and/or (ii) the remaining balance of US\$1,944,000 (equivalent to approximately HK\$15,124,000) for funding research and development costs and general working capital of the Group.

**Completion of the Subscription is subject to the fulfilment, or waiver, of the conditions precedent set out in the Subscription Agreement. As the Subscription may or may not be completed and the issue of the Convertible Bonds may or may not proceed, Shareholders and prospective investors of the Company are reminded to exercise caution when dealing in the Shares.**

## **THE SUBSCRIPTION AGREEMENT**

The Board is pleased to announce that on 20 December 2022 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber. A summary of the principal terms of the Subscription Agreement is set out below:

**Date:** 20 December 2022

**Parties:** (a) the Company; and  
(b) the Subscriber.

To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, save that the Subscriber is a holder of the Existing CB in the outstanding principal amount of US\$5 million which will be cancelled upon Completion as set out under the paragraph headed “Release of the Share Charge and discharge of the Corporate Guarantee and the Individual Guarantee” under the section headed “THE SUBSCRIPTION AGREEMENT” of this announcement, the Subscriber and its ultimate beneficial owner(s) are Independent Third Parties.

### **Subject matter**

Pursuant to the Subscription Agreement, the Company has conditionally agreed to issue and 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) (the “**Total Subscription Amount**”).

The Total Subscription Amount will be satisfied by the Subscriber in the following manner:

- (a) as to US\$5,000,000, by surrendering the 2020 Bond Certificate to the Company, whereby the Subscriber agrees that the bonds representing the principal amount of US\$5,000,000 of the Existing CB evidenced by the 2020 Bond Certificate shall be cancelled with effect from the Completion Date, and all the liabilities and obligations of the Company, Genius Lead and Mr. Liu in connection with the Existing CB, the Corporate Guarantee and the Individual Guarantee are cancelled and extinguished in its entirety, provided that the Company shall pay the Subscriber on the Completion Date all accrued and unpaid interest of the Existing CB up to (and including) the Completion Date to the Subscriber’s bank account as set out in the 2020 Bond Certificate; and

- (b) as to US\$4,965,000, by paying or causing to be paid to the Company such amount in clear and immediate funds (being the Total Subscription Amount less (i) US\$5,000,000 representing the total outstanding principal amount of the Existing CB, and (ii) the amount of legal fee charged by the Hong Kong legal counsel to the Subscriber and any other legal fee and due diligence costs incurred by the Subscriber being such amount as agreed between the Company and the Subscriber prior to entry into the Subscription Agreement) by credit transfer into the Company's account as set out in the Subscription Agreement.

### **Conditions precedent**

Completion of the Subscription Agreement is conditional upon, among other things, the fulfilment of the following:

- (i) the Subscriber having received all the documents and evidence specified in the Subscription Agreement in form and substance satisfactory to them on or prior to the date of the Completion Date;
- (ii) the representations and warranties of the Company contained in the Transaction Documents to which it is a party being true, accurate and correct and not misleading as at the date of the Subscription Agreement and as at the Completion Date;
- (iii) the Subscriber having obtained all necessary external, internal and corporate approvals under all applicable laws and regulations regarding the Transaction Documents;
- (iv) the Subscriber having been satisfied with the results of their commercial, financial and legal due diligence on the Company;
- (v) the Listing Committee having granted the approval for the listing of, and the permission to deal in, the Conversion Shares that may be issued upon exercise of the Convertible Bonds, and all requirements, if any, imposed by the Stock Exchange and the Securities and Futures Commission, in relation to the transactions contemplated under the Transaction Documents having been obtained and/or complied with in full;
- (vi) all obligations under the Transaction Documents required to be performed by the Company on or before the Completion Date having been performed;
- (vii) the Subscriber having performed and completed to its satisfaction "know your customer", anti-money laundering, counter-terrorist financing or similar procedures in respect of the Company;

- (viii) no event of default being continuing or would result from the proposed issue by the Company of the Convertible Bonds to the Subscriber;
- (ix) the consolidated net asset value (as determined by reference to the Company's latest published interim or annual financial statements) of the Company being no less than HK\$200,000,000;
- (x) Genius Lead holding not less than 40% beneficial interest directly or indirectly in the Company as at the Completion Date;
- (xi) Mr. Liu being a Director and the chairman of the Board, and holding not less than 40% beneficial interest directly or indirectly in the Company as at the Completion Date;
- (xii) the gearing ratio of the Company (as determined by reference to the Company's latest published interim or annual financial statements) being 75% or less as at the Completion Date;
- (xiii) the auditor of the Company has not expressed any qualified audit opinion on the latest audited financial statements of the Company;
- (xiv) the Subscriber having received a certificate, dated the Completion Date, signed by a duly authorised officer of the Company substantially in the agreed form set out in the Subscription Agreement;
- (xv) after the date of the Subscription Agreement and up to and including the Completion Date, there not having occurred any change (nor any development or event involving a prospective change) which has, or may reasonably be expected to have, any Material Adverse Effect.

Save for condition (v) above, the Subscriber may agree to waive the above conditions at its discretion.

If any one or more of the conditions precedent set out in the Subscription Agreement is not fulfilled, or waived 30 days after the date of the Subscription Agreement, the Subscription Agreement may be terminated by the Company or the Subscriber by notice in writing to the other party.

**Completion of the Subscription is subject to the fulfilment, or waiver, of the conditions precedent set out in the Subscription Agreement. As the Subscription may or may not be completed and the issue of the Convertible Bonds may or may not proceed, Shareholders and prospective investors of the Company are reminded to exercise caution when dealing in the Shares.**

## **Completion**

Completion shall take place on the next Business Day after the date of fulfillment or, if applicable, waiver of the conditions precedent of the Subscription Agreement or such other date as the Subscriber and the Company may agree in writing.

## **Release of the Share Charge and discharge of the Corporate Guarantee and the Individual Guarantee**

At Completion, the Subscriber shall deliver to the Company a deed, substantially in the agreed form and dated the Completion Date, confirming the release of the Share Charge and discharge of both the Corporate Guarantee and the Individual Guarantee.

## **PRINCIPAL TERMS OF THE CONVERTIBLE BONDS**

- Issuer:** The Company
- Principal amount:** US\$10,000,000 in aggregate
- Form:** The Convertible Bonds are in the registered form.
- Maturity date:** The date falling within on the last day of the 730-day period commencing from the Completion Date, which may be extended for two years if the Company and the Subscriber agree in writing (the “**Maturity Date**”).
- Interest:** The Convertible Bonds shall bear interest at the rate of 8.25% per annum on the principal amount outstanding from and including the Completion Date, payable semi-annually, with the first payment to be made on 20 June 2023.
- Conversion rights:** Subject to the terms and conditions set out in the Bond Instrument, the Subscriber shall have the right to convert all or any part of the outstanding principal amount of its Convertible Bonds (if in part, of a minimum amount of US\$150,000 unless the remaining outstanding principal amount of its Convertible Bonds is less than US\$150,000, in which case the balance) into Conversion Shares at any time during the Conversion Period at the Conversion Price provided that no conversion right may be exercised where such exercise will result in (i) the Subscriber and parties acting in concert with it, taken together, will trigger a mandatory general offer under the Takeovers Code, or (ii) the Company will be in breach of the minimum public float requirement under the GEM Listing Rules (the “**Conversion Ceiling**”).

The conversion rights attached to the Convertible Bonds is also subject to the Company's option to make cash payment to the Subscriber in lieu of the issue of the Conversion Shares exercisable by the Company by giving a notice in writing (the "**Cash Settlement Option**"). The Company is entitled to exercise the Cash Settlement Option only in respect of the Shares that the Company cannot issue (i) pursuant to the limitation of the general mandate to issue shares granted by the Shareholders, or (ii) pursuant to the limitation of the specific mandate granted by the Shareholders at the extraordinary general meeting of the Company, or (iii) where a Conversion Ceiling occurs or will occur should the conversion right be so exercised. The amount of cash to be paid by the Company will be arrived at by multiplying (aa) the number of Conversion Shares otherwise deliverable upon the exercise of the conversion right in respect of the Convertible Bonds, and in respect of which the Company has exercised the Cash Settlement Option; and (bb) the closing price of the Shares on the last day on which trading of the Shares on the Stock Exchange is not suspended preceding the day on which the conversion notice is served on the Subscriber.

The rate of exchange to be used for any particular date under any of the Transaction Documents where US dollars are converted to HK dollars or vice versa 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 Hongkong 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 for any particular date under any of the Transaction Documents shall be such Adjusted Exchange Rate; and provided further that if the Subscriber exercises its conversion right attached to the Convertible Bonds, 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 Subscriber in cash at the time of conversion in an amount resulting from the difference between such rate and the Adjusted Exchange Rate.

**Conversion price:** The initial conversion price is HK\$1.45 per Conversion Share (the “**Conversion Price**”), subject to the adjustments as provided in the terms and conditions of the Bond Instrument.

The Conversion Price represents:

- (a) a premium of approximately 36.79% to the closing price of HK\$1.06 per Share as quoted on the Stock Exchange on 20 December 2022, being the date of the Subscription Agreement;
- (b) a premium of approximately 34.26% to the average closing price of HK\$1.08 per Share as quoted on the Stock Exchange for the last five trading days of the Shares immediately before the date of the Subscription Agreement; and
- (c) a premium of approximately 33.39% to the average closing price of HK\$1.087 per Share as quoted on the Stock Exchange for the last ten trading days of the Shares immediately before the date of the Subscription Agreement.

The Conversion Price was determined after arm’s length negotiations between the Company and the Subscriber after considering the prevailing market performance of the Shares and current market condition.

**Adjustment of the Conversion Price:** The Conversion Price shall from time to time be adjusted in accordance with the relevant provisions under Bond Instrument upon the occurrence of, among others, the following events:

- (a) if there is an alteration to the nominal amount of the Shares by reason of any consolidation or sub-division;
- (b) if the Company issues (other than in lieu of a cash dividend) any Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or, if any, capital redemption reserve fund);

- (c) if the Company makes any capital distribution (including distributions in cash or specie) to the Shareholders (whether on a reduction of capital or otherwise) or grant to such Shareholders rights to acquire for cash assets of the Company or any of its subsidiaries, except where the issue of Shares is paid out of profits or reserves and issued in lieu of a cash dividend;
- (d) if the Company offers new Shares to the Shareholders for subscription by way of rights, or grants to the Shareholders any options, warrants or other rights to subscribe for or purchase any Shares, in each case at less than eighty-five per cent (85%) of the Current Market Price per Share on the date of announcement of the terms of such offer or grant;
- (e) if the Company issues (otherwise than as mentioned in paragraph (d) above) wholly for cash any new Shares (other than Shares issued on the exercise of conversion right of the Convertible Bonds or on the exercise of any other rights of conversion into, or subscription for, Shares) or the issue or grant (otherwise than as mentioned in paragraph (d) above) of options, warrants or other rights to subscribe or purchase Shares, at a price per Share which is less than eighty-five per cent (85%) of the Current Market Price on the date of announcement of the terms of such issue; and
- (f) save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within the provisions of this paragraph, the issue wholly for cash by the Company or any of its subsidiaries (otherwise than as mentioned in paragraph (d) or (e)) or (at the direction or request of or pursuant to any arrangements with the Company or any of its subsidiaries) any other company, person or entity of any securities (other than the Convertible Bonds) which by their terms of issue carry rights of conversion into, or exchange or subscription for, new Shares to be issued by the Company upon conversion, exchange or subscription, at a consideration per Share which is less than the Current Market Price on the date of announcement of the terms of issue of such securities.



The adjustment to the Conversion Price shall not apply to an issue of Shares or other securities of the Company or any of its subsidiary wholly or partly convertible into, or rights to acquire, Shares to eligible participants pursuant to the share option scheme duly approved by the Company.

**Conversion period:** The holder of the Convertible Bonds may exercise the conversion right thereunder at any time during the period from the date falling 9 months after the Completion Date up to the Maturity Date (both days inclusive) (the “**Conversion Period**”).

**Conversion Shares:** Based on the initial Conversion Price of HK\$1.45 at the exchange rate of HK\$7.85 to US\$1.00, a maximum number of 54,137,931 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds in full, which represent approximately 5.62% of the existing issued share capital of the Company and approximately 5.32% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

The Conversion Shares shall rank *pari passu* in all respects with the fully paid Shares in issue on the relevant conversion date.

Based on a par value of HK\$0.1 per Share, the 54,137,931 Conversion Shares have a total nominal value of HK\$5,413,793.

**Transferability:** The Convertible Bonds are not transferrable.

**Other redemption:** The Convertible Bonds may not be redeemed at the option of the Company unless with the prior written consent of the Subscriber.

**Redemption on the Maturity Date:** The Company shall redeem all outstanding Convertible Bonds held by the Subscriber on the Maturity Date at the Applicable Redemption Amount.

**Events of default:** The Subscriber shall be entitled at any time so long as the event of default is continuing to require, by lodging a notice of repayment, all or a portion of the Convertible Bonds registered in its name to be redeemed at the Applicable Redemption Amount, which at the time of such notice of repayment shall become due and payable.

The events of default include, among others:

- (a) the Company fails to pay the amount due and payable (except interest) pursuant to any Transaction Document;
- (b) the Company fails to pay any interest due and payable pursuant to any Transaction Document;
- (c) the Company fails to perform or observe any of its obligations under the terms and conditions of the Bond Instrument, the Subscription Agreement or any other Transaction Document to which it is a party;
- (d) a representation, statement or warranty made or deemed to be made or repeated by the Company under any Transaction Document is or proves to have been incorrect or misleading when made or deemed to be made or repeated;
- (e) unless otherwise agreed in writing by the Subscriber, Genius Lead ceases to hold 40% or more equity interest directly or indirectly in the Company, or Mr. Liu ceases to be a Director and the chairman of the Board, or unless otherwise agreed in writing by the Subscriber, Mr. Liu ceases to hold 40% or more beneficial interest directly or indirectly in the Company;
- (f) the Company is unable or admits inability to redeem all the Convertible Bonds on the Maturity Date, or the Company is unable or admits inability to redeem the Convertible Bonds (in whole or in part) at the Applicable Redemption Amount as required under the terms and conditions of the Bond Instrument;
- (g) the net consolidated asset value (as determined by reference to the Company's latest published interim or annual financial statements) of the Company at any time is less than HK\$200,000,000;
- (h) the Company fails to ensure that its gearing ratio (as determined by reference to the Company's latest published interim or annual financial statements) at all times is less than 75%;

- (i) the Shares have been temporarily suspended for trading due to any Transaction Triggered Suspension for more than five (5) consecutive trading days, or, in other cases, the Shares cease to be listed or admitted to, or are suspended from, trading on the Stock Exchange for a period of more than two (2) consecutive trading days (or such longer period as may be agreed by the Subscriber), or the Shareholders pass a shareholders' resolution to delist the Shares from GEM or the Main Board, as the case may be;
- (j) an event of cross default occurs under the provisions of the Bond Instrument;
- (k) the Company is involved in any insolvency event;
- (l) the Company repudiates or purports to repudiate the Subscription Agreement or any other Transaction Document to which it is a party;
- (m) any litigation, arbitration, administrative, governmental, regulatory or other proceedings are commenced or threatened against the Company or in relation to its assets which has or is likely to have a Material Adverse Effect;
- (n) any governmental agency seizes, compulsorily purchases or expropriates all or a substantial part of the assets of the Company or makes an order therefore which would, in any such case which has or is likely to have a Material Adverse Effect;
- (o) an issue of unlawfulness arises in relation to the Bond Instrument or the Subscription Agreement or any other Transaction Document;
- (p) any event or circumstance occurs which has a Material Adverse Effect;
- (q) the Company ceases to carry on the whole or a substantial part of its business or materially changes the nature or scope of its business; or
- (r) the auditor of the Company has expressed any qualified audit opinion on the audited financial statements of the Company.

**Default interest:** In the event of non-payment by the Company of any of the amounts in respect of the Transaction Documents when due, or expressed to be due or on the occurrence of any other event of default under the Bond Instrument, additional interest shall accrue on the overdue but unpaid amount under the Transaction Documents or on the then outstanding principal amount of the Convertible Bonds (as the case may be) from the due date or the date of the occurrence of an event of default under the Bond Instrument (as the case may be) to the date of actual payment at an interest rate of 24% per annum.

**Status:** The Convertible Bonds constitute direct, unconditional and unsubordinated obligations of the Company and shall at all times rank *pari passu* and without any preference among themselves.

#### **APPLICATION FOR LISTING**

No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

#### **INFORMATION ON THE COMPANY AND THE GROUP**

The Company is a company incorporated in the Cayman Islands and continued in Bermuda with limited liability.

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

#### **INFORMATION ON THE SUBSCRIBER**

The Subscriber is a company incorporated in Hong Kong and is engaged in investment holding. The Subscriber is an indirect wholly-owned subsidiary of Guoyuan Securities Co., Ltd.\* (國元證券股份有限公司), a company incorporated in the PRC and listed on the Shenzhen Stock Exchange (Stock code: 000728.SZ).

As at the date of this announcement, the Subscriber is a holder of the Existing CB in the outstanding principal amount of US\$5 million, which may be converted into 22,428,571 Shares, representing 2.33% of the existing issued share capital of the Company, at the conversion price of HK\$1.75 per Share. The Existing CB will be surrendered and cancelled upon Completion.

### **GENERAL MANDATE**

The Conversion Shares will be issued under the General Mandate, which authorised the Board to allot, issue and deal with the Shares not exceeding 20% of the issued Shares (namely, 192,646,230 Shares) as at the date on which the General Mandate was granted at the annual general meeting of the Company held on 20 June 2022. As at the date of this announcement, no Shares have been allotted and issued under the General Mandate. Assuming the conversion of the Convertible Bonds in full based on the initial Conversion Price, the Convertible Bonds will be convertible into 54,137,931 new Shares. The General Mandate is sufficient for the allotment and issue of the Conversion Shares. Accordingly, the issue of the Convertible Bonds is not subject to the approval of the Shareholders.

### **EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company has not raised any funds by way of issue of Shares in the past twelve months before the date of this announcement.

### **REASONS FOR THE SUBSCRIPTION AND ISSUE OF THE CONVERTIBLE BONDS**

The Board has considered it beneficial to strengthen the capital base of the Group through the Subscription in preparation for the Group's long-term development and further strengthening of financial position of the Group. The issue of the Convertible Bonds will not have an immediate dilution effect on the shareholding of the existing Shareholders and the Conversion Price is at a premium over the average closing price of the Shares for the last five trading days up to the date of the Subscription Agreement. The Directors also consider that the issue of Convertible Bonds will provide an opportunity for the Company, if the conversion rights attached to the Convertible Bonds are exercised, to enlarge and strengthen its capital base and also broaden its Shareholders base by the introduction of new investor.

The Directors (including the independent non-executive Directors) consider that the terms of the Subscription Agreement (including the terms of the Convertible Bonds and the Conversion Price) are on normal commercial terms and are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

## USE OF PROCEEDS

Half of the Total Subscription Amount will be satisfied by the Subscriber by surrendering the 2020 Bond Certificate to the Company. Accordingly, the gross and net proceeds from the Subscription (after deducting related expenses) to be received by the Group upon Completion are estimated to be US\$5,000,000 (equivalent to approximately HK\$38,900,000) and US\$4,944,000 (equivalent to approximately HK\$38,464,000) respectively. The Company intends to use the net proceeds amounting to (i) US\$3,000,000 (equivalent to approximately HK\$23,340,000) for investment in BNCT project; and/or (ii) the remaining balance of US\$1,944,000 (equivalent to approximately HK\$15,124,000) for funding research and development costs and general working capital of the Group.

The net price of the Conversion Shares, based on the Total Subscription Amount (after deducting related expenses) of approximately US\$9,944,000 (equivalent to approximately HK\$77,364,000) and 54,137,931 Conversion Shares resulting from the conversion of the Convertible Bonds, is approximately HK\$1.429 per Conversion Share.

## EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below are (i) the shareholding structure of the Company as at the date of this announcement; (ii) the shareholding structure of the Company assuming full exercise of the conversion rights attached to the Convertible Bonds at the initial Conversion Price of HK\$1.45 per Conversion Share and at the exchange rate of HK\$7.85 to US\$1.00:

Shareholders	(a) As at the date of this announcement		(b) Immediately after the allotment and issue of the Conversion Shares upon exercise of the conversion rights under the Convertible Bonds in full	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Genius Lead (Note 1)	529,500,546	54.97	529,500,546	52.05
Subscriber (Note 2)	–	–	54,137,931	5.32
Other public Shareholders	433,730,604	45.03	433,730,604	42.63
Total	<u>963,231,150</u>	<u>100.00</u>	<u>1,017,369,081</u>	<u>100.00</u>

### Notes:

1. These Shares are held by Genius Lead, which in turn is wholly-owned by Genius Earn Limited, which is in turn wholly-owned by Mr. Liu. As such, Mr. Liu is deemed to be interested in the Shares held by Genius Lead.
2. As at the date of this announcement, the Subscriber is a holder of the Existing CB in the outstanding principal amount of US\$5 million, which may be converted into 22,428,571 Shares, representing 2.33% of the existing issued share capital of the Company, at the conversion price of HK\$1.75 per Share. The Existing CB will be surrendered and cancelled upon Completion.

## **DISCLOSURE PURSUANT TO RULE 17.20 OF THE GEM LISTING RULES**

Pursuant to the terms and conditions of the Convertible Bonds, it is an event of default if (i) the controlling shareholder of the Company, namely Genius Lead, ceases to hold 40% or more equity interest directly or indirectly in the Company (unless otherwise agreed by the Subscriber in writing), or (ii) Mr. Liu ceases to be a Director and the chairman of the Board, or (iii) Mr. Liu ceases to hold 40% or more beneficial interest directly or indirectly in the Company (unless otherwise agreed by the Subscriber in writing). This triggers the disclosure requirement under Rule 17.20 of the GEM Listing Rules.

In accordance with the requirements under Rule 17.23 of the GEM Listing Rules, the Company will make disclosure in its subsequent quarterly, interim and annual reports for so long as the circumstances giving rise to the disclosure obligation under Rule 17.20 of the GEM Listing Rules continue to exist.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings when used herein:

“2020 Bond Certificate”	the bond certificate dated 24 June 2022 issued in the name of the Subscriber by the Company setting out the terms and conditions in respect of the Existing CB
“2020 Subscription Agreement”	the subscription agreement dated 24 April 2020 entered into between the Company and the Subscriber in relation to the subscription of the Existing CB in the principal amount of US\$10,000,000
“Adjusted Exchange Rate”	as defined under the section headed “PRINCIPAL TERMS OF THE CONVERTIBLE BONDS” of this announcement
“Applicable Redemption Amount”	a redemption amount equal to the aggregate of (i) the principal amount of the outstanding Convertible Bonds to be redeemed, (ii) the outstanding interest and (iii) any other outstanding amount due but unpaid to the Subscriber pursuant to the terms and conditions of the Bond Instrument
“BNCT”	Boron Neutron Capture Therapy
“Board”	the board of Directors
“Bond Instrument”	the instrument to be entered into by the Company constituting the Convertible Bonds

“Business Day”	a day (other than a Saturday, Sunday, public holiday or any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which commercial banks are open for business in Hong Kong
“Cash Settlement Option”	as defined under the section headed “PRINCIPAL TERMS OF THE CONVERTIBLE BONDS” of this announcement
“Company”	China Biotech Services Holdings Limited, a company incorporated in Cayman Islands and continued in Bermuda with limited liability and the shares of which are listed on GEM (stock code: 8037)
“Completion”	completion of the Subscription
“Completion Date”	date of Completion
“connected persons”	has the meaning ascribed to it in the GEM Listing Rules
“Conversion Ceiling”	as defined under the section headed “PRINCIPAL TERMS OF THE CONVERTIBLE BONDS” of this announcement
“Conversion Period”	as defined under the section headed “PRINCIPAL TERMS OF THE CONVERTIBLE BONDS” of this announcement
“Conversion Price”	as defined under the section headed “PRINCIPAL TERMS OF THE CONVERTIBLE BONDS” of this announcement
“Conversion Share(s)”	the Share(s) to be issued upon the exercise of the conversion rights attached to the Convertible Bonds
“Convertible Bonds”	the convertible bonds in the aggregate principal amount of US\$10,000,000 to be issued by the Company to the Subscriber pursuant to the Subscription Agreement
“Corporate Guarantee”	the corporate guarantee executed by the Genius Lead pursuant to the terms of the 2020 Subscription Agreement
“Current Market Price”	in respect of a Share at a particular date, the average of the closing price for the five (5) consecutive trading days ending on the trading day immediately preceding such date
“Director(s)”	the director(s) of the Company



“Existing CB”	the convertible bonds issued by the Company to the Subscriber in the aggregate principal amount of US\$10,000,000 guaranteed by Genius Lead and Mr. Liu under the Corporate Guarantee and the Individual Guarantee respectively, which was partially redeemed in the principal amount of US\$5,000,000 on 27 May 2021, and the maturity date of which was extended from 10 May 2022 to 10 May 2024 pursuant to the amendment agreement entered into between the Company and the Subscriber dated 10 May 2022
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited
“General Mandate”	the general mandate granted to the Directors at the annual general meeting of the Company held on 20 June 2022 to exercise the powers of the Company to allot, issue and otherwise deal with additional Shares up to 20% of the total number of issued Shares as at the date of passing of the resolution in relation to such general mandate (being 192,646,230 Shares)
“Genius Lead”	Genius Lead Limited, a company incorporated in Samoa, a substantial shareholder of the Company
“Group”	the Company and its subsidiaries
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Director’s knowledge, information and belief having made all reasonable enquiries, are independent of the Company and its connected persons (as defined under the GEM Listing Rules) and parties acting in concert (as defined under the Takeovers Code) with the Company
“Individual Guarantee”	the personal guarantee executed by Mr. Liu pursuant to the terms of the 2020 Subscription Agreement
“Listing Committee”	the listing committee of the Stock Exchange
“Main Board”	the Main Board operated by the Stock Exchange

“Main Board Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Material Adverse Effect”	a material adverse effect on (a) the business, operations, property condition (financial or otherwise) or prospectus of the Company, or (b) the ability of the Company to perform its obligations under the Transaction Documents, or (c) the validity or enforceability of the Transaction Documents or the rights or remedies of the Subscriber under the Transaction Documents
“Maturity Date”	as defined under the section headed “PRINCIPAL TERMS OF THE CONVERTIBLE BONDS” of this announcement
“Mr. Liu”	Mr. Liu Xiaolin, executive Director and chairman of the Board
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Share Charge”	the share charge over 529,500,546 Shares dated 29 June 2020, as amended and restated on 24 June 2022 made by Genius Lead as chargor in favour of the Subscriber
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Guoyuan Securities Investment (Hong Kong) Limited
“Subscription”	the subscription of the Convertible Bonds by the Subscriber pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 20 December 2022 entered into between the Company and the Subscriber in relation to the subscription of the Convertible Bonds in the principal amount of US\$10,000,000
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

“Total Subscription Amount”	as defined under the paragraph headed “Subject matter” under the section headed “THE SUBSCRIPTION AGREEMENT” of this announcement
“Transaction Documents”	the Subscription Agreement, the Bond Instrument, the certificate for the Convertible Bonds (including its terms and conditions) any other document designated as such by the Company and the Subscriber
“Transaction Triggered Suspension”	with respect to the Shares, any suspension from trading on GEM or Main Board pending the issue of an announcement by the Company under Chapter 19 and/or Chapter 20 of the GEM Listing Rules or Chapter 14 and/or Chapter 14A of the Main Board Listing Rules, as the case may be
“US\$” or “US dollars”	United States dollars, the lawful currency of the United States of America
“%”	per cent

Unless the context requires otherwise, amounts denominated in US\$ have been converted into HK\$ at an exchange rate of US\$1 to HK\$7.78 for the purpose of illustration only. No representation is made that any amount in HK\$ or US\$ could have been or could be converted at the relevant dates at the above rate or at any other rates or at all.

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

Hong Kong, 20 December 2022

*As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. Liu Xiaolin (Chairman), Mr. He Xun, Mr. Huang Song and Ms. Chui Hoi Yam; 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.*

*This announcement will remain on the “Latest Listed Company Information” page of the website of The Stock Exchange of Hong Kong Limited at [www.hkexnews.hk](http://www.hkexnews.hk) for at least 7 days from the date of its publication and on the website of the Company at [www.cbshhk.com](http://www.cbshhk.com).*

\* For identification purpose only