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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)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF BNCT PARTS AND THE PROCUREMENT OF MAINTENANCE SERVICES FOR THE BNCT EQUIPMENT**

#### **SALES CONTRACT**

On 17 January 2023 (after trading hours), the Company, Pengbo (Hainan) and SHI entered into the Sales Contract, pursuant to which Pengbo (Hainan) agreed to acquire, and SHI agreed to sell, the BNCT Parts, at the initial Sales Contract Price of JPY436,000,000 (equivalent to approximately HK\$26,502,000) (excluding any withholding tax which shall be borne by Pengbo (Hainan) and subject to Adjustment).

#### **MAINTENANCE SERVICE CONTRACT**

On 17 January 2023 (after trading hours), the Company, Pengbo (Hainan) and SHI entered into the Maintenance Service Contract, pursuant to which Pengbo (Hainan) agreed to procure, and SHI agreed to provide, maintenance service for the BNCT Equipment, at the consideration of JPY360,600,000 (equivalent to approximately HK\$21,919,000) (excluding any withholding tax which shall be borne by Pengbo (Hainan)).

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

As the highest applicable percentage ratio as set out under the GEM Listing Rules in respect of the Sales Contract and the Maintenance Service Contract exceeds 5% but is less than 25%, the Sales Contract and the Maintenance Service Contract (as aggregated) constitute discloseable transactions for the Company under Chapter 19 of the GEM Listing Rules.

The transactions contemplated under the Sales Contract and the Maintenance Service Contract, when aggregated with the Previous Transactions, would remain as a major transaction under Chapter 19 of the GEM Listing Rules based on the results of the applicable percentage ratios. Since the Company has complied with the GEM Listing Rules in respect of the requirements for a major transaction in respect of the Previous Transactions, the transactions contemplated under the Sales Contract and the Maintenance Service Contract will not be reclassified by aggregating them with the Previous Transactions. The transactions contemplated under the Sales Contract and the Maintenance Service Contract constitute discloseable transactions for the Company under Chapter 19 of the GEM Listing Rules, and are subject to reporting and announcement requirements but exempt from the circular and Shareholders' approval requirements under the GEM Listing Rules.

References are made to the announcements of the Company dated 23 June 2022 and 28 December 2022 respectively and the circular of the Company dated 22 August 2022 (collectively, the “**Previous Disclosures**”).

## **SALES CONTRACT**

On 17 January 2023 (after trading hours), the Company, Pengbo (Hainan) and SHI entered into the Sales Contract, pursuant to which Pengbo (Hainan) agreed to acquire, and SHI agreed to sell, the BNCT Parts, at the initial Sales Contract Price of JPY436,000,000 (equivalent to approximately HK\$26,502,000) (excluding any withholding tax which shall be borne by Pengbo (Hainan) and subject to any Adjustment).

The principal terms of the Sales Contract are summarised as follows:

- Date: 17 January 2023
- Parties: (i) the Company, as guarantor;
- (ii) Pengbo (Hainan), as purchaser; and
- (iii) SHI, as vendor.
- Subject matter: Pursuant to the Sales Contract, Pengbo (Hainan) agreed to purchase and SHI agreed to sell the BNCT Parts.
- SHI will supply the BNCT Parts to Pengbo (Hainan) exclusively in Hainan Province, the PRC.

Consideration:

The initial consideration for the sale and purchase of the BNCT Parts shall be JPY436,000,000 (equivalent to approximately HK\$26,502,000) (the “**Sales Contract Price**”) (excluding any withholding tax which shall be borne by Pengbo (Hainan) and subject to any Adjustment), which was arrived at after arm’s length negotiations between Pengbo (Hainan) and SHI with reference to the prevailing market price of other comparable equipment.

The Sales Contract Price is subject to an adjustment (“**Adjustment**”) not exceeding 5% of the initial consideration upon a written notice from SHI to Pengbo (Hainan) not later than three (3) months after the issuing date of a letter of credit from Pengbo (Hainan) in the event of:

- (i) any substantial increase in the manufacturing costs of the BNCT Parts caused by an extraordinary increase in the price of the semiconductor and electronics products, petroleum products, fuel or energy sources, steel, copper, aluminum or other metal and raw materials which could not have been foreseen at the date of the Sales Contract; and
- (ii) any increase in freight rate, surcharges (bunker, currency, congestion or other surcharges), taxes, export or import surcharges or other governmental charges, or insurance premiums, including those for war risks which may be incurred by SHI with respect to the BNCT Parts after the conclusion of the Sales Contract and shall be for the account of Pengbo (Hainan) and be reimbursed to SHI by Pengbo (Hainan).

Terms of payment: The Sales Contract Price shall be satisfied by Pengbo (Hainan) (or by the Company on behalf of Pengbo (Hainan) upon sending to SHI a written notice) in the following manner:

- (i) advance payment being 20% of the Sales Contract Price shall be paid by telegraphic transfer to a bank account to be designated by SHI within sixty (60) working days after Pengbo (Hainan) has received, amongst others, the invoices of such advance payment from SHI; and
- (ii) delivery payment being 80% of the Sales Contract Price shall be paid by a letter of credit which shall become payable at sight when SHI presents, amongst others, the bills of lading and other delivery documents in relation to the BNCT Parts to the PRC.

Guarantee: The Company agrees to be jointly and severally liable with Pengbo (Hainan) for the performance of any and all obligations that Pengbo (Hainan) owes or may thereafter owe to SHI under the Sales Contract and any other contract or agreement in connection with the Sales Contract. In any event, the liability of the Company shall not exceed (i) the total aggregate amount to be paid by Pengbo (Hainan) under the Sales Contract; and (ii) 150% of the Sales Contract Price.

The term of the guarantee shall commence on the date when the relevant obligation of Pengbo (Hainan) is due and expire on the two (2) years' anniversary date thereafter.

Timing of delivery: SHI shall make delivery of the BNCT Parts on or before either (i) twenty-eight (28) months from the date of the Sales Contract; or (ii) 31 December 2024, whichever is earlier.

**MAINTENANCE SERVICE CONTRACT**

On 17 January 2023 (after trading hours), the Company, Pengbo (Hainan) and SHI entered into the Maintenance Service Contract, pursuant to which Pengbo (Hainan) agreed to procure, and SHI agreed to provide, maintenance services for the BNCT Equipment at the consideration of JPY360,600,000 (equivalent to approximately HK\$21,919,000) (excluding any withholding tax which shall be borne by Pengbo (Hainan)).

The principal terms of the Maintenance Service Contract are summarised as follows:

- Date: 17 January 2023
- Parties: (i) the Company, as guarantor;
- (ii) Pengbo (Hainan), as customer; and
- (iii) SHI, as service provider.
- Subject matter: Pursuant to the Maintenance Service Contract, Pengbo (Hainan) agreed to procure and SHI agreed to provide maintenance services for the BNCT Equipment (“**Maintenance Services**”).
- Consideration: The contract price for the procurement and provision of the Maintenance Services shall be JPY360,600,000 (equivalent to approximately HK\$21,919,000) (the “**Service Fees**”) (excluding any withholding tax which shall be borne by Pengbo (Hainan)), which was arrived at after arm’s length negotiations between Pengbo (Hainan) and SHI with reference to the prevailing market price of other comparable maintenance services.
- Terms of payment: The Service Fees shall be satisfied by Pengbo (Hainan) (or by the Company on behalf of Pengbo (Hainan) upon sending to SHI a written notice) by telegraphic transfer to a bank account to be designated by SHI at the end of the following month after the end of each of the three-month’s service periods in the following manner:
- (i) 25% of the Service Fees for the services to be rendered during the service period between four (4) months and six (6) months after taking over (“**Taking Over**”) the BNCT Equipment;
- (ii) 25% of the Service Fees for the services to be rendered during the service period between seven (7) months and nine (9) months after Taking Over;
- (iii) 25% of the Service Fees for the services to be rendered during the service period between ten (10) months and twelve (12) months after Taking Over; and

- (iv) 25% of the Service Fees for the services to be rendered during the service period between thirteen (13) months and fifteen (15) months after Taking Over.

Guarantee:

The Company agrees to be jointly and severally liable with Pengbo (Hainan) for the performance of any and all obligations that Pengbo (Hainan) owes or may thereafter owe to SHI under the Maintenance Service Contract and any other contract or agreement in connection with the Maintenance Service Contract. In any event, the liability of the Company shall not exceed (i) the total aggregate amount to be paid by Pengbo (Hainan) under the Maintenance Service Contract; and (ii) 150% of the Service Fees, whichever is lower.

The term of the guarantee shall commence on the date when the relevant obligation of Pengbo (Hainan) is due and expire on the two (2) years' anniversary date thereafter.

Term of service:

Fifteen (15) months commencing from Taking Over.

## **INFORMATION ABOUT THE GROUP**

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.

Pengbo (Hainan) is a company established in the PRC and principally engaged in the provision of BNCT treatment services. It is an indirect wholly-owned subsidiary of the Company.

## **INFORMATION ABOUT SHI**

SHI is a company incorporated in Japan and principally engaged in the business of manufacturing and marketing of heavy electric machinery, the issued shares of which are listed on the Tokyo Stock Exchange (stock code: 6302). SHI's operations include, amongst others, the mechatronics, industrial machinery, industrial equipment, logistics and construction, and energy and lifeline divisions. SHI also produces equipment for semiconductors and laser technologies. As part of SHI's industrial equipment division, SHI has been involved in the fields of science, industry and medicine and their medical equipment has included the BNCT Equipment amongst other early cancer detection and cancer treatment equipment.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, SHI and its ultimate beneficial owners are third parties independent of the Company and the connected persons (as defined in the GEM Listing Rules) of the Company.

### **REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE SALES CONTRACT AND THE MAINTENANCE SERVICE CONTRACT**

As disclosed in the Previous Disclosures, the Group is in the course of constructing the Centre in Hainan for BNCT cancer treatment.

The Sales Contract and the Maintenance Service Contract are integral parts of the Previous Transactions which are necessary for the commencement and maintenance of operation of the Centre.

Having considered the above, the Directors (including the independent non-executive Directors) are of the view that the Sales Contract and the Maintenance Service Contract are entered into on normal commercial terms, and the terms thereof are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

### **GEM LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio as set out under the GEM Listing Rules in respect of the Sales Contract and the Maintenance Service Contract exceeds 5% but is less than 25%, the Sales Contract and the Maintenance Service Contract (as aggregated) constitute discloseable transactions for the Company under Chapter 19 of the GEM Listing Rules.

The transactions contemplated under the Sales Contract and the Maintenance Service Contract, when aggregated with the Previous Transactions, would remain as a major transaction under Chapter 19 of the GEM Listing Rules based on the results of the applicable percentage ratios. Since the Company has complied with the GEM Listing Rules in respect of the requirements for a major transaction in respect of the Previous Transactions, the transactions contemplated under the Sales Contract and the Maintenance Service Contract will not be reclassified by aggregating them with the Previous Transactions. The transactions contemplated under the Sales Contract and the Maintenance Service Contract constitute discloseable transactions for the Company under Chapter 19 of the GEM Listing Rules, and are subject to reporting and announcement requirements but exempt from the circular and Shareholders' approval requirements under the GEM Listing Rules.

## DEFINITIONS

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

“Adjustment”	as defined in the paragraph headed “Sales Contract” of this announcement;
“BNCT”	Boron Neutron Capture Therapy;
“BNCT Equipment”	the medical device and dose calculation program for BNCT treatment;
“BNCT Parts”	the initial replacement parts and spare parts required for maintenance and operation of BNCT Equipment;
“Boao Lecheng Pilot Zone”	the Boao Lecheng International Medical Tourism Pilot Zone of Hainan Free Trade Port, the PRC;
“Board”	the board of Directors;
“Centre”	the BNCT cancer treatment centre in the Boao Lecheng Pilot Zone;
“Company”	China Biotech Services Holdings Limited, a company incorporated in Cayman Islands and continued in Bermuda with limited liability and listed on GEM (stock code: 8037);
“Director(s)”	the director(s) of the Company;
“GEM”	GEM operated by the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“JPY”	Japanese Yen, the lawful currency of Japan;



“Maintenance Service Contract”	the maintenance service contract dated 17 January 2023 entered into among the Company, Pengbo (Hainan) and SHI in respect of the provision of maintenance service for the BNCT Equipment;
“Pengbo (Hainan)”	Pengbo (Hainan) Medical Technology Co., Ltd.* (鵬博(海南)硼中子醫療科技有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company;
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Previous Transactions”	the previous transactions entered into between the Company, Pengbo (Hainan) and SHI in relation to the (i) acquisition of BNCT Equipment; (ii) procurement of technical advisory service for installation and tuning of the BNCT Equipment and (iii) memorandum of understanding and addendum to the memorandum of understanding in respect of the supply of the initial spare parts required for commencement of operation of BNCT treatment and the provision of operation and maintenance service for the BNCT Equipment, details of which are set forth in the announcements of the Company dated 23 June 2022 and 28 December 2022, respectively and the circular of the Company dated 22 August 2022;
“Sales Contract”	the sales contract dated 17 January 2023 entered into among the Company, Pengbo (Hainan) and SHI in respect of the sale and purchase of the BNCT Parts;
“Sales Contract Price”	as defined in the paragraph headed “Sales Contract” of this announcement;
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	holder of issued Share(s);
“SHI”	Sumitomo Heavy Industries, Ltd., a company incorporated in Japan and the issued shares of which are listed on the Tokyo Stock Exchange (stock code: 6302);

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed to it under the GEM Listing Rules;
“Taking Over”	as defined in the paragraph headed “Maintenance Service Contract” of this announcement; and
“%”	per cent.

\* *for identification purposes only*

*In this announcement, amounts in JPY are translated to HK\$ on the basis of JPY1= approximately HK\$0.060785. The conversions are for illustration purpose only and should not be taken as a representation that JPY could actually be converted into HK\$ at that rate or at other rates or at all.*

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

Hong Kong, 17 January 2023

*As at the date of this announcement, the board of Directors 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).*