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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)

UPDATE ON DISCLOSEABLE TRANSACTION

ACQUISITION OF EQUITY INTEREST IN SHANGHAI LONGYAO BIOTECH – LAPSE OF RIGHT TO TOTAL INCENTIVE SHARES

This announcement is made by China Biotech Services Holdings Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) on a voluntary basis to keep shareholders of the Company and potential investors informed of the latest business development of the Group.

References are made to the announcements of the Company dated 22 July 2018, 8 August 2018, 31 October 2018, 31 January 2019 and 29 March 2019 (the “**Announcements**”) in relation to, among other matters, the acquisition of 67% equity interest in 上海隆耀生物科技有限公司 (Shanghai Longyao Biotech Company Limited*) (“**Shanghai Longyao Biotech**”) and the Subscription. Unless otherwise stated herein, capitalised terms defined in the Announcements shall have the same meanings when used herein.

Under the Master Agreement, up to 58.2 million new Shares may be issued by the Company as Total Incentive Shares to the parties entitled thereto, subject to (among other conditions) the First Target Achievement and the Second Target Achievement being fulfilled on or before 31 December 2022. As both the First Target Achievement and the Second Target Achievement have not been fulfilled on or before 31 December 2022, and subject to final audit of Shanghai Longyao Biotech’s financial statements for the year ended 31 December 2022, it is expected that the right of Beike Biotech Holdings or its designated nominees, Vendor 2, or the two specified core members of Shanghai Longyao Biotech (being Mr. Yang and Mr. Wang) to be issued with the Total Incentive Shares would lapse. In other words, none of the First Incentive Shares, the Second Incentive Shares or the One-off Incentive Shares will be issued by the Company to any of the aforementioned parties.

The non-fulfillment of the First Target Achievement and the Second Target Achievement was primarily attributable to, among others, the pandemic situation in Shanghai during the years ended 31 December 2021 and 2022, which hampered the research and development activities and clinical trial arrangements of Shanghai Longyao Biotech.

As none of the First Incentive Shares, the Second Incentive Shares and the One-off Incentive Shares would be issued by the Company, and the Company expects that the consolidated financial statements of the Group for the year ended 31 December 2022 would de-recognise the contingent consideration payable by the Company in respect of its acquisition of equity interest in Shanghai Longyao Biotech. As of 30 June 2022, the unaudited fair value of such contingent consideration payable was approximately HK\$22.1 million. In addition, subject to final audit of Shanghai Longyao Biotech and the Group's financial statements for the year ended 31 December 2022 and depending on the fair value of such contingent consideration as of 31 December 2022 which is subject to independent valuation, the Group may record a gain on fair value change of such contingent consideration for the year ended 31 December 2022.

Despite the non-fulfillment of the target achievements, the Company remains confident in the capability of Shanghai Longyao Biotech and its management team to pursue the research and development of CAR-T cell therapy technology and products, with the goal of obtaining marketing approval and reaching commercialisation. As of the date of this announcement, LY007 injection, a CAR-T injection classified as a Class 1 investigational new drug for treatment of relapsed/refractory CD20-positive B-cell non-Hodgkin lymphoma, is undergoing phase I clinical trial (the "Trial") in the PRC. The first patient case for the Trial was enrolled in Ruijin Hospital affiliated to Shanghai Jiao Tong University School of Medicine* (上海交通大學醫學院附屬瑞金醫院) in March 2022. As of the date of this announcement, the first group of three patients had completed cell infusion treatment in the Trial. Shanghai Longyao Biotech and its management is confident to have enrolled sufficient patients to participate in the Trial by the end of 2023. The Group expects to continue to invest resources and time in further developing CAR-T products and therapies in the coming years.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 28 February 2023

* *For identification purpose only*

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 at 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.