Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 – DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY

THE DISPOSAL

The Board is pleased to announce that after trading hours on 30 November 2018, the Vendor, a direct wholly-owned subsidiary of the Company, and the Purchaser entered into the Disposal Agreement, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the Sale Shares at a cash Consideration of HK$2,200,000. The Sale Shares represent the entire issued share capital of the Target Company upon Completion (comprising the existing one share of the Target Company in issue as at the date of the Disposal Agreement and the one share of the Target Company to be allotted and issued, credited as fully paid, upon the capitalisation of the shareholder's loan due from the Target Company to the Vendor).

The Target Company is an investment holding company. As at the date of this announcement, the Target Company holds 100% of the issued share capital of the HK Company, which, in turn, holds 51% of the issued share capital of the PRC Company. The HK Company is an investment holding company and the PRC Company is principally engaged in manufacture and sale of proprietary Chinese medicine products and research and development of proprietary Chinese medicine products.

Immediately after Completion, which is expected to take place on 31 December 2018 (subject to all conditions precedent being fulfilled), the Target Company will cease to be a subsidiary of the Company and the Group will cease to hold any equity interest in each member of the Target Group.

IMPLICATIONS UNDER THE GEM LISTING RULES

As the highest applicable percentage ratio under the GEM Listing Rules in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company under the GEM Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

THE DISPOSAL

The Board is pleased to announce that after trading hours on 30 November 2018, the Vendor, a direct wholly-owned subsidiary of the Company, and the Purchaser entered into the Disposal Agreement, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the Sale Shares at a cash Consideration of HK$2,200,000.

THE DISPOSAL AGREEMENT

The principal terms of the Disposal Agreement are set out below:

Date

30 November 2018

Parties

Vendor: Dynasty Well Limited, a direct wholly-owned subsidiary of the Company

Purchaser: Mr. Fu Gengzhe

As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is an Independent Third Party.

Assets to be disposed of

Pursuant to the Disposal Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Shares free from all encumbrances together with all rights now or hereafter attaching thereto, including all dividends or distributions which may be declared, made or paid in respect thereof at any time on or after the Completion Date. The Sale Shares represent the entire issued share capital of the Target Company upon Completion (comprising the existing one share of the Target Company in issue as at the date of the Disposal Agreement and the one share of the Target Company to be allotted and issued, credited as fully paid, upon the capitalisation of the shareholder's loan due from the Target Company to the Vendor).

Please also refer to the paragraph headed "Information of the Target Group" in this announcement below.

Consideration

The Consideration for the Disposal payable by the Purchaser to the Vendor is HK$2,200,000, which shall be satisfied by the Purchaser to the Vendor in cash upon Completion.

Conditions precedent

Completion is conditional upon fulfilment of (i) the Vendor and the Target Company having capitalised all the shareholder's loan owing by the Target Company to the Vendor before the Completion; and (ii) the Purchaser having completed and being satisfied with his legal and financial due diligence investigations against the Target Group.

If any of the conditions precedent cannot be fulfilled on or before 5:00 p.m. on 31 December 2018, the obligations of the parties to proceed with Completion shall cease and terminate and no party shall have any claim against or liability to the other party with respect to any matter referred to in the Disposal Agreement save for any antecedent breaches of the Disposal Agreement.

Completion

Subject to all conditions precedent having been fulfilled, Completion shall take place on 31 December 2018 (or such other date as the Purchaser and the Vendor shall agree in writing).

BASIS OF THE CONSIDERATION

The Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser taking into consideration, among other things, (i) the financial performance of the Target Group; (ii) future prospect of the Target Group; and (iii) the adjusted net liabilities of the Target Group of approximately HK$4.1 million, based on the net liabilities position as at 30 September 2018 of approximately HK$36.9 million and the adjustment effect of the capitalisation of the shareholder's loan of approximately HK$32.8 million owing by the Target Company to the Vendor (assuming such capitalisation took place on 30 September 2018).

INFORMATION OF THE TARGET GROUP

The Target Company is an investment holding company. As at the date of this announcement, the Target Company holds 100% of the issued share capital of the HK Company, which, in turn, holds 51% of the issued share capital of the PRC Company. The HK Company is an investment holding company and the PRC Company is principally engaged in manufacture and sale of proprietary Chinese medicine products and research and development of proprietary Chinese medicine products.

The PRC Company is owned as to 51% by the HK Company and 49% by an Independent Third Party.

Certain unaudited consolidated financial information of the Target Group for the years ended 31 December 2016 and 31 December 2017 are as follows:

	For the year ended 31 December 2016 *HK$'000* (approximately)	**For the year ended 31 December 2017** *HK$'000* (approximately)
Revenue	13,292	8,206
Loss before and after taxation	(17,115)	(26,597)

The unaudited consolidated total assets and the net liability value of the Target Group as at 30 September 2018 were approximately HK$31.8 million and HK$36.9 million respectively. For the nine months ended 30 September 2018, the Target Group recorded loss of approximately HK$5.6 million.

FINANCIAL EFFECT OF THE DISPOSAL

Without taking into account the expenses to be incurred in connection with the Disposal, based on (i) the Consideration of HK$2,200,000; (ii) the adjusted net liabilities of the Target Group as at 30 September 2018 of approximately HK$4.1 million (assuming the capitalisation took place on 30 September 2018); (iii) the negative value of non-controlling interests in the PRC Company as at 30 September 2018 of approximately HK$2.1 million; and (iv) the release of translation reserve upon the Disposal of approximately HK$1.9 million, it is estimated that the Group will record a gain of approximately HK$2.3 million from the Disposal. Shareholders should note that the actual amount of the gain or loss on the Disposal to be recognised in the consolidated financial statements of the Company depends on the net asset/net liability value of the Target Group as at the date of Completion and therefore may be different from the amount mentioned above, which will be subject to review and audit by the auditors of the Company.

Immediately after Completion, which is expected to take place on 31 December 2018 (subject to all conditions precedent being fulfilled), the Target Company will cease to be a subsidiary of the Company and the Group will cease to hold any equity interest in each member of the Target Group.

REASONS OF AND BENEFITS FOR THE DISPOSAL AND USE OF PROCEEDS

The Group is principally engaged in (i) manufacture, research and development, sale and distribution of health related and pharmaceutical products in the PRC and Hong Kong; (ii) provision of medical laboratory testing services and health check services in Hong Kong; and (iii) trading of securities in Hong Kong.

As disclosed in the Company's annual report for the year ended 31 December 2017, the Chinese medicine products of the Group were not included in the list of medical insurance after rebranding in the PRC and patients cannot claim their cost from the medical insurance if they buy such Chinese medicine products from the pharmacies and the hospitals. Further, the competition of traditional Chinese medicine pharmaceutical market in the PRC has increased drastically, especially the new development in the field of biological medicine has eroded the market share of Chinese medicine.

In addition, the financial performance of the Target Group does not meet the expectation set in the business plan and a net loss was recorded for the year ended 31 December 2017 and the nine months ended 30 September 2018. The Company has used its best commercial endeavour to promote the new rebranded products of the Target Group for the past years but its results continued to deteriorate, and there was no sign of improvement of the performance. As a result, the Target Group has recorded negative operating cash flows in the previous financial years. Besides, the Target Group suffered from increasing finance costs, as the Target Group has relied heavily on external debt financing to support its operations.

As a result of the recent environmental protection practice in Guiyang, the PRC where the factory of the Target Group operates, the factory is required to conduct necessary enhancement work such as enhancing water purification system. In light of the historical negative operating cash flow of the Target Group, it is expected that the Group needs to inject additional capital to finance the cost of such enhancement work.

In view of the unsatisfactory financial results, the uncertain prospects and the further capital injection demand, the Board intends to realise the Group's investment in the Target Group rather than devoting further resources to the Target Group. It is expected that the net proceeds from the Disposal will be used as general working capital of the Group.

Having considered the reasons of and benefits for the Disposal as mentioned above, the Directors are of the view that the terms of the Disposal Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATION UNDER GEM LISTING RULES

As the highest applicable percentage ratio under the GEM Listing Rules in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company under the GEM Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

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

"Board"	the board of Directors
"BVI"	the British Virgin Islands
"Company"	China Biotech Services Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the shares of which are listed on GEM (Stock Code: 8037)
"Completion"	completion of the Disposal in accordance with terms and conditions of the Disposal Agreement
"Completion Date"	subject to fulfillment of all conditions precedent, 31 December 2018 (or such other date as agreed between the Vendor and the Purchaser in writing)
"connected person(s)"	has the meaning as ascribed to it under the GEM Listing Rules
"Consideration"	the consideration of HK$2,200,000 payable by the Purchaser to the Vendor under the Disposal Agreement
"Director(s)"	the director(s) of the Company
"Disposal"	the disposal of the Sale Shares by the Vendor pursuant to the terms and conditions of the Disposal Agreement
"Disposal Agreement"	the sale and purchase agreement dated 30 November 2018 entered into between the Vendor and the Purchaser in relation to the Disposal
"GEM"	GEM of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Group"	the Company and its subsidiaries
"HK Company"	Goldcore Holdings Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Target Company

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party"	a third party independent of the Company and its connected persons
"PRC"	the People's Republic of China, but for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the People's Republic of China and Taiwan
"PRC Company"	貴州雙升製藥有限公司 (in English, for identification purpose only, Guizhou Shuang Sheng Pharmaceutical Co., Ltd.), a company established in the PRC with limited liability, which is directly owned as to 51% by the HK Company
"Purchaser"	Mr. Fu Gengzhe, an Independent Third Party
"Sale Shares"	2 shares of the Target Company, representing its entire issued share capital as at Completion
"Share(s)"	the ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	the holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Bloom Light International Limited, a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of the Vendor immediately prior to Completion
"Target Group"	collectively, the Target Company, the HK Company and the PRC Company
"Vendor"	Dynasty Well Limited, a company incorporated in BVI with limited liability and a direct wholly-owned subsidiary of the Company
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong

"%"	per cent.

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

Hong Kong, 30 November 2018

As at the date of this announcement, the board of Directors comprises four executive Directors, namely, Mr. Liu Xiaolin (Chairman), Mr. He Xun, Mr. Leung Pak Hou Anson and Mr. Wang Zheng; one non-executive Director, namely Mr. Huang Song and three independent non-executive Directors, namely, Mr. Yan Guoxiang, Mr. Ho Fung Shan Bob 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 Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication and on the website of the Company at www.cbshhk.com.