

## Shangrila 510s Cancellation Refund Position

DHSC is seeking to cancel orders placed for Shangrila 510s ventilators which are now surplus to requirements.

This note sets out the proposed cancellation terms and recommends that these terms are accepted by the Department.

If this recommendation is accepted, DHSC would expect to receive a refund of £2.8 Million and make a loss of approximately £1.2 Million on this transaction.

### Background Info

- In March 2020 we purchased **I&S** units of Shangrila 510s transport ventilators from Beijing Aeonmed. The specification of these devices was clinically endorsed prior to order in the usual manner. The cost of each device was around £ **I&S** per unit, making these the lowest cost mechanical ventilators purchased by the programme.
- In April 2020 concerns regarding the functionality of the device were raised by an NHS Trust. Due to the nature of the concerns raised, a decision was taken to recall the devices from the NHS and to approach the manufacturer to cancel the undelivered portion of the ventilators.

## • Irrelevant & Sensitive

- At this point we had yet to receive **I&S** units of the 510s devices and Beijing Aeonmed agreed to hold/cancel the remaining deliveries.
- We continued to work with Beijing Aeonmed to complete the delivery of alternative models ordered, the VG70 device.
- Having now secured the stocks of VG70 devices from Beijing Aeonmed, further discussions and negotiations around the outstanding refund monies \$4,975,000 USD (Approx £4m GBP) have taken place.

### Beijing Aeonmed Offer

## Irrelevant & Sensitive