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Yestar Healthcare Holdings Company Limited

巨星醫療控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2393)

CONNECTED TRANSACTIONS IN RELATION TO TENANCY AGREEMENTS

TENANCY AGREEMENTS

The Board wishes to announce that on 30 September 2021, the following tenancy agreements have been executed:

- (i) Shanghai Emphasis Investment (as tenant), a non wholly-owned subsidiary of the Company, has entered into the Tenancy Agreement 1 with Mr. Li Bin (as landlord), an executive director of the Company for the lease of Premise 1 for a term of 3 years from 1 October 2021 to 30 September 2024;
- (ii) Shanghai Dingpei Industrial (as tenant), a non wholly-owned subsidiary of the Company, has entered into the Tenancy Agreement 2 with Mr. Li Bin (as landlord), an executive director of the Company for the lease of Premise 2 for a term of 3 years from 1 October 2021 to 30 September 2024;
- (iii) Shanghai Chaolian Trading (as tenant), a non wholly-owned subsidiary of the Company, has entered into the Tenancy Agreement 3 with Mr. Li Bin (as landlord), an executive director of the Company for the lease of Premise 3 for a term of 3 years from 1 October 2021 to 30 September 2024; and
- (iv) Shanghai Jianchu Medical (as tenant), a non wholly-owned subsidiary of the Company, has entered into the Tenancy Agreements 4 and 5 with Mr. Li Bin (as landlord), an executive director of the Company for the lease of Premises 4 and 5 for a term of 3 years from 1 October 2021 to 30 September 2024.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Li Bin, a substantial shareholder, holds 10.5% of the issued shares for each of Shanghai Dingpei Industrial, Shanghai Chaolian Trading and Shanghai Jianchu Medical, and 9.5% of the issued shares of Shanghai Emphasis Investment. In addition, Mr. Li Bin is also an executive director of the Company, and therefore constitutes a connected person of the Company under the Listing Rules. Accordingly, the entering into of the above Tenancy Agreements 1 to 5 constitutes an one-off connected transaction of the Company under Chapter 14A of the Listing Rules.

In accordance with HKFRS 16 “Leases”, the Group is required to recognize an additional asset representing its right to use the properties under the above Tenancy Agreements 1 to 5, and as a result, the entering into all the above Tenancy Agreements 1 to 5 and the transactions contemplated thereunder will be regarded as acquisitions of assets by the Group for the purpose of the Listing Rules. The depreciation of right-of-use assets under the related Tenancy Agreements 1 to 5 will be recognized as expenses of the Group over the term of the related Tenancy Agreements.

The value of the right-of-use asset to be recognised by the Company under all of the above Tenancy Agreements 1 to 5 amount to RMB24,995,447, which is the present value of aggregated lease payments to be made under the all the above Tenancy Agreements in accordance with HKFRS 16 “Leases”. Shareholders should note that the above figure is unaudited and may be subject to adjustment in the future.

As the highest applicable percentage ratio in respect of the estimated total value of the right-of-use assets to be recognised by the Group under the above Tenancy Agreements is more than 0.1% but less than 5%, the transaction under the above Tenancy Agreements is subject to the reporting and announcement requirements but is exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

The board (the “Board”) of directors (the “Directors”) of Yestar Healthcare Holdings Company Limited (the “Company”, together with its subsidiaries, the “Group”) wishes to announce that on 30 September 2021, the following tenancy agreements have been executed:

- (i) Shanghai Emphasis Investment (as tenant), a non wholly-owned subsidiary of the Company, has entered into the Tenancy Agreement 1 with Mr. Li Bin (as landlord), an executive director of the Company for the lease of Premise 1 for a term of 3 years from 1 October 2021 to 30 September 2024;

- (ii) Shanghai Dingpei Industrial (as tenant), a non wholly-owned subsidiary of the Company, has entered into the Tenancy Agreement 2 with Mr. Li Bin (as landlord), an executive director of the Company for the lease of Premise 2 for a term of 3 years from 1 October 2021 to 30 September 2024;
- (iii) Shanghai Chaolian Trading (as tenant), a non wholly-owned subsidiary of the Company, has entered into the Tenancy Agreement 3 with Mr. Li Bin (as landlord), an executive director of the Company for the lease of Premise 3 for a term of 3 years from 1 October 2021 to 30 September 2024; and
- (iv) Shanghai Jianchu Medical (as tenant), a non wholly-owned subsidiary of the Company, has entered into the Tenancy Agreements 4 and 5 with Mr. Li Bin (as landlord), an executive director of the Company for the lease of Premises 4 and 5 for a term of 3 years from 1 October 2021 to 30 September 2024.

The major terms of the Tenancy Agreements 1 to 5 are set out below:

Tenancy Agreement 1

| | | |
|---------------------------|---|--|
| Date | : | 30 September 2021 |
| Parties | : | (1) Shanghai Emphasis Investment, a non wholly-owned subsidiary of the Company, as the tenant (2) Mr. Li Bin, an executive director of the Company, as the landlord |
| Premise 1 | : | Floors -1, 1 and 3, No. 397 Lane 1555, Jinsha Jiangxi Road, Shanghai with gross floor area of 841.99 square meters |
| Term | : | Three (3) years commencing from 1 October 2021 and ending on 30 September 2024 |
| Rental | : | RMB204,884, payable in advance on the twenty-fifth day of each month |
| Other payment obligations | : | The tenant must pay property tax, utilities cost, telephone service charge as well as cost of wifi services supplied and provided to the tenant |
| Security deposit | : | RMB600,000, representing about three month's rental payable upon signing of the Tenancy Agreement 1. |

Permitted use : Premise 1 shall only be used for warehousing, ancillary office and/or such other use as approved by the Landlord and the relevant authorities.

Pricing : The monthly rental was determined after arm's length negotiations between the parties to the Premise 1 with reference to the prevailing market rent for similar properties (e.g. with respect to floor space and age of the building) in the vicinity when the related agreement was entered into.

Tenancy Agreement 2

Date : 30 September 2021

Parties : (1) Shanghai Dingpei Industrial, a non wholly-owned subsidiary of the Company, as the tenant
(2) Mr. Li Bin, an executive director of the Company, as the landlord

Premise 2 : Floors 2 and 6, No. 397 Lane 1555, Jinsha Jiangxi Road, Shanghai with gross floor area of 638.95 square meters

Term : Three (3) years commencing from 1 October 2021 and ending on 30 September 2024

Rental : RMB155,478, payable in advance on the twenty-fifth day of each month

Other payment obligations : The tenant must pay property tax, utilities cost, telephone service charge as well as cost of wifi services supplied and provided to the tenant

Security deposit : RMB450,000, representing about three month's rental payable upon signing of the Tenancy Agreement 2.

Permitted use : Premise 2 shall only be used for ancillary office and/or such other use as approved by the Landlord and the relevant authorities.

Pricing : The monthly rental was determined after arm's length negotiations between the parties to the Premise 2 with reference to the prevailing market rent for similar properties (e.g. with respect to floor space and age of the building) in the vicinity when the related agreement was entered into.

Tenancy Agreement 3

Date : 30 September 2021

Parties : (1) Shanghai Chaolian Trading, a non wholly-owned subsidiary of the Company, as the tenant
(2) Mr. Li Bin, an executive director of the Company, as the landlord

Premise 3 : Floors 7 and 8, No. 397 Lane 1555, Jinsha Jiangxi Road, Shanghai with gross floor area of 898.95 square meters (including two parking spaces and a rooftop garden)

Term : Three (3) years commencing from 1 October 2021 and ending on 30 September 2024

Rental : RMB218,745, payable in advance on the twenty-fifth day of each month

Other payment obligations : The tenant must pay property tax, utilities cost, telephone service charge as well as cost of wifi services supplied and provided to the tenant

Security deposit : RMB650,000, representing about three month's rental payable upon signing of the Tenancy Agreement 3.

Permitted use : Premise 3 shall only be used for ancillary office and/or such other use as approved by the Landlord and the relevant authorities.

Pricing : The monthly rental was determined after arm's length negotiations between the parties to the Premise 3 with reference to the prevailing market rent for similar properties (e.g. with respect to floor space and age of the building) in the vicinity when the related agreement was entered into.

Tenancy Agreements 4 and 5

Date : 30 September 2021

Parties : (1) Shanghai Jianchu Medical, a non wholly-owned subsidiary of the Company, as the tenant
(2) Mr. Li Bin, an executive director of the Company, as the landlord

Premises 4 and 5 : Floors 4 and 5, No. 397 Lane 1555, Jinsha Jiangxi Road, Shanghai with gross floor area of 337.57 square meters each

Term : Three (3) years commencing from 1 October 2021 and ending on 30 September 2024

Rental : RMB82,142, payable in advance on the twenty-fifth day of each month for each of the Tenancy Agreements 4 and 5

Other payment obligations : The tenant must pay property tax, utilities cost, telephone service charge as well as cost of wifi services supplied and provided to the tenant

Security deposit : RMB250,000, representing about three month's rental payable upon signing for each of the Tenancy Agreements 4 and 5.

Permitted use : Premises 4 and 5 shall only be used for ancillary office and/or such other use as approved by the Landlord and the relevant authorities.

Pricing : The monthly rental was determined after arm's length negotiations between the parties to the Premises 4 and 5 with reference to the prevailing market rent for similar properties (e.g. with respect to floor space and age of the building) in the vicinity when the related agreement was entered into.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TENANCY AGREEMENTS

The entering into of the Tenancy Agreements 1 to 5 for the lease of Premises 1 to 5 can provide the business unit of the Group with enhanced and necessary office and warehouse facilities in the same building for operational efficiency and effectiveness as well as the expansion of business operation in our medical business of the Group.

Having considered the availability and prevailing market rent for similar properties in the vicinity for months, the relocation cost of offices and cash flow of the Group, the Company considers it to be commercially necessary and beneficial to enter into the Tenancy Agreements 1 to 5 so that all non wholly-owned subsidiaries can use the Premises 1 to 5 in the same building for operational efficiency and effectiveness.

The terms (including the monthly rents) of the above Tenancy Agreements 1 to 5 were determined upon arm's length negotiations with reference to the market rates at the same or similar type of premises in the vicinity. The Directors (including the independent non-executive Directors) are of the view that: (i) the terms of the Tenancy Agreements 1 to 5 are on normal commercial terms that are fair and reasonable; and (ii) the connected transactions contemplated under each of the Tenancy Agreements 1 to 5 are conducted in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole. Mr. Li Bin and his associates has abstained from voting on the relevant resolutions of the Board approving the related Tenancy Agreements 1 to 5 as detailed in this announcement.

INFORMATION ON THE COMPANY, THE TENANTS AND THE LANDLORD

The Company

The Company was incorporated in the Cayman Islands with limited liability on 1 February 2012 and its shares have been listed on the Stock Exchange since 11 October 2013. The Company is an investment holding company and is one of the largest distributors and service providers of In Vitro Diagnostic (“IVD”) products in the PRC. The Company also manufactures medical films (used in X-Ray, Magnetic Resonance Imaging (MRI) and Computer Tomography (CT-scan) etc.) for Fujifilm in the PRC, while manufacturing, marketing and selling dental film and medical dry film products under the house brand “Yes!Star”.

Shanghai Emphasis Investment

Shanghai Emphasis Investment was established in the PRC with limited liability on 4 April 2005 and is a non wholly-owned subsidiary of the Company. Shanghai Emphasis Investment is principally engaged in the sale of medical equipment and reagents in the PRC. As at the of this announcement, its registered capital is owned as to 89.5% by Guangxi Yestar Medical Equipment Co., Ltd, 9.5% by Mr. Li Bin and 1% by Mr. Li Changgui.

Shanghai Dingpei Industrial

Shanghai Dingpei Industrial was established in the PRC with limited liability on 4 April 2014 and is a non wholly-owned subsidiary of the Company. Shanghai Dingpei Industrial is principally engaged in the sale of medical equipment and reagents in the PRC. As at the of this announcement, its registered capital is owned as to 89.5% by Guangxi Yestar Medical Equipment Co., Ltd. and 10.5% by Mr. Li Bin.

Shanghai Chaolian Trading

Shanghai Chaolian Trading was established in the PRC with limited liability on 26 February 2002 and is a non wholly-owned subsidiary of the Company. Shanghai Chaolian Trading is principally engaged in the sale of medical equipment and reagents in the PRC. As at the of this announcement, its registered capital is owned as to 89.5% by Guangxi Yestar Medical Equipment Co., Ltd. and 10.5% by Mr. Li Bin.

Shanghai Jianchu Medical

Shanghai Jianchu Medical was established in the PRC with limited liability on 26 August 2011 and is a non wholly-owned subsidiary of the Company. Shanghai Jianchu Medical is principally engaged in the sale of medical equipment and reagents in the PRC. As at the of this announcement, its registered capital is owned as to 89.5% by Guangxi Yestar Medical Equipment Co., Ltd. and 10.5% by Mr. Li Bin.

Li Bin

Mr. Li Bin has been appointed as an executive director of the Company since 18 June 2021. As at the date of this announcement, Mr. Li Bin, a substantial shareholder, holds 10.5% of the issued shares for each of Shanghai Dingpei Industrial, Shanghai Chaolian Trading and Shanghai Jianchu Medical, and 9.5% of the issued shares of Shanghai Emphasis Investment, and therefore constitutes a connected person of the Company under the Listing Rules.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Li Bin, a substantial shareholder, holds 10.5% of the issued shares for each of Shanghai Dingpei Industrial, Shanghai Chaolian Trading and Shanghai Jianchu Medical, and 9.5% of the issued shares of Shanghai Emphasis Investment. In addition, Mr. Li Bin is also an executive director of the Company, and therefore constitutes a connected person of the Company under the Listing Rules. Accordingly, the entering into of the above Tenancy Agreements 1 to 5 constitutes an one-off connected transaction of the Company under Chapter 14A of the Listing Rules.

Mr. Li Bin has material interests in all of the above Tenancy Agreements 1 to 5 and has abstained from voting on the relevant resolutions of the Board approving the related Tenancy Agreements.

In accordance with HKFRS 16 “Leases”, the Group is required to recognize an additional asset representing its right to use the properties under the above Tenancy Agreements 1 to 5, and as a result, the entering into all the above Tenancy Agreements 1 to 5 and the transactions contemplated thereunder will be regarded as acquisitions of assets by the Group for the purpose of the Listing Rules. The depreciation of right-of-use assets under the Tenancy Agreements 1 to 5 will be recognized as expenses of the Group over the term of the related Tenancy Agreements.

The value of the right-of-use asset to be recognised by the Company under all of the above Tenancy Agreements 1 to 5 amount to RMB24,995,447, which is the present value of aggregated lease payments to be made under the all the above Tenancy Agreements 1 to 5 in accordance with HKFRS 16 “Leases”. Shareholders should note that the above figure is unaudited and may be subject to adjustment in the future.

As the highest applicable percentage ratio in respect of the estimated total value of the right-of-use assets to be recognised by the Group under the above Tenancy Agreements is more than 0.1% but less than 5%, the transaction under the above Tenancy Agreements is subject to the reporting and announcement requirements but is exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

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|------------------------|---|
| “Board” | the board of Directors of the Company |
| “Company” | Yestar Healthcare Holdings Company Limited (巨星醫療控股有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange |
| “Connected person(s)” | has the meaning given to it in the Listing Rules |
| “Director(s)” | director(s) of the Company |
| “Group” | collectively, the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “IFRS” | the International Financial Reporting Standard(s) |
| “Li Bin” or “Landlord” | Li Bin, an executive director of the Company, holds 10.5% of the issued shares for each of Shanghai Dingpei Industrial, Shanghai Chaolian Trading and Shanghai Jianchu Medical, and 9.5% of the issued shares of Shanghai Emphasis Investment |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “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 |
| “Premise 1” | Floors -1, 1 and 3, No. 397 Lane 1555, Jinsha Jiangxi Road, Shanghai with gross floor area of 841.99 square meters |
| “Premise 2” | Floors 2 and 6, No. 397 Lane 1555, Jinsha Jiangxi Road, Shanghai with gross floor area of 638.95 square meters |
| “Premise 3” | Floors 7 and 8, No. 397 Lane 1555, Jinsha Jiangxi Road, Shanghai (including two parking spaces and a rooftop garden) with gross floor area of 898.95 square meters |
| “Premise 4” | Floor 4, No. 397 Lane 1555, Jinsha Jiangxi Road, Shanghai with gross floor area of 337.57 square meters |

| | |
|--------------------------------|---|
| “Premise 5” | Floor 5, No. 397 Lane 1555, Jinsha Jiangxi Road, Shanghai with gross floor area of 337.57 square meters |
| “Shanghai Chaolian Trading” | Shanghai Chaolian Trading Co., Ltd.* (上海超聯商貿有限公司) was established in the PRC with limited liability on 26 February 2002 and is a non wholly-owned subsidiary of the Company. As at the of this announcement, its registered capital is owned as to 89.5% by Guangxi Yestar Medical Equipment Co., Ltd. and 10.5% by Mr. Li Bin |
| “Shanghai Dingpei Industrial” | Shanghai Dingpei Industrial Co. Ltd.* (上海定佩實業有限公司) was established in the PRC with limited liability on 4 April 2014 and is a non wholly-owned subsidiary of the Company. As at the of this announcement, its registered capital is owned as to 89.5% by Guangxi Yestar Medical Equipment Co., Ltd. and 10.5% by Mr. Li Bin |
| “Shanghai Emphasis Investment” | Shanghai Emphasis Investment Management Consulting Co., Ltd.* (上海安百達投資管理顧問有限公司) was established in the PRC with limited liability on 4 April 2005 and is a non wholly-owned subsidiary of the Company. As at the of this announcement, its registered capital is owned as to 89.5% by Guangxi Yestar Medical Equipment Co., Ltd, 9.5% by Mr. Li Bin and 1% by Mr. Li Changgui |
| “Shanghai Jianchu Medical” | Shanghai Jianchu Medical Instrument Co., Ltd.* (上海建儲醫療器械有限公司) was established in the PRC with limited liability on 26 August 2011 and is a non wholly-owned subsidiary of the Company. As at the of this announcement, its registered capital is owned as to 89.5% by Guangxi Yestar Medical Equipment Co., Ltd. and 10.5% by Mr. Li Bin |
| “Share(s)” | share(s) of the Company |
| “Shareholder(s)” | holder(s) of the issued Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Tenancy Agreement 1” | the tenancy agreement dated 30 September 2021 entered into between Shanghai Emphasis Investment (as tenant) and Mr. Li Bin (as landlord) in relation to the lease of the Premise 1 |
| “Tenancy Agreement 2” | the tenancy agreement dated 30 September 2021 entered into between Shanghai Dingpei Industrial (as tenant) and Mr. Li Bin (as landlord) in relation to the lease of the Premise 2 |

- “Tenancy Agreement 3” the tenancy agreement dated 30 September 2021 entered into between Shanghai Chaolian Trading (as tenant) and Mr. Li Bin (as landlord) in relation to the lease of the Premise 3
- “Tenancy Agreement 4” the tenancy agreement dated 30 September 2021 entered into between Shanghai Jianchu Medical (as tenant) and Mr. Li Bin (as landlord) in relation to the lease of the Premise 4
- “Tenancy Agreement 5” the tenancy agreement dated 30 September 2021 entered into between Shanghai Jianchu Medical (as tenant) and Mr. Li Bin (as landlord) in relation to the lease of the Premise 5
- “RMB” Renminbi, the lawful currency of the PRC
- “%” per cent.

* *For identification purpose only*

By Order of the Board
Yestar Healthcare Holdings Company Limited
Hartono James
Chairman, CEO and Executive Director

30 September 2021

As at the date of this announcement, the executive Directors are Mr. Hartono James, Ms. Wang Ying, Ms. Wang Hong, Ms. Liao Changxiang and Mr. Li Bin; and the independent non-executive Directors are Dr. Hu Yiming, Mr. Zeng Jinsong and Mr. Sutikno Liky.