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Kindstar Globalgene Technology, Inc.
康聖環球基因技術有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 9960)

**UPDATE ANNOUNCEMENT
ON CONNECTED TRANSACTIONS IN RELATION TO
THE ACQUISITION OF 21.77% EQUITY INTEREST
AND
CAPITAL INCREASE IN THE TARGET COMPANY**

Reference is made to the announcement of Kindstar Globalgene Technology, Inc. (the “**Company**”, together with its subsidiaries, the “**Group**”) dated December 1, 2021 (the “**Announcement**”) in relation to the Acquisition of 21.77% equity interest and Capital Increase in the Target Company. Unless otherwise specified, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

As disclosed in the Announcement, the calculation of the Compensation Equity Interest is based on the following formula:

$$\left(\frac{\text{RMB48,950,000}}{\text{Adjusted valuation of the Target Company}^*} - 1 \right) \times \begin{matrix} \text{Amount of equity interest transferred to Kindstar} \\ \text{Wuhan WFOE from the transferors under the Equity} \\ \text{Transfer Agreement; or} \\ \text{Amount of equity interest subscribed by the Investors} \\ \text{under the Capital Increase Agreement} \end{matrix}$$

* The adjusted valuation of the Target Company is the lower of 6.5 times of the sales or 18.6 times of the profit of the Target Company for the year ending December 31, 2021 (with reference to the median price-to-sales ratio or price-to-earnings ratio of companies in the in vitro diagnostics industry)

Based on the parties' valuation of the Target Company, the parties contracted that Kindstar Wuhan WFOE and the Investors shall be compensated when the Target Company's operating revenue will be lower than 95% of RMB7,500,000 or when the Target Company's net profit will be lower than 95% of RMB3,000,000, respectively, for the year ending December 31, 2021. The parties will adjust the valuation of the Target Company based on the actual operating revenue and net profit (whichever is lower) for the year ending December 31, 2021 and the formula aforementioned. Dr, Huang and Dr. Li Xiaoqing will compensate Kindstar Wuhan WFOE and the Investors the difference between the original valuation and the adjusted valuation by transferring additional equity interest to Kindstar Wuhan WFOE and the Partnership (being the transferee in the Equity Transfer Agreement and the Investors in the Capital Increase Agreement). The Compensation Equity Interest will then be allocated between Kindstar Wuhan WFOE and the Partnership on a pro rata basis with reference to their respective equity interests in the Target Company after the completion of Equity Transfer and Capital Increase.

Based on the formula aforementioned, Dr. Huang and Dr. Li Xiaoqing will be required to transfer all of their equity interests in the Target Company to Kindstar Wuhan WFOE and the Partnership as compensation when the Target Company's operating revenue or net profit for the year ending December 31, 2021 is lower than RMB4,765,000 or RMB1,666,000 respectively. Accordingly, on December 10, 2021 (after trading hours), Kindstar Wuhan WFOE, the Partnership, Kindstar Beijing WFOE, Dr. Huang, Dr. Li Xiaoqing and the Target Company entered into a supplemental agreement to the Equity Transfer Agreement and the Capital Increase Agreement (the "**Supplemental Agreement**") to address the following scenarios:

scenario 1: when the operating revenue or the net profit of the Target Company for the year ending December 31, 2021 is lower than 95% of RMB7,500,000 or 95% of RMB3,000,000 respectively, but higher than RMB4,765,000 and RMB1,666,000 respectively, the Compensation Equity Interest will then be allocated between Kindstar Wuhan WFOE and the Partnership on a pro rata basis with reference to their respective equity interests in the Target Company after the completion of Equity Transfer and Capital Increase (i.e. 32.5% and 19%). Kindstar Wuhan WFOE shall receive $\{32.5\% / (32.5\% + 19\%)\} * \text{total amount of Compensation Equity Interest}$; whilst the Partnership shall receive $\{19\% / (32.5\% + 19\%)\} * \text{total amount of Compensation Equity Interest}$;

scenario 2: when the operating revenue of the Target Company for the year ending December 31, 2021 is lower than RMB4,765,000 but higher than RMB0 or the net profit of the Target Company for the year ending December 31, 2021 is lower than RMB1,666,000 but higher than RMB0, Dr. Huang and Dr. Li Xiaoqing will transfer all of their equity interests in the Target Company (being an aggregate of 29.9% of the total equity interest in the Target Company) to Kindstar Wuhan WFOE and the Partnership. The Compensation Equity Interest will then be allocated between Kindstar Wuhan WFOE and the Partnership on a pro rata basis with reference to their respective equity interests in the Target Company after the completion of Equity Transfer and Capital Increase (i.e. 32.5% and 19%). Kindstar Wuhan WFOE shall receive $\{32.5\%/(32.5\%+19\%)\}$ *an amount of equity interest equivalent to 29.9% of the total equity interest in the Target Company; whilst the Partnership shall receive $\{19\%/(32.5\%+19\%)\}$ *an amount of equity interest equivalent to 29.9% of the total equity interest in the Target Company; and

scenario 3: when the net profit of the Target Company for the year ending December 31, 2021 is equal to or less than RMB0, the parties will rescind the Equity Transfer Agreement and the Capital Increase Agreement. Dr. Huang and Dr. Li Xiaoqing will return the consideration for the Equity Transfer Agreement to Kindstar Wuhan WFOE and the Target Company will return the capital contribution to the Investors and the original shareholders of the Target Company. Meanwhile, Kindstar Wuhan WFOE will return the transferred equity interest in the Target Company to the transferors and the Investors' subscribed equity interest in the Target Company will be cancelled.

Save for the terms as amended or supplemented by the Supplemental Agreement, all other principal terms and conditions of the Equity Transfer Agreement and Capital Increase Agreement shall remain unchanged and continue to be in full force and effect in all respects.

By order of the Board
Kindstar Globalgene Technology, Inc.
康聖環球基因技術有限公司
HUANG Shiang
Chairman

Hong Kong, December 10, 2021

As of the date of this announcement, the Board comprises Dr. Huang Shiang, Mr. Tu Zanbing and Ms. Chai Haijie as executive Directors, Mr. Huang Zuie-Chin, Mr. Peng Wei and Ms. Huang Lu as non-executive Directors, and Dr. Yao Shanglong, Dr. Xia Xinping and Mr. Gu Huaming as independent non-executive Directors.