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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)**

### **ANNOUNCEMENT PURSUANT TO RULE 13.09 OF THE LISTING RULES AND INSIDE INFORMATION PROVISIONS AND POSSIBLE APPLICATION FOR WHITEWASH WAIVER**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO and a possible application for whitewash waiver under the Takeovers Code.

#### **MEMORANDUM OF UNDERSTANDING**

The Board wishes to announce that on 8 April 2022 (after trading hours), the Company and the Potential Investor entered into the Memorandum of Understanding, pursuant to which the Company intends to allot and issue, and the Potential Investor intends to subscribe for, the Subscription Shares. The exact number of shares to be allotted and issued is subject to further negotiation between the Company and the Potential Investor, but not less than 30% of the issued share capital of the Company as enlarged by the allotment and issuance of Subscription Shares. Upon completion of the Possible Subscription, the Potential Investor will become a SSE Controlling Shareholder and the Company's accounts will be consolidated with the accounts of the Potential Investor. The Potential Investor will also become a controlling shareholder as defined under the Listing Rules.

The Potential Investor intends to satisfy the consideration of the Subscription Shares by cash payment. The Subscription Share and subscription price of the Possible Subscription will be determined after arm's length negotiations between the Company and the Potential Investor, while the Potential Investor will take into account, among others, an asset valuation report issued by a qualified valuer. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Potential Investor is an Independent Third Party not connected with any of the Company's directors, chief executives, substantial shareholders, subsidiaries and associates (as defined under the Listing Rules).

### **Conditions precedent**

Based on preliminary tests and calculations, the Possible Subscription may constitute a material assets reorganisation\* (重大資產重組) for the Potential Investor as stipulated in Measures for Administration of Material Assets Reorganization of Listed Companies\* (《上市公司重大資產重組管理辦法》) issued by the China Securities Regulatory Commission (the "CSRC") and the relevant rules and regulations of the CSRC and the Shanghai Stock Exchange. The Potential Investor shall appoint independent financial advisers, legal advisers, auditors, valuers and other relevant parties to carry out the work in accordance with the relevant regulations of the Shanghai Stock Exchange and the CSRC. After signing the Subscription Agreement, the Potential Investor shall perform all requisite decision-making and approval procedures in accordance with relevant laws, regulations and the articles of association of the Potential Investor, and propose relevant matters related to the material assets reorganization to the board of directors and the shareholders of the Potential Investor for approval.

In addition, the Possible Subscription may result in the Potential Investor being obliged to make a mandatory general offer under the Takeovers Code for all Shares not already owned or agreed to be acquired by the Potential Investor and the parties acting in concert with it. The Potential Investor will apply to the Executive for the Whitewash Waiver. The Company shall appoint financial advisers, legal advisers, and other relevant parties to carry out the work. At the stage of signing the Subscription Agreement, the Company shall perform all requisite decision-making and approval procedures in accordance with relevant laws, regulations and the articles of association of the Company and propose relevant matters related to the Possible Subscription and the Whitewash Waiver to the Board and the Shareholders for approval.

Completion of the Possible Subscription is conditional upon the fulfillment or waiver (if applicable) of the conditions precedent, including but not limited to, the following:

- (i) the Possible Subscription being approved by the board of directors and the shareholders of the Potential Investor;
- (ii) the subscription price and other details of the Possible Subscription being agreed by the Company and the Potential Investor, and signing and execution of relevant formal transaction documents by the same;

- (iii) all requisite third-party and regulatory approvals including, but not limited to, the approvals by the CSRC, the SFC, the Stock Exchange, and other regulatory authorities, and all requisite consents or waivers (if applicable) of any existing contractual obligations of all parties regarding the materialisation of the Possible Subscription being obtained, the Whitewash Waiver being granted to the Potential Investor by the Executive and the Whitewash Waiver remaining in effect and not being revoked upon the completion of the Possible Subscription;
- (iv) the approval for listing of and the permission to deal in the Subscription Shares being granted by the Stock Exchange, and such approval and permission not being revoked prior to the completion of the Possible Subscription; and
- (v) the Possible Subscription, the specific mandate for allotment and issuance of the Subscription Shares, and the Whitewash Waiver (to be approved by at least 75% of the Independent Shareholders at a general meeting) being approved by the Board, the independent board committee of the Company and the Shareholders.

The above conditions precedent are subject to further negotiation between both parties and will be set out in the Subscription Agreement and other relevant transaction documents; however, the Potential Investor and the Company irrevocably agreed in the Memorandum of Understanding that the condition precedent to the Possible Subscription with regard to the Whitewash Waiver being granted is legally binding, shall not be waivable by either party and shall remain in effect after the execution of the Subscription Agreement (if the Possible Subscription materialises) (the “**Whitewash Waiver CP**”).

### **Due Diligence**

The Company shall use its reasonable endeavor to arrange and cooperate with the Potential Investor and its representatives and advisers for conducting reasonable due diligence on the Group, and shall also use its reasonable endeavor to procure each member of the Group to cooperate with and provide assistance for reasonable due diligence conducted by the Potential Investor.

### **Non-legally binding nature**

The Memorandum of Understanding is non-legally binding except for provisions in relation to due diligence, the clause in relation to the Whitewash Waiver CP, taxes and other costs, confidentiality, governing law and jurisdiction, binding effect, and termination. The Memorandum of Understanding may also be terminated by mutual written agreement.

The Possible Subscription is subject to further negotiations between the Company and the Potential Investor and the signing of a definitive Subscription Agreement. The detailed terms and conditions of the Possible Subscription will be set out in the definitive Subscription Agreement. The Possible Subscription may or may not proceed. Shareholders will be informed of any further developments with regard to the Possible Subscription by way of further announcement(s) as and when necessary in accordance with the Listing Rules and the Takeovers Code.

If the Subscription Agreement is not entered into by the Potential Investor and the Company by 30 June 2022 (or such later date as may be agreed between the Potential Investor and the Company), the Memorandum of Understanding shall be terminated forthwith.

### **REASONS FOR THE POSSIBLE SUBSCRIPTION**

The Company is one of the largest distributors and service providers of In Vitro Diagnostic (“IVD”) products in the PRC. The Group principally engages in the distribution of IVD products in cities of Beijing, Shanghai, Guangzhou and Shenzhen and in provinces of Anhui, Fujian, Guangdong, Guangxi, Hainan, Hunan, Jiangsu, Hebei and the autonomous region Inner Mongolia. The Group also manufactures medical films (used in X-Ray, Magnetic Resonance Imaging (MRI) and Computer Tomography (CT-scan) etc.) for Fujifilm in the PRC and manufactures, markets and sells dental film and medical dry film products under the house brand “Yes!Star”.

The Directors are of the view that the Possible Subscription represents a good opportunity for the Company to introduce the Potential Investor, which is also engaged in the field of IVD, as a strategic investor and achieve synergies between research and development capabilities of the Potential Investor and the existing distribution and marketing platform of the Group, which can facilitate the development of IVD products suitable for the Group’s evolution into a comprehensive solutions provider and future expansion into the international market.

The funds raised under the Possible Subscription can also strengthen the Company’s capital base and help reduce the Company’s debt ratio and improve its financial position.

### **RELEVANT SECURITIES OF THE COMPANY**

As at the date of this announcement, the Company has a total of 2,331,590,000 Shares in issue of par value HK\$0.025 each in its share capital.

## **POSSIBLE WHITEWASH WAIVER**

The Possible Subscription, if materialises, will lead to the Potential Investor holding not less than 30% of the issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares and in the absence of the Whitewash Waiver, will trigger an obligation on the Potential Investor to make a mandatory general offer under Rule 26 of the Takeovers Code for all Shares not already owned or agreed to be acquired by the Potential Investor and the parties acting in concert with it. In this regard, an application will be made by the Potential Investor to the Executive for the Whitewash Waiver in respect of the allotment and issuance of the Subscription Shares. The Whitewash Waiver, if granted by the Executive, will be subject to, among others, approval by the Independent Shareholders at the extraordinary general meeting of the Company by way of a poll. The Potential Investor and the Company irrevocably agreed in the Memorandum of Understanding that the Whitewash Waiver CP is legally binding, shall not be waivable by either party and shall remain in effect after the execution of the Subscription Agreement (if the Possible Subscription materialises). If the Whitewash Waiver is not granted by the Executive or not approved by the Independent Shareholders, the Possible Subscription will not proceed.

## **MONTHLY UPDATE**

Monthly announcement(s) setting out the progress of the Possible Subscription will continue to be made until an announcement of a firm intention to proceed with the Possible Subscription under Rule 3.5 of the Takeovers Code and the application of the Whitewash Waiver or of a decision is made not to proceed with the Possible Subscription and the application of the Whitewash Waiver. Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the Listing Rules and the Takeovers Code (as the case may be).

## **WARNING**

**The Memorandum of Understanding is non-legally binding in nature, and there is no assurance that the Possible Subscription will materialise or eventually be consummated. Shareholders and potential investors of the Company should be aware that the terms of the Possible Subscription are subject to further negotiations between the Company and the Potential Investor, and the completion of the Possible Subscription is subject to the Subscription Agreement being entered into and the satisfaction (or, as the case may be, waiver) of such conditions precedent to completion (including but not limited to approval of the relevant regulatory authorities of the Potential Investor) as may be specified therein. The Possible Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares and if they are in any doubt about their position, they should consult their professional adviser(s).**

## DEFINITIONS

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

“acting in concert”	having the meaning as ascribed thereto under the Takeovers Code
“Board”	the board of Directors
“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 and whose shares are listed and traded on the Main Board of the Stock Exchange (stock code: 2393)
“Director(s)”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholder(s) other than: (i) the Potential Investor and parties acting in concert with it and their associates (as defined under the Takeovers Code); (ii) those who are involved in or interested in the Possible Subscription and the Whitewash Waiver and the transactions contemplated thereunder (if any); and (iii) those who are required to abstain from voting at the general meeting of the Company (if any) to consider and approve the Subscription Agreement, the Whitewash Waiver and the transactions contemplated thereunder under the Listing Rules and the Takeovers Code
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Memorandum of Understanding”	the non-legally binding memorandum of understanding dated 8 April 2022 entered into between the Company and the Potential Investor in relation to the Possible Subscription
“Possible Subscription”	the possible subscription of the Subscription Shares by the Potential Investor pursuant to the Memorandum of Understanding
“Potential Investor”	Getein Biotech, Inc. (基蛋生物科技股份有限公司), a company established under the laws of the PRC with limited liabilities whose shares are listed and traded on the Shanghai Stock Exchange (上海證券交易所) (stock code: SH603387) and an Independent Third Party, as the potential investor for the Possible Subscription
“PRC”	the People’s Republic of China
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of the Company having a par value of HK\$0.025 each
“Shareholder(s)”	holder(s) of the Shares
“SSE Controlling Shareholder”	having the meaning ascribed thereto under the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, being shareholder holding 50% or more of the issued share capital of the Company; or if the shareholding is less than 50%, the voting rights enjoyed by the Shares held by such shareholder is sufficient to have a significant impact on the resolution of the Company’s shareholders meeting
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	a legally binding formal agreement which may or may not be entered into between the Company and the Potential Investor in relation to the Possible Subscription
“Subscription Share(s)”	new Shares to be allotted and issued by the Company to the Potential Investor under the Possible Subscription
“substantial shareholder(s)”	having the meaning ascribed thereto under the Listing Rules

- “Takeovers Code”      The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
- “Whitewash Waiver”      a waiver from the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligations of the Potential Investor to make a mandatory general offer for all of the Shares not already owned or agreed to be acquired by the Potential Investor and any parties acting in concert with it which would, if the Possible Subscription proceeds, otherwise arise as a result of the completion of the Possible Subscription

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

8 April 2022

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

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

\* *For identification purposes only*