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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)

DISCLOSEABLE TRANSACTION

FORMATION OF PARTNERSHIP

The Board is pleased to announce that on November 12, 2023, Kindstar Wuhan Investment, a PRC Consolidated Entity, Wuhan Industrial Fund and Wuhan Optics Valley Fund (each as a limited partner) and Wuhan Booth (as the General Partner) entered into the Partnership Agreement for the formation of the Partnership. The total capital contribution by all partners of the Partnership shall be RMB300,000,000, of which RMB177,000,000 shall be contributed by Kindstar Wuhan Investment, RMB60,000,000 shall be contributed by Wuhan Industrial Fund, RMB60,000,000 shall be contributed by Wuhan Optics Valley Fund, and RMB3,000,000 shall be contributed by Wuhan Booth.

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the formation of the Partnership are more than 5% but all applicable percentage ratios are less than 25%, it constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on November 12, 2023, Kindstar Wuhan Investment, a PRC Consolidated Entity, Wuhan Industrial Fund and Wuhan Optics Valley Fund (each as a limited partner) and Wuhan Booth (as the General Partner) entered into the Partnership Agreement for the formation of the Partnership. The total capital contribution by all partners of the Partnership shall be RMB300,000,000, of which RMB177,000,000 shall be contributed by Kindstar Wuhan Investment, RMB60,000,000 shall be contributed by Wuhan Industrial Fund, RMB60,000,000 shall be contributed by Wuhan Optics Valley Fund, and RMB3,000,000 shall be contributed by Wuhan Booth.

THE PARTNERSHIP AGREEMENT

The principal terms of the Partnership Agreement are as follows:

Date

November 12, 2023

Parties

- (1) Wuhan Booth (as the General Partner);
- (2) Kindstar Wuhan Investment (as a limited partner);
- (3) Wuhan Industrial Fund (as a limited partner); and
- (4) Wuhan Optics Valley Fund (as a limited partner).

Fund Manager

Wuhan Booth, the General Partner, shall act as the executive partner and the fund manager, and is responsible for the management of the Partnership's operations and daily affairs and carrying out investment and operating activities as directed by the investment decision committee.

Purpose and Duration of the Partnership

The purpose of the Partnership is to engage in equity investment activities in the PRC as permitted by national laws, promote the transformation and industrialization of technological achievements, support the development of small and medium-sized technology enterprises, protect the partnership interests of all partners, and obtain investment income through direct equity investment.

The investment targets of the Partnership mainly include outstanding unlisted companies in the fields of biomedicine and healthcare located in Wuhan. At least 60% of the assets under management of the Partnership shall be invested in the fields of biomedicine and healthcare and at least 70% of the actual investment amount of the Partnership shall be invested in seed stage and start-up stage enterprises. The scope of business of the Partnership includes private equity investment activities and related consulting services.

The period of operation of the Partnership is 5 years from the issuance date of the Partnership's business license. The Partnership has an investment period of 2 years (the "**Investment Period**") and a subsequent payback period of 3 years ("**Payback Period**"). Upon the unanimous consent of the partners, the Investment Period and Payback Period may be extended but the maximum term of the Partnership shall not exceed 6 years.

Investment Restriction

The Partnership shall not invest in more than 30% of equity interest or become the largest shareholder in any investee company, and the aggregate investment amount in any single enterprise shall not exceed 20% of the Partnership's subscribed capital. Any connected transaction must be approved by the partners' meeting in accordance with the terms of the Partnership Agreement.

Capital Contribution

The total capital commitment by all partners of the Partnership shall be RMB300,000,000, which shall be payable in cash. The capital contribution to be made by each of the partners is set out as follows:

| Partner | Type | Subscribed capital (RMB) | Percentage (%) |
|---------------------------|-----------------|-----------------------------|-------------------|
| Wuhan Booth | General Partner | 3,000,000 | 1.00 |
| Kindstar Wuhan Investment | Limited partner | 177,000,000 | 59.00 |
| Wuhan Industrial Fund | Limited partner | 60,000,000 | 20.00 |
| Wuhan Optics Valley Fund | Limited partner | 60,000,000 | 20.00 |
| | | 300,000,000 | 100.00 |

Unless specified in the Partnership Agreement, all the resolutions of the partners' meeting must be approved by the General Partner and the limited partners with more than two-thirds of the paid-in capital.

The size of the Partnership and the capital contribution of each partner were determined after arm's length negotiations among the partners with reference to the expected capital needs of the Partnership. In principle, all the subscribed capital shall be paid-in before December 31, 2025 in three installments.

The Group will satisfy such capital contribution (i.e., RMB177,000,000) in cash using the Group's internal resources and net proceeds from the Global Offering designated for working capital and other general corporate purposes as appropriate.

Management Fee

The Manager is entitled to an annual management fee at 2% of the Partnership's paid-in capital during the Investment Period and 1.5% of the Partnership's total cost of remaining investment during the subsequent Payback Period. If the Payback Period is extended, the Manager will not charge any management fee during such extended period.

Key Person of Management Team

The General Partner shall ensure that Mr. Zhao Jinqiang (趙進強) (the "Key Person") shall remain a member of the management team throughout the Investment Period. Any change of the Key Person must be approved by Wuhan Industrial Fund and Wuhan Optics Valley Fund. Mr. Zhao is the founder and chairman of Rivercity Investment Management (Wuhan) Limited (瑞江投資管理(武漢)有限公司). Mr. Zhao has over 15 years of management experience in high-tech, biomedical and other companies in the PRC and the United States.

Mr. Zhao graduated from Huazhong University of Science and Technology, the PRC and obtained a master's degree in electrical and electronic engineering from University of Akron, the United States and a Master of Business Administration from University of Chicago, the United States.

Investment Decision Committee

The investment decision committee is the highest investment decision-making body of the Partnership. It comprises 4 members chosen by the General Partner, of which Wuhan Optics Valley Fund may nominate 1 member. Wuhan Industrial Fund may appoint a non-voting observation member to attend the meetings of the investment decision committee. Any resolution proposed to the investment decision committee are subject to the compliance review by Wuhan Industrial Fund and Wuhan Optics Valley Fund.

Distribution

All the proceeds from the Partnership's investment, after paying the Partnership's expenses, taxes and liabilities, should first be distributed among all partners in pro rata to their respective paid-in capital in the Partnership until all partners have received cumulative distributions equal to the aggregate paid-in capital in the Partnership of such partner. Thereafter, each limited partner shall receive an annualized return equal to 8% of the aggregate paid-in capital in the Partnership of such partner. Then the General Partner shall receive a carried interest up to an amount equal to 25% of the aggregate annualized return of each limited partner. Finally, the limited partners shall receive 80% of the remaining proceeds in pro rata to their respective paid-in capital in the Partnership and the General Partner shall receive the remaining 20%.

Transfer of Partnership Interest

Subject to the terms of the Partnership Agreement, any limited partner may transfer its partnership interest to another limited partner upon unanimous approval of the partners. Any limited partner transferring its partnership interest to a non-partner shall be subject to the right of first refusal of other partners.

INFORMATION OF THE PARTIES

The Company

The Company is an exempted company with limited liability incorporated under the laws of the Cayman Islands on August 24, 2007. The Group is a leading independent esoteric clinical testing service provider in the PRC.

Kindstar Wuhan Investment

Kindstar Wuhan Investment is a limited liability company established under the laws of the PRC on September 8, 2021 and a PRC Consolidated Entity. It is principally engaged in investment and asset management services. As of the date of this announcement, Kindstar Wuhan Investment is wholly owned by Wuhan Kindstar.

Wuhan Industrial Fund

Wuhan Industrial Fund is a limited liability company established under the laws of the PRC. It is principally engaged in the industry development fund of Wuhan and other investment and operation of financial fund which involves venture capital, equity investment, angel investing and transformation of technology achievements. As of the date of this announcement, Wuhan Industrial Fund is wholly owned by the Finance Bureau of Wuhan (武汉市财政局).

Wuhan Optics Valley Fund

Wuhan Optics Valley Fund is a limited liability company established under the laws of the PRC. It is principally engaged in private equity investment, investment management, asset management and venture capital investment (limited to unlisted companies). As of the date of this announcement, the ultimate beneficial owner of Wuhan Optics Valley Fund is the Management Committee of Wuhan Donghu New Technology Development Area (武漢東湖新技術開發區管理委員會).

Wuhan Booth

Wuhan Booth is a limited liability company established under the laws of the PRC and is principally engaged in the management of equity-type investments and related advisory services. As of the date of this announcement, it is indirectly owned as to 45% by Zhao Jinqiang (趙進強), 35% by Zhao Jianxia (趙劍霞), and 20% by China Century Holdings Co., Ltd. (華瑞世紀控股集團有限公司), which in turn is owned as to 55% and 45% by Chen Ligeng (陳立庚) and Chen Lixing (陳立興), respectively.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of Wuhan Industrial Fund, Wuhan Optics Valley Fund, Wuhan Booth and their respective ultimate beneficial owners is a third party independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF FORMING THE PARTNERSHIP

The Board is of the view that the formation of the Partnership would be beneficial to the Company as it could (i) leverage the resources and advantages of government fund to construct the "Kindstar" ecology and accelerate the implementation of the Company's "esoteric testing" strategy; and (ii) assist the Company to identify premium projects and capture business opportunities in the fields of biomedicine and healthcare which may bring synergy effect to the Company's esoteric clinical testing services, promote business growth of the Company and increase the long-term value of the Company continuously.

In view of the above, the Directors believe that the terms of the Partnership are fair and reasonable, and in the interests of the Company's shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the formation of the Partnership are more than 5% but all applicable percentage ratios are less than 25%, it constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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|--------------------------------|---|
| “Board” | the board of Directors |
| “Company” | Kindstar Globalgene Technology, Inc., an exempted company with limited liability incorporated under the laws of the Cayman Islands, the Shares of which are listed on The Stock Exchange of Hong Kong Limited |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Global Offering” | the global offering of the Shares in connection with the listing of the Shares on the Main Board of the Stock Exchange of Hong Kong Limited on July 16, 2021 |
| “Group” | the Company and its subsidiaries (including the PRC Consolidated Entities) |
| “Kindstar Wuhan Investment” | Kindstar Global (Wuhan) Investment Management Co., Ltd. (康聖環球(武漢)投資管理有限公司), a limited liability company established under the laws of the PRC and a PRC Consolidated Entity, also a limited partner of the Partnership |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “Partnership” | Wuhan Rivercity Kindstar Venture Capital Partnership (Limited Partnership) (武漢瑞江康聖創業投資基金合夥企業(有限合夥)), a limited partnership to be established pursuant to the Partnership Agreement under the laws of the PRC (the name to be specified on the business license shall prevail) |
| “Partnership Agreement” | the partnership agreement dated November 12, 2023 entered into between Kindstar Wuhan Investment, Wuhan Industrial Fund and Wuhan Optics Valley Fund as limited partners and Wuhan Booth as the General Partner with respect to the formation of the Partnership |
| “PRC” | the People’s Republic of China |
| “PRC Consolidated Entity(ies)” | entity(ies) whose financial results have been consolidated and accounted for as subsidiaries of the Company by virtue of variable interest entity structure |
| “RMB” | Renminbi, the lawful currency of the PRC |

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|---|---|
| “Shares” | ordinary share(s) in the share capital of the Company with a par value of US\$0.00025 each |
| “United States” | the United States of America |
| “Wuhan Booth” or “General Partner” or “Manager” | Wuhan Booth Investment Information Co., Ltd. (武漢布斯投資資訊有限公司), a limited liability company established under the laws of the PRC and the General Partner, executive partner and fund manager of the Partnership |
| “Wuhan Industrial Fund” | Wuhan Industrial Development Fund Co., Ltd. (武漢產業發展基金有限公司), a limited liability company established under the laws of the PRC and a limited partner of the Partnership |
| “Wuhan Kindstar” | Wuhan Kindstar Medical Laboratory Co., Ltd. (武漢康聖達醫學檢驗所有限公司), a limited liability company established under the laws of the PRC and a PRC Consolidated Entity |
| “Wuhan Optics Valley Fund” | Wuhan Optics Valley Innovation Investment Fund Co., Ltd (武漢光谷創新投資基金有限公司), a limited liability company established under the laws of the PRC and a limited partner of the Partnership |
| “%” | per cent |

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, November 12, 2023

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.