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)

VOLUNTARY ANNOUNCEMENT
ACQUISITION OF 70% EQUITY INTEREST IN BEIJING KAIHONGDA TECHNOLOGY COMPANY LIMITED*

DISCLOSEABLE TRANSACTION

On 20 September 2017 (after trading hours of the Stock Exchange), the Purchaser, the Vendors and the Target Company entered into the Share Transfer Agreement, pursuant to which the Purchaser conditionally agreed to acquire, and the Vendors conditionally agreed to sell, the Sale Capitals (representing 70% of the entire equity interest) in the Target Company at a consideration of RMB105,000,000. The Consideration is to be satisfied by cash by way of internal cash resources and/or available banking facilities.

Upon Completion, the Target Company, which is principally engaged in the sales and distribution of medical equipment in vitro diagnostic industry and distribution of Roche Diagnostics Products in Beijing Municipality and Inner Mongolia Autonomous Region in the PRC under the authorization letters with Roche, will become an indirect non-wholly-owned subsidiary of the Company and the financial results thereof will be consolidated into the consolidated financial statements of the Group. Completion is subject to the fulfillment or waiver (as the case may be) of certain conditions precedent as set out in the paragraph headed "Conditions Precedent" below.

As all the applicable aggregate percentage ratios (as defined under the Listing Rules) in respect of the Acquisition are below 5%, the Acquisition does not constitute any discloseable transaction of the Company under Chapter 14 of the Listing Rules. This announcement is made by the Company on a voluntary basis.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, each of the Vendors and their respective associates is an Independent Third Party. Accordingly, no Director has a material interest and is required to abstain from voting on the board resolution approving the transactions contemplated under the Share Transfer Agreement.

As the Acquisition is subject to the conditions precedent set out in the Share Transfer Agreement being satisfied or waived (as the case may be), and the Acquisition may or may not proceed to Completion, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

On 20 September 2017 (after trading hours of the Stock Exchange), the Purchaser, the Vendors and the Target Company entered into the Share Transfer Agreement, pursuant to which the Purchaser conditionally agreed to acquire, and the Vendors conditionally agreed to sell, the Sale Capitals (representing 70% of the entire equity interests) in the Target Company at a consideration of RMB105,000,000. The Consideration is to be satisfied by cash by way of internal cash resources and/or available banking facilities.

THE SHARE TRANSFER AGREEMENT

Date:

On 20 September 2017

Parties to the Acquisition Agreement:

(i) Mr. Pang Hai Bin, Mr. Xie Ding Jie, Ms. An Hong (collectively the "Management Team"), Mr. Yu Huimin, Mr. Zhu Yongping and Mr. Zhao Xiangsheng, together with the Management Team, as the Vendors;

(ii) The Purchaser, a wholly-owned subsidiary of the Company, as the Purchaser; and

(iii) The Target Company, which is owned by Mr. Pang Hai Bin, Mr. Xie Ding Jie, Ms. An Hong, Mr. Yu Huimin, Mr. Zhu Yongping and Mr. Zhao Xiangsheng, as to 41.5%, 10.0%, 7.0%, 9.0%, 22.0% and 10.5% respectively before the Completion of the Acquisition.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, each of the Vendors and their respective associates is an Independent Third Party. Accordingly, no Director has a material interest and is required to abstain from voting on the board resolution approving the Share Transfer Agreement and the transactions contemplated thereunder.

Interests to be acquired of under the Acquisition

Pursuant to the Share Transfer Agreement, the Purchaser conditionally agreed to acquire and the Vendors conditionally agreed to sell the Sale Capitals, representing 70% of the entire equity interests of the Target Company. Upon Completion, the Target Company will become an indirectly non-wholly owned subsidiary of the Company.

Shareholding of the Target Company before and immediately upon Completion

The shareholding structure of the Target Company before and after the Completion is set out below:

	Mr. Pang Hai Bin	Mr. Xie Ding Jie	Ms. An Hong	Mr. Yu Huimin	Mr. Zhu Yongping	Mr. Zhao Xiangsheng	Yestar Medical
Before Completion	41.5%	10.0%	7.0%	9.0%	22.0%	10.5%	0%
After Completion	20.0%	5.0%	0%	0%	5.0%	0%	70.0%

Consideration

The Consideration for the Acquisition is RMB105,000,000, including all relevant taxes to be withheld or paid to the PRC authorities, shall be paid by the Purchaser to the Vendors in three installments upon satisfaction of certain conditions by the Vendors. The Vendors shall file and pay their respective tax to the competent tax authorities in accordance with the relevant laws and regulations, and deliver a copy of their tax receipts to the Purchaser after tax payment as the basis for the Purchaser to pay the after-tax Consideration upon receipt of each tax receipt.

The payment to each of the Vendors for the respective shareholding will be as follows:

	Mr. Pang Hai Bin *(RMB)*	Mr. Xie Ding Jie *(RMB)*	Ms. An Hong *(RMB)*	Mr. Yu Huimin *(RMB)*	Mr. Zhu Yongping *(RMB)*	Mr. Zhao Xiangsheng *(RMB)*	Total *(RMB)*
First payment	9,675,000	2,250,000	3,150,000	4,050,000	7,650,000	4,725,000	31,500,000
Second payment	16,125,000	3,750,000	5,250,000	6,750,000	12,750,000	7,875,000	52,500,000
Third payment	6,450,000	1,500,000	2,100,000	2,700,000	5,100,000	3,150,000	21,000,000
Total	32,250,000	7,500,000	10,500,000	13,500,000	25,500,000	15,750,000	105,000,000

Conditions Precedent

Completion is subject to the conditions precedent being fulfilled or waived (as the case may be). Certain of the conditions precedent are waivable, at any time before Completion by the Purchaser by notice in writing to the Vendors.

Fulfilment of each of the conditions precedent shall be subject to the Purchaser's review and approval or shall be waived (as the case may be) by the Purchaser by way of written confirmation. The Effective Date shall be the date on which a written confirmation has been issued by the Purchaser confirming that all conditions precedent have been fulfilled or otherwise waived. If the conditions precedent are not fulfilled or waived in writing by the Purchaser in full within 180 days after the execution of the Share Transfer Agreement or on such later date as mutually agreed by parties in writing (the "**Long Stop Date**"), the Purchaser shall have the right to terminate the Share Transfer Agreement.

Completion

Subject to the fulfillment or waiver of all the aforementioned conditions precedent, the Completion Date shall be the date of fulfilment on which the following have been duly completed:

(i) the change of business registration particulars of the Target Company for the transfer of the Sale Capitals; and

(ii) the amendment of the register of shareholders of the Target Company.

Distributable profits

The Management Team undertakes that after the Completion, the Purchaser shall be entitled to the accumulated undistributed profit of the Target Company as at 31 December 2016, provided that the Target Company has sufficient cash flow which ensures the normal and smooth operation of the Target Company in the next three years. Subject to the Completion, the profit of the Target Company arising after 31 December 2016 shall be shared among the Purchaser and the Vendors according to their respective shareholdings in the Target Company after the Completion.

Profit guarantee

It is unanimously agreed that the three full years from 2017 to 2019 are fixed as the period covered by the profit guarantee.

Pursuant to the Share Transfer Agreement, the Vendors irrevocably and unconditionally guarantees that each of the 2017 Net Profit, 2018 Net Profit and 2019 Net Profit which are confirmed by independent auditors accredited by the parties shall not be less than RMB15,000,000, RMB18,000,000 and RMB21,600,000 (each the "**Annual Guarantee Profit**") respectively.

In the event that any of the 2017 Net Profit, 2018 Net Profit and 2019 Net Profit is less than the Annual Guarantee Profit, the Vendors shall severally and jointly pay compensation to the Purchaser calculated by the following formula:

(Annual Guarantee Profit – Actual Net Profit) x 2

If the Target Company records a net loss in any of the financial years from 2017 to 2019, the Vendors shall severally and jointly pay compensation to the Purchaser calculated by the following formula:

(Annual Guarantee Profit + Actual Net Loss) x 2

The accumulated maximum compensation shall be the Consideration received by the Vendors under the Acquisition. If the total accumulated net profit after tax of the Target Company during the three years covered by the profit guarantee amounts to or exceeds the aggregate Annual Guarantee Profit for the period covered by the profit guarantee (which means that the total accumulated net profit after tax from the year 2017 to the year 2019 is not less than RMB54,600,000), the Purchaser will return any compensation paid for any shortfall in any year to the Vendors within 30 days after the issue of the audited report for the year 2019.

The compensation shall be payable in cash by the Management Team to the designated account of the Purchaser within 30 days after the issue of the relevant audited report for the corresponding financial year. The Purchaser is entitled to require any of the Vendors to pay the compensation in part or in full.

The Annual Guarantee Profit for each of 2017, 2018 and 2019 shall be accounted for and audited in accordance with the IFRS.

Post-Completion right

The parties to the Share Transfer Agreement mutually agreed that should the 2017 Net Profit, 2018 Net Profit and 2019 Net Profit be able to reach the respective Annual Guarantee Profits, the Purchaser, subject to the compliance of relevant rules and regulations (including the Listing Rules), shall negotiate with the Vendors for the acquisition of the remaining 30% equity interest of the Target Company (the "**Remaining Interests**") at a consideration in cash or any other forms as requested by the Purchaser calculated according to a 10 times price to 2019 Net Profit (up to a maximum consideration of RMB71,280,000). The price of such transaction shall not include the accumulated undistributed profit of the Target Company as at 31 December 2019. In particular, the new profit of the Target Company between the period from 1 January 2017 and the date on which the Company acquires the Remaining Interests shall belong to the Purchaser and the Vendors according to their respective shareholdings in the Target Company after the Completion and such profit shall be distributed before the transfer of the Remaining Interests.

If the Target Company successfully fulfilled the profit guarantee stipulated by the Share Transfer Agreement, the acquisition of the Remaining Interests shall also be conducted as soon as practicable after the confirmation of the 2019 Net Profit by independent auditors accredited by the parties and a separate agreement will be entered into between the Purchaser and the Vendors for such acquisition.

If the Target Company did not fulfill the profit guarantee stipulated by the Share Transfer Agreement, the Purchaser shall negotiate with the Vendors on the consideration and terms for the acquisition of the Remaining Interests after the expiry of compensation period covered by the profit guarantee.

Non-compete arrangements

i. In order to avoid any possible competition, upon signing of the Share Transfer Agreement and until 2 years after the expiry of period covered by the profit guarantee, the Management Team undertakes that Management Team and their associates shall not be involved in any business which may directly or indirectly result in a loss to the Target Company or be involved in any business (as dealer or agent) which directly competes with the Target Company or acting as directors, supervisors, consultants or any forms of engagement with any entities engaging in same business (as dealer or agent) of the Target Company, save for the approval from the Purchaser in writing.

ii. The Management Team also further undertakes and agrees that should business opportunities which may compete with the business of the Purchaser or Target Company arise, the Management Team and their associates shall notify the Purchaser at once in writing (email, fax or other forms) detailing the principal terms of such business opportunities. Even if the Purchaser decides not to proceed with the business opportunities, the Management Team and their associates shall not proceed with the business opportunities declined by the Purchaser.

iii. The Vendors further undertake and agree that during the period ending 31 December 2019 and within one year after 31 December 2019, they shall not dispose of and cause any encumbrances to be created over the Remaining Interests of the Target Company to or in favour of any third parties without obtaining prior written consent from the Purchaser.

iv. The Vendors undertake not to persuade any of the employees of the Target Company by ways of, among others, solicitation or inducement to terminate their employment with the Target Company or employ employees of the Target Company via companies directly or indirectly invested by the Management Team.

BASIS OF CONSIDERATION

The maximum consideration of RMB105,000,000 in respect of the Acquisition was determined following commercial negotiations between the parties on an arm's length basis with reference to various factors, including but not limited to the prospect and development of the Target Company as a secondary distributor of Roche Diagnostics Products in Beijing Municipality and Inner Mongolia Autonomous Region in the PRC under the authorization letters with Roche, and the Annual Profit Guarantee of the Management Team for the three years ending 31 December 2019.

The Directors consider that the Consideration payable to the Vendors is fair and reasonable. The Group will finance the Acquisition by the Group's internal cash resources and/or available banking facilities.

INFORMATION OF THE GROUP AND REASONS FOR AND BENEFITS OF THE ACQUISITION

1. The Group is one of the leading providers of colour photographic paper in the PRC and a provider of a broad range of imaging products in the PRC.

2. The Group have been transformed itself into a high margin medical consumables manufacturer and distributor in the PRC since 2014.

3. It has been the Group's strategy to further develop the medical consumable business and diversify the Group's product range as well as expand its market share through the Acquisition. Targeting the booming healthcare industry in the PRC, the Group is optimistic about the development and expansion of the medical industry in the PRC and considers the medical consumable business to be a core element of the medical industry chain.

4. It was admitted that the Target Company maintained well-established extensive sales network in Beijing Municipality and Inner Mongolia Autonomous Region in the PRC under the authorization letters with Roche, the Group would be able to leverage its existing sales network to further enhance the Group's profitability by introducing a wider range of consumable products to the hospitals.

5. The Group could also leverage the existing distribution network of the Target Company to enhance direct sales to hospital for its medical film products.

The Company's focus is not only on the current profit level of the Target Company but also their growth prospect and distribution networks. The Board is of the view that the Acquisition represents a valuable business opportunity for the Group to further expand in the health industry in Beijing Municipality and Inner Mongolia Autonomous Region in the PRC and will, in the long run, broaden the Group's revenue base by expanding and diversifying the product base of the Group. The Board considers that the Acquisition of the Target Company will enable the Group to expand its market share in the PRC medical equipment and consumable product market as well as the Group's product portfolio.

In light of the above, the Directors consider that the terms of the Share Transfer Agreement are fair and reasonable and the Acquisition is in the interest of the Company and Shareholders as a whole.

INFORMATION OF THE VENDORS

The Vendors, namely Mr. Pang Hai Bin, Mr. Xie Ding Jie, Ms. An Hong, Mr. Yu Huimin, Mr. Zhu Yongping and Mr. Zhao Xiangsheng, are private individual investors in the medical equipment industry. As at the date of this announcement, Mr. Pang Hai Bin, Mr. Xie Ding Jie, Ms. An Hong, Mr. Yu Huimin, Mr. Zhu Yongping and Mr. Zhao Xiangsheng own as to 41.5%, 10.0%, 7.0%, 9.0%, 22.0% and 10.5% respectively equity interests in the Target Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, each of the Vendors and their respective associates is an Independent Third Party.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability and its scope of business includes distribution of medical devices.

The Target Company currently holds secondary distribution right of some Roche Diagnostics Products in Beijing Municipality and Inner Mongolia Autonomous Region in the PRC under the authorization letters with Roche, and has existing lease agreements and other agreements with the relevant hospitals and distributors to distribute and transact Roche Diagnostics Products. The registered capital of the Target Company amounted to RMB10,000,000.

Upon Completion, the Target Company will become an indirect non-wholly-owned subsidiary of the Company, and the financial results of the Target Company thereof will be consolidated into the consolidated financial statements of the Group.

LISTING RULES IMPLICATIONS

As all the applicable aggregate percentage ratios (as defined under the Listing Rules) in respect of the Acquisition are below 5%, the Acquisition does not constitute any discloseable transaction of the Company under Chapter 14 of the Listing Rules. This announcement is made by the Company on a voluntary basis.

WARNING

As the Acquisition is subject to the conditions precedent set out in the Share Transfer Agreement being satisfied or waived (as the case may be), and the Acquisition may or may not proceed to Completion, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

"2017 Net Profit" or "2017 Net Loss"	the audited net profit or loss of the Target Company for the financial year ending 31 December 2017, expressed in RMB
"2018 Net Profit" or "2018 Net Loss"	the audited net profit or loss of the Target Company for the financial year ending 31 December 2018, expressed in RMB
"2019 Net Profit" or "2019 Net Loss"	the audited net profit or loss of the Target Company for the financial year ending 31 December 2019, expressed in RMB
"Acquisition"	the acquisition by the Purchaser from the Vendors for an aggregate of 70% of the entire equity interest in the Target Company
"Actual Net Loss"	any of the 2017 Net Loss, 2018 Net Loss and 2019 Net Loss
"Actual Net Profit"	any of the 2017 Net Profit, 2018 Net Profit and 2019 Net Profit
"associate(s)"	has the meanings given to it under the Listing Rules
"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
"Completion"	completion of the Acquisition, being the completion of (i) the change in business registration of the Target Company; and (ii) the amendment of the register of shareholders of the Target Company
"Completion Date"	the date on which Completion takes place
"Connected Person(s)"	has the meaning given to it in the Listing Rules
"Consideration"	aggregate consideration of RMB105,000,000 (including taxes) for the Acquisition which shall be paid by the Purchaser to the Vendors pursuant to the Share Transfer Agreement
"Director(s)"	director(s) of the Company
"Effective Date"	the date on which all conditions precedent of the Share Transfer Agreement have been fulfilled or waived (as the case maybe) according to a written confirmation issued by the Purchaser
"Group"	collectively, the Company and its subsidiaries

"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFRS"	International Financial Reporting Standards
"Independent Third Party(ies)"	third party(ies) independent of the Company and is(are) not connected person(s) (as defined under the Listing Rules) of the Company
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Management Team"	collectively, Mr. Pang Hai Bin, Mr. Xie Ding Jie and Ms. An Hong
"Mr. Pang Hai Bin"	Mr. Pang Hai Bin (龎海斌), beneficially interested in 41.5% of the Target Company and is an Independent Third Party as at the date of this announcement
"Mr. Xie Ding Jie"	Mr. Xie Ding Jie (謝頂杰), beneficially interested in 10.0% of the Target Company and is an Independent Third Party as at the date of this announcement
"Mr. Yu Huimin"	Mr. Yu Huimin (喻惠民), beneficially interested in 9.0% of the Target Company and is an Independent Third Party as at the date of this announcement
"Mr. Zhu Yongping"	Mr. Zhu Yongping (朱勇平), beneficially interested in 22.0% of the Target Company and is an Independent Third Party as at the date of this announcement
"Mr. Zhao Xiangsheng"	Mr. Zhao Xiangsheng (趙襄生), beneficially interested in 10.5% of the Target Company and is an Independent Third Party as at the date of this announcement
"Ms. An Hong"	Ms. An Hong (安虹), beneficially interested in 7.0% of the Target Company and is an Independent Third Party as at the date of this announcement
"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
"RMB"	Renminbi, the lawful currency of the PRC
"Roche"	Roche Diagnostics (Shanghai) Ltd.* (羅氏診斷產品(上海)有限公司), a company established in the PRC with limited liability
"Roche Diagnostics Products"	the diagnostics products of Roche
"Sale Capitals"	70% of the entire equity interests of the Target Company
"Share(s)"	ordinary share(s) of HK$0.025 each in the issued share capital of the Company

"Share Transfer Agreement"	the agreement dated 20 September 2017 entered into among the Purchaser, the Vendors and Target Company in relation to the acquisition of the Sale Capitals for an aggregate consideration of RMB105,000,000
"Shareholder(s)"	holder(s) of the issued Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Beijing Kaihongda Technology Company Limited* (北京凱弘達科技有限公司), a company established in the PRC with limited liability whose registered capital is owned as to 41.5%, 10.0%, 7.0%, 9.0%, 22.0% and 10.5% by Mr. Pang Hai Bin, Mr. Xie Ding Jie, Ms. An Hong, Mr. Yu Huimin, Mr. Zhu Yongping and Mr. Zhao Xiangsheng as at the date of this announcement
"Vendors"	Mr. Pang Hai Bin, Mr. Xie Ding Jie, Ms. An Hong, Mr. Yu Huimin, Mr. Zhu Yongping and Mr. Zhao Xiangsheng, and each a "Vendor"
"Yestar Medical" or "Purchaser"	Guangxi Yestar Medical Equipment Co., Ltd* (廣西巨星醫療器械有限公司), a company established in the PRC with limited liability on 24 December 2009 and an indirect wholly-owned subsidiary of the Company
"%"	per cent.

* *For identification purpose only*

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

Hong Kong, 20 September 2017

As at the date of this announcement, the executive Directors are Mr. Hartono James, Ms. Wang Ying, Mr. Chan To Keung, Ms. Wang Hong and Mr. Chan Chung Man; and the independent non-executive Directors are Dr. Hu Yiming, Mr. Karsono Tirtamarta (Kwee Yoe Chiang) and Mr. Sutikno Liky.

In case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.