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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 ACQUISITION OF PROPERTY

The Board is pleased to announce that on October 15, 2021, the Purchaser, a PRC Consolidated Entity, and the Vendor entered into the Property Transfer Agreement, pursuant to which the Purchaser has agreed to purchase, and the Vendor has agreed to sell, the Property at a total consideration of RMB224,248,523 in accordance with the terms and conditions of the Property Transfer Agreement.

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition 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 October 15, 2021, the Purchaser, a PRC Consolidated Entity, and the Vendor entered into the Property Transfer Agreement, pursuant to which the Purchaser has agreed to purchase, and the Vendor has agreed to sell, the Property at a total consideration of RMB224,248,523 in accordance with the terms and conditions of the Property Transfer Agreement.

THE PROPERTY TRANSFER AGREEMENT

The principal terms of the Property Transfer Agreement are set out below:

Date

October 15, 2021

Parties

- (1) the Purchaser; and
- (2) the Vendor.

Subject Matter

Pursuant to the Property Transfer Agreement, the Purchaser agreed to purchase, and the Vendor agreed to sell, the Property in accordance with the terms and conditions of the Property Transfer Agreement. The Property consists of the 1st to 7th floors of the building located at Biolake D2-1, 666 Gaoxin Road, East Lake High Tech Zone, Wuhan, Hubei, PRC (中國湖北武漢市東湖新技術開發區高新大道666號光穀生物城生物創新園D2-1棟), which is currently leased by the Group as its head office and principal place of business in the PRC and has a gross floor area of 22,817.31 sq.m..

The terms of the land use rights of the Property are 50 years until April 23, 2063 and its permitted usage is for industrial use. Pursuant to the Property Transfer Agreement, the Group will only use the Property for office purposes, research and development and business incubation.

Consideration

The total consideration for the Acquisition shall be RMB224,248,523, which was determined after arm's length negotiations with Vendor, taking into account, among others, the valuation of the Property as of December 15, 2020 in the amount of RMB224,248,424 conducted by an independent property valuer and the price of the offices in the vicinity of the Property.

The Purchaser will satisfy such consideration in cash using the Group's internal resources.

Payment terms

Pursuant to the Property Transfer Agreement, the consideration of the Acquisition shall be payable in the following manner:

- First installment: RMB44,849,704.6, representing 20% of the aggregate consideration for the Acquisition, shall be paid to the Vendor within 10 working days from the date of signing of the Property Transfer Agreement;
- Second installment: RMB134,549,113.8, representing 60% of the aggregate consideration for the Acquisition, shall be paid to the Vendor on or before 14 November, 2021; and
- Third installment: RMB44,849,704.6, representing the remaining 20% of the aggregate consideration for the Acquisition, shall be paid to the Vendor on or before 14 December, 2021.

Restrictions on subsequent transfer of the Property by the Purchaser

The Property could only be sold to biological research and development and incubation companies. In the event that the Purchaser intends to transfer any of the Property to any third party(ies) subsequent to the completion of the Acquisition, the Purchaser shall notify and obtain approval from the Management Office. The Vendor has the first right to repurchase the Property under the same conditions with the repurchase price calculated pursuant to the Property Transfer Agreement.

The Purchaser may transfer any of the Property to research and development companies in the biological industry which meet the industrial planning of the area where the Property situate. In such event, the Purchaser shall notify and obtain approval from the Management Office, and shall ensure that the subsequent purchaser will issue an undertaking in writing to the Vendor and the Management Office to the effect that such subsequent purchaser will strictly abide by the terms in relation to transfer of the Property under the Property Transfer Agreement if any of the Property is further transferred after the subsequent transfer.

INFORMATION OF THE PARTIES

The Company and the Purchaser

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.

The Purchaser is a limited liability company established under the laws of the PRC on August 8, 2003 and a PRC Consolidated Entity. It is principally engaged in providing clinical testing services in the PRC. As of the date of this announcement, the Purchaser is legally held as to 96.29% and 3.71% by Dr. Huang Shiang and Mr. Tu Zanbing, each an executive Director, as registered shareholders, respectively.

The Vendor

The Vendor is a limited liability company established under the laws of the PRC and is principally engaged in the development, operation and management of development projects including public service platforms, research and development incubation buildings and facilities in the Wuhan National Bioindustry Base (also known as the Biolake). As of the date of this announcement, the Vendor is indirectly wholly owned by the Wuhan East Lake High Tech Zone Management Committee (武漢東湖新技術開發區管理委員會).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Upon completion of the Acquisition, the Group will use the Property for office purposes, research and development and business incubation. The Board is of the view that the Acquisition is beneficial to the Group as it (i) offers the potential of capital appreciation; (ii) reduces the Group's exposure to increment of rental expenditure in the future; and (iii) ensures the continuity of the Group's business operation.

In view of the above, the Directors (including the independent non-executive Directors) believe that the terms of the Property Transfer Agreement 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 Acquisition 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

“Acquisition”	the acquisition of the Property pursuant to the Property Transfer Agreement
“Board”	the board of Directors
“Company”	Kindstar Globalgene Technology, Inc., an exempted company with limited liability incorporated under the laws of the Cayman Islands
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries (including the PRC Consolidated Entities)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“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
“Property”	the 1st to 7th floors of the building located at Biolake D2-1, 666 Gaoxin Road, East Lake High Tech Zone, Wuhan, Hubei, PRC (中國湖北武漢市東湖新技術開發區高新大道666號光穀生物城生物創新園D2-1棟)
“Property Transfer Agreement”	the Wuhan National Bioindustry (Innovation) Base Property Transfer Agreement dated October 15, 2021 entered into between the Purchaser and the Vendor with respect to the Acquisition
“Purchaser”	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

“RMB”	Renminbi, the lawful currency of the PRC
“sq.m.”	square meters
“Vendor”	Wuhan Optics Valley Biological Industry Base Construction Investment Co., Ltd. (武漢光穀生物產業基地建設投資有限公司), a limited liability company established under the laws of the PRC
“Management Office”	Wuhan National Bioindustry Base Construction Management Office (武漢國家生物產業基地建設管理辦公室)
“%”	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, October 15, 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 Xiping and Mr. Gu Huaming as independent non-executive Directors.