
CONNECTED TRANSACTIONS

We have entered into certain agreements and arrangements with certain individual and entities that will, upon [REDACTED], become our connected persons (as defined under Chapter 14A of the Listing Rules). Following the [REDACTED], the transactions contemplated under such agreements will constitute our continuing connected transactions under Chapter 14A of the Listing Rules.

CONNECTED PERSONS

The table below sets forth certain parties who will become our connected persons upon [REDACTED] and the nature of their relationship with our Group:

<u>Connected Person</u>	<u>Connected Relationship</u>
Handan Renhe Hospital	a private not-for-profit hospital in which Xiangshang Investment (owned by Mr. Zhu and Ms. Zhu as to 40% and 60%, respectively) holds 30% organizer’s interest (舉辦人權益), and hence an associate of Mr. Zhu and Ms. Zhu
Handan Zhaotian Hospital	a private not-for-profit hospital in which Xiangshang Investment (owned by Mr. Zhu and Ms. Zhu as to 40% and 60%, respectively) holds 30% organizer’s interest, and hence an associate of Mr. Zhu and Ms. Zhu
Kaiyuan Jiehua Hospital	a private not-for-profit hospital in which Xiangshang Investment (owned by Mr. Zhu and Ms. Zhu as to 40% and 60%, respectively) holds 30% organizer’s interest, and hence an associate of Mr. Zhu and Ms. Zhu
Hygeia Hospital Management	a wholly-owned subsidiary of Xiangshang Investment, which is in turn owned by Mr. Zhu and Ms. Zhu as to 40% and 60%, respectively, and hence an associate of Mr. Zhu and Ms. Zhu
Ms. Zhu	one of our Controlling Shareholders
Shanghai Rongqiao Biotech Co., Ltd. (上海榮喬生物科技有限公司) (“ Shanghai Rongqiao ”)	a company ultimately controlled by Ms. Ji Hairong, the spouse of Mr. Zhu, and hence an associate of Mr. Zhu
Xiangshang Investment	a company owned by Mr. Zhu and Ms. Zhu as to 40% and 60%, respectively, and hence an associate of Mr. Zhu and Ms. Zhu

CONNECTED TRANSACTIONS

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

<u>Nature of Transactions</u>	<u>Applicable Listing Rules</u>	<u>Waiver Sought</u>
Fully-exempt Continuing Connected Transactions		
1. Office Property Lease Agreement	14A.76(1)(c)	N/A
2. Production Facility Lease Agreement	14A.76(1)(a)	N/A
Non-exempt Continuing Connected Transactions		
1. Hospital Management and Cooperation Agreements	14A.76(2)(a)	Announcement
2. Contractual Arrangements	Rule 14A.34-36 Rule 14A.49 Rule 14A.52-53 Rule 14A.59 Rule 14A.105	Announcement, circular, independent shareholders' approval, annual cap and term of agreements not exceeding three years

FULLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Office Property Lease Agreement

Gamma Star Tech entered into a property lease agreement with Ms. Zhu on January 1, 2019 (the “**Office Property Lease Agreement**”), pursuant to which Ms. Zhu agreed to lease certain properties located at Units 702 to 707, 7/F, Enterprise Plaza, No. 228 Meiyuan Road, Jingan District, Shanghai, the PRC with a GFA of 458.63 sq.m. to Gamma Star Tech for office use.

The Office Property Lease Agreement was agreed upon on normal commercial terms after arm’s length negotiations between the parties thereto, and the rents were determined based on the prevailing market rates of properties of comparable size and quality in the vicinity which are available to Independent Third Parties. Asia-Pacific Consulting and Appraisal Limited, an independent property valuer, has confirmed that the rents payable by our Group under the Office Property Lease Agreement are fair, reasonable and no less favorable to our Group than those offered by Independent Third Parties.

The Office Property Lease Agreement is for a term commencing on January 1, 2019 until December 31, 2021 and is renewable for a term of three years upon mutual consents and subject to the requirements under the Listing Rules and other applicable laws and regulations.

CONNECTED TRANSACTIONS

As each of the applicable percentage ratios (other than the profit ratio) under the Listing Rules in respect of the transactions contemplated under the Office Property Lease Agreement is expected to be, on an annual basis, less than 5% and the total annual rents is expected to be less than HK\$3 million, and it is on normal commercial terms or better, these transactions will be fully exempt from the reporting, annual review, announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

2. Production Facility Lease Agreement

Gamma Star Tech entered into a production facility lease agreement with Shanghai Rongqiao on December 31, 2018 (the “**Production Facility Lease Agreement**”), pursuant to which Shanghai Rongqiao agreed to lease the production facility located at No. 588 Jinren Road, Jinshan Industrial District, Shanghai, the PRC with a GFA of 2,170 sq.m. and provide relevant property management services to Gamma Star Tech for the production of our proprietary SRT equipment.

The Production Facility Lease Agreement was agreed upon on normal commercial terms after arm’s length negotiations between the parties thereto, and the rents and property management fees were determined based on the prevailing market rates of properties of comparable size and quality in the vicinity which are available to Independent Third Parties. Asia-Pacific Consulting and Appraisal Limited, an independent property valuer, has confirmed that the rents payable by our Group under the Production Facility Lease Agreement are fair, reasonable and no less favorable to our Group than those offered by Independent Third Parties.

The Production Facility Lease Agreement is for a term commencing on January 1, 2019 until December 31, 2021 and is renewable for a term of three years upon mutual consents and subject to the requirements under the Listing Rules and other applicable laws and regulations.

As each of the applicable percentage ratios (other than the profit ratio) under the Listing Rules in respect of the transactions contemplated under the Production Facility Lease Agreement is expected to be, on an annual basis, less than 0.1% and it is on normal commercial terms or better, these transactions will be fully exempt from the reporting, annual review, announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Hospital Management and Cooperation Agreements

We manage and operate, and receive management fees from our Managed Hospitals. We also provide Radiotherapy Center Services to these hospitals pursuant to the cooperation agreements we entered into with them. For details of our hospital management business and Radiotherapy Center Services, please see the sections headed “Business – Our Hospital Management Business” and “Business – Our Oncology-related Service Offerings – Our Third-party Radiotherapy Business.”

CONNECTED TRANSACTIONS

Principal Terms

Hospital Management Agreements

Pursuant to the hospital management agreements entered into by Gamma Star Tech with Handan Renhe Hospital, Kaiyuan Jiehua Hospital, and Handan Zhaotian Hospital on July 31, 2011, November 30, 2012 and April 30, 2015, respectively (collectively, the “**Hospital Management Agreements**”), our Group are entitled to receive management service fees calculated as a fixed percentage of the revenue of the Managed Hospitals in return for the daily hospital operation management services provided and to be provided by us. The term of the Hospital Management Agreements is for a period of 40 years from the respective signing date.

As required by Rule 14A.52 of the Listing Rules, the period for the agreement for a continuing connected transaction must not exceed three years, except where the nature of the transaction requires the agreement to be of a duration longer than three years. Our Directors consider the term of the Hospital Management Agreements which is of a duration longer than three years is a justifiable and normal business practice in China because (i) unlike for-profit hospitals, not-for-profit hospitals are not entitled under PRC laws, rules and regulations, to the right of dividends or the profits, cash flow or residue assets upon liquidation, however, it has been an industry norm to obtain economic benefits by providing management services and charging management service fees from not-for-profit hospitals in China, (ii) the Group can obtain the economic benefits derived from the Managed Hospitals as management service fees under the Hospital Management Agreements, and (iii) a term longer than three years can ensure our provision of management services and the flow of economic benefits to our Group on a stable and uninterrupted basis. Moreover, similar management services arrangements utilized by other companies in the PRC healthcare industry often include lengthy terms of more than three years, subject to termination upon mutual consents or other termination for causes. Frost & Sullivan, our independent industry consultant, also confirmed that a term of more than three years is normal business practice for hospital management agreements entered into with not-for-profit hospitals. As such, our Directors are of the view that it is beneficial to our Group and our Shareholders as a whole to enter into the Hospital Management Agreements for a term of more than three years and such arrangement is in line with normal business practice.

See the section headed “Business – Our Hospital Management Business” in this document for details of the key terms of the Hospital Management Agreements.

CONNECTED TRANSACTIONS

Cooperation Agreements with Managed Hospitals

Gamma Star Tech also entered into cooperation agreements with each of the Managed Hospitals (collectively, the “**Cooperation Agreements with Managed Hospitals**”, together with the Hospital Management Agreements, the “**Hospital Management and Operation Agreements**”) to provide Radiotherapy Center Services to the Managed Hospitals in exchange for service fees. Each of the Cooperation Agreements with Managed Hospitals has a term of 10 years commencing from the date of the commencement of operation of respective radiotherapy center. The following table sets forth the term of cooperation between us and the Managed Hospitals under the Cooperation Agreements with Managed Hospitals.

<u>Name of Managed Hospital</u>	<u>Term of cooperation with us</u>
1. Handan Renhe Hospital	June 2012 – June 2022
2. Kaiyuan Jiehua Hospital	December 2014 – December 2024
3. Handan Zhaotian Hospital	February 2017 – November 2018 ⁽¹⁾

As required by Rule 14A.52 of the Listing Rules, the period for the agreement for a continuing connected transaction must not exceed three years, except where the nature of the transaction requires the agreement to be of a duration longer than three years. Our Directors are of the view that the term of the Cooperation Agreements with Managed Hospitals which is of a duration longer than three years is necessary for the operation of our radiotherapy center business because we need to make substantial capital commitment, time and management efforts in relation to licensing our proprietary SRT equipment, providing maintenance and technical support services and conducting trainings to the medical professionals on the operation of such equipment to help the radiotherapy centers to establish a stable base of customers, which makes it commercially desirable for our Group to have a sufficiently long term of cooperation with the Managed Hospitals to capture the benefits arising from our efforts made and to be made. Frost & Sullivan, our independent industry consultant, also confirmed that a term of more than three years is normal business practice for cooperation agreements entered into with hospital partners in the business similar to our third-party radiotherapy business. As such, entering into the Cooperation Agreements with Managed Hospitals for a period of more than three years promotes stability and continuity in operations, which is beneficial to our Shareholders as a whole and is in line with normal business practice.

See the section headed “Business – Our Oncology-related Service Offerings – Our Third-party Radiotherapy Business ” in this document for details of the key terms of the Cooperation Agreements with Managed Hospitals.

Note:

- (1) Handan Zhaotian Hospital is currently under renovation. The term of cooperation is 10 years in total, with the remaining term to be calculated from the date when Handan Zhaotian Hospital resumes its operations. Handan Zhaotian Hospital is expected to resume its operations by the end of 2020.

CONNECTED TRANSACTIONS

Reasons for the Transactions

Hospital Management Agreements

We manage and operate, and receive management fees, from the Managed Hospitals during the Track Record Period. Unlike for-profit hospitals, not-for-profit hospitals are not entitled under PRC laws, rules and regulations, to the right of dividends or the profits, cash flow or residue assets upon liquidation. However, it has been an industry norm to obtain economic benefits by providing management services and charging management service fees for not-for-profit hospitals in China. Our Directors believe that it is in our interest and in line with the market practice to enter into the Hospital Management Agreements.

Cooperation Agreements with Managed Hospitals

Historically we have been providing Radiotherapy Center Services to the Managed Hospitals. Our Directors believe that provision of both management services and Radiotherapy Center Services to the Managed Hospitals generate more synergies and is in our interest and in line with our business development strategies.

Pricing Policy

The management service fees payable to us under the Hospital Management Agreements for each year are calculated as a percentage of each Managed Hospital's annual revenue, where the percentage is a fixed component set generally based on the scope of management services provided and to be provided by us to the Managed Hospital, with reference to terms and services of similar management agreements and fees charged for similar services in China's healthcare services industry.

In formulating our service fees under the Cooperation Agreements with Managed Hospitals, we generally take into consideration of various factors including (i) the value of our proprietary SRT equipment; (ii) the frequency of use of our proprietary SRT equipment, including the number of sessions for a typical course of treatment using our proprietary SRT equipment and the amount of time spent for each session; (iii) the rate of decay of cobalt-60 source; and (iv) the prevailing market prices for similar services. We charge the Managed Hospitals service fees which are generally calculated as a percentage of revenue generated directly from use of our proprietary SRT equipment, after deduction of certain expenses and costs in accordance with the relevant Cooperation Agreements with Managed Hospitals. Such expenses and costs include, among others, those arising from, or incurred in connection with handling medical disputes, replacement of the cobalt-60 source, and maintenance of our proprietary SRT equipment, if any.

CONNECTED TRANSACTIONS

Historical Amounts

The total amount of hospital management service fees in relation to the provision of management services paid by the Managed Hospitals to us for each of the three years ended December 31, 2017, 2018 and 2019 was approximately RMB1.1 million, RMB6.3 million and RMB6.2 million, respectively.

The total amount of Radiotherapy Center Services fees paid by the Managed Hospitals to us for each of the three years ended December 31, 2017, 2018 and 2019 was approximately RMB15.3 million, RMB17.7 million and RMB17.7 million, respectively.

Annual Caps

The maximum total amount of fees receivable by Gamma Star Tech from the Managed Hospitals under the Hospital Management and Operation Agreements for each of the three years ending December 31, 2020, 2021 and 2022 should not exceed the caps set out below:

	Proposed annual caps for the years ending December 31,		
	2020	2021	2022
	<i>(RMB in millions)</i>		
Total amount of fees receivable under the Hospital Management Agreement	8.9	13.0	16.0
Total amount of fees receivable under the Cooperation Agreement	23.3	24.6	27.1
Total amount of fees receivable	32.1	37.6	43.1

As the amount receivable under the Hospital Management Agreements are calculated based on the percentage of the revenue of the Managed Hospitals, the proposed annual caps are estimated primarily based on the expected growth of revenue of the Managed Hospitals. When estimating the expected revenue of Managed Hospitals, our Directors have taken into account primarily (i) the historical performance of the Managed Hospitals, (ii) the estimated increase in the service capacity and patient visits as a result of the upgrading and development plan of the Managed Hospitals, further investment in the oncology and hemodialysis departments and establishment of orthopedics department in the Managed Hospitals, and (iii) the expected time when Handan Zhaotian Hospital resumes operation.

As the amount receivable under the Cooperation Agreements with Managed Hospitals are calculated based on the revenue generated by the Managed Hospitals directly from use of our proprietary SRT equipment, the proposed annual caps are

CONNECTED TRANSACTIONS

estimated primarily based on the expected growth of revenue in relation to the radiotherapy treatment services of the Managed Hospitals. When estimating the expected revenue in relation to the radiotherapy treatment services of the Managed Hospitals, our Directors have taken into account primarily (i) the average spending per patient for radiotherapy treatment at the Managed Hospitals, (ii) the historical number of patients received for radiotherapy treatment and the estimated increase in such number of patients, and (iii) the expected time when Handan Zhaotian Hospital resumes operation.

At the end of 2022, our Company will re-comply with the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules, where and if applicable, including the requirements for the setting of new monetary annual caps for the maximum amount of fees receivable under the Hospital Management and Operation Agreements for an additional three-year period.

Listing Rules Implications

As the Hospital Management Agreements and Cooperation Agreements with Managed Hospitals were entered into by our Group with the Managed Hospitals in respect of the management and operation of the Managed Hospitals, such continuing connected transactions thereunder have been aggregated pursuant to Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio (other than the profit ratio) under the Listing Rules in respect of these transactions is expected to, on an annual basis, exceed 0.1% but less than 5%, and they are on normal commercial terms or better, the transactions will be subject to the reporting, annual review and announcement requirements, but will be exempt from the circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

2. Contractual Arrangements

Background

In light of the Foreign Ownership Restriction and in order to control Hygeia Hospital Management to prevent leakages of equity and values to the minority shareholder of our VIE Hospitals and to obtain the maximum economic benefits of these hospitals, on April 8, June 20 and December 18, 2019, we entered into the Contractual Arrangements with our VIE Hospitals, Hygeia Hospital Management and Xiangshang Investment. Under the Contractual Arrangements, Gamma Star Tech has acquired effective control over the financial and operational policies of the VIE Hospitals and our Group has become entitled to all the economic benefits derived from their operations.

See the section headed “Contractual Arrangements” in this document for details of the key terms of the Contractual Arrangements.

CONNECTED TRANSACTIONS

Listing Rules Implications

The transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of our Company under the Listing Rules upon [REDACTED] as two of the parties to the Contractual Arrangements, namely Xiangshang Investment and Hygeia Hospital Management, are connected persons of our Company.

Our Directors (including the independent non-executive Directors) are of the view that the Contractual Arrangements and the transactions contemplated thereunder are fundamental to the legal structure and business of our Group, that such transactions have been and will be entered into in the ordinary and usual course of business of our Group, are on normal commercial terms and are fair and reasonable and in the interests of our Company and our Shareholders as a whole. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements and any new transactions, contracts and agreements related thereto or renewal of existing transactions, contracts and agreements to be entered into by, among others, Xiangshang Investment, Hygeia Hospital Management, and any member of our Group (the “**New Intergroup Agreements**”) technically constitute our continuing connected transactions under Chapter 14A of the Listing Rules after the [REDACTED], our Directors consider that, given that our Group is placed in a special situation in relation to the connected transactions rules under the Contractual Arrangements, it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to our Company if such transactions are subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among others, announcement, circular and independent Shareholders’ approval requirements.

WAIVERS APPLICATIONS FOR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Hospital Management and Operation Agreements

In respect of the Hospital Management and Operation Agreements, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Hospital Management and Operation Agreements pursuant to Rule 14A.105 of the Listing Rules subject to the condition that the annual caps stated above are not exceeded.

Contractual Arrangements

In respect of the Contractual Arrangements, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with (i) the announcement, circular and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules, (ii) the requirement for setting

CONNECTED TRANSACTIONS

an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules, and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as our Shares are [REDACTED] on the Stock Exchange, subject however to the following conditions:

(a) No change without independent non-executive Directors' approval

No change to any of the agreements constituting the Contractual Arrangements will be made without the approval of our independent non-executive Directors.

(b) No change without independent Shareholders' approval

Save as described in paragraph (d) below, no change to any of the agreements constituting the Contractual Arrangements will be made without the independent Shareholders' approval. Once independent Shareholders' approval of any change has been obtained, no further announcement or approval of the independent Shareholders will be required under Chapter 14A of the Listing Rules unless and until further changes are proposed. The periodic reporting requirement regarding the Contractual Arrangements in the annual reports of our Company (as set out in paragraph (e) below) will, however, continue to be applicable.

(c) Economic benefits flexibility

The Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by Hygeia Hospital Management and the VIE Hospitals through (i) our Group's option (if and when so allowed under the applicable PRC laws) to acquire all or part of the equity interests and assets attributable to Hygeia Hospital Management at the minimum amount of consideration permitted under applicable PRC laws, (ii) the business structure under which the profit generated by Hygeia Hospital Management and the VIE Hospitals is substantially retained by our Group, such that no annual cap shall be set on the amount of service fees payable to Gamma Star Tech by Hygeia Hospital Management under the Exclusive Operation Services Agreement, and (iii) our Group's right to control the management and operation of, as well as, in substance, all of the voting rights of the VIE Hospitals (other than the 18.44% equity interest in Shanxian Hygeia Hospital held by the Shanxian ESOP Platforms upon the [REDACTED]) and Hygeia Hospital Management.

(d) Renewal and reproduction

On the basis that the Contractual Arrangements provide an acceptable framework for the relationship between our Company and our subsidiaries in which our Company has direct shareholding, on one hand, Hygeia Hospital Management, on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the existing Contractual

CONNECTED TRANSACTIONS

Arrangements. The directors, chief executives or substantial shareholders of any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group may establish will, upon renewal and/or reproduction of the Contractual Arrangements, however, be treated as connected persons of our Company and transactions between these connected persons and our Company other than those under similar contractual arrangements shall comply with Chapter 14A of the Listing Rules. This condition is subject to relevant PRC laws, regulations and approvals.

(e) Ongoing reporting and approvals

We will disclose details relating to the Contractual Arrangements on an on-going basis as follows:

- The Contractual Arrangements in place during each financial period will be disclosed in our Company’s annual report and accounts in accordance with the relevant provisions of the Listing Rules.
- Our independent non-executive Directors will review the Contractual Arrangements annually and confirm in our Company’s annual report and accounts for the relevant year that (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangements, (ii) no dividends or other distributions have been made by Hygeia Hospital Management to the holder of its equity interest which are not otherwise subsequently assigned or transferred to our Group, (iii) no dividends or other distributions have been made by the VIE Hospitals to Hygeia Hospital Management which are not otherwise subsequently assigned or transferred to our Group, and (iv) any new contracts entered into, renewed or reproduced between our Group and Hygeia Hospital Management during the relevant financial period under paragraph (d) above are fair and reasonable, or advantageous to our Shareholders, so far as our Group is concerned and in the interests of our Company and our Shareholders as a whole.
- Our Company’s reporting accountants will carry out review procedures annually on the transactions carried out pursuant to the Contractual Arrangements and will provide a letter to our Directors with a copy to the Stock Exchange confirming that the transactions have received the approval of our Directors, have been entered into in accordance with the relevant Contractual Arrangements, and that (i) no dividends or other distributions have been made by Hygeia Hospital Management to the holder of its equity interest which are not otherwise subsequently assigned to our Group; and (ii) no dividends or other distributions have been made by the VIE Hospitals to Hygeia Hospital Management which are not otherwise subsequently assigned or transferred to our Group.

CONNECTED TRANSACTIONS

- For the purpose of Chapter 14A of the Listing Rules, and in particular the definition of “connected person”, Hygeia Hospital Management is our subsidiary, and at the same time, the directors, chief executives or substantial shareholder of Hygeia Hospital Management and its associates will be treated as connected persons of our Company (excluding for this purpose, Hygeia Hospital Management), and transactions between these connected persons and our Group (including for this purpose, Hygeia Hospital Management), other than those under the Contractual Arrangements, will be subject to requirements under Chapter 14A of the Listing Rules.
- Hygeia Hospital Management will undertake that, for so long as the Shares are [REDACTED] on the Stock Exchange, Hygeia Hospital Management will provide the Group’s management and the Company’s reporting accountants’ full access to its relevant records for the purpose of their review of the continuing connected transactions.

In addition, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements of (i) the announcement, circular and independent shareholders’ approval in respect of the transactions contemplated under any New Intergroup Agreements (as defined above) pursuant to Rule 14A.105 of the Listing Rules, (ii) setting an annual cap for the transactions contemplated under any New Intergroup Agreements under Rule 14A.53 of the Listing Rules, and (iii) limiting the term of any New Intergroup Agreements to three years or less under Rule 14A.52 of the Listing Rules, for so long as our Shares are [REDACTED] on the Stock Exchange. The waiver is subject to the conditions that the Contractual Arrangements subsist and Hygeia Hospital Management will continue to be treated as our subsidiary, but at the same time, the directors, chief executives or substantial shareholders of Hygeia Hospital Management and their respective associates will be treated as connected persons of our Company (excluding for this purpose, Hygeia Hospital Management), and transactions between these connected persons and our Group (including for this purpose, Hygeia Hospital Management), other than those under the Contractual Arrangements and the New Intergroup Agreements, will be subject to requirements under Chapter 14A of the Listing Rules.

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the continuing connected transactions referred to in this section, we will take immediate steps to ensure compliance with such new requirements within a reasonable time.

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including the independent non-executive Directors) are of the view that (i) the non-exempt continuing connected transactions, and for which waivers have been sought, have been entered into and will continue to be carried out in the ordinary and usual course of

CONNECTED TRANSACTIONS

business of our Group and on normal commercial terms or better that are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and (ii) the duration of the Hospital Management and Cooperation Agreements is in line with normal business practice.

CONFIRMATION FROM THE JOINT SPONSORS

The Joint Sponsors have (i) reviewed the relevant documents and information provided by the Company in relation to the above non-exempt continuing connected transactions, (ii) obtained necessary representations and confirmations from the Company and the Directors, and (iii) participated in the due diligence and discussions with the management of our Group, our independent industry consultant, and our PRC Legal Advisors. Based on the above, the Joint Sponsors are of the view that the non-exempt continuing connected transactions have been and will be entered into in the ordinary and usual course of our Company's business, on normal commercial terms, are fair and reasonable and in the interest of our Company and our Shareholders as a whole, and the Joint Sponsors concur with our Directors' view that the duration of the Hospital Management and Cooperation Agreements is in line with normal business practice.