
CONNECTED TRANSACTIONS

We have entered into a number of agreements with parties that will be our connected persons upon the [REDACTED], and the transactions contemplated under such agreements will constitute our continuing connected transactions under Chapter 14A of the Listing Rules upon the [REDACTED].

CONNECTED PERSONS

The table below sets forth our connected persons involved in the connected transactions set out in this section and the nature of their connection with our Group:

Connected Persons	Connected Relationship
Mr. Wu	Mr. Wu is an executive Director, the chief executive officer, the spouse of Ms. Wang and a Controlling Shareholder, and therefore a connected person of our Company under Rule 14A.07 of the Listing Rules.
Ms. Wang	Ms. Wang is an executive Director, the chief operating officer, the spouse of Mr. Wu and a Controlling Shareholder, and therefore a connected person of our Company under Rule 14A.07 of the Listing Rules.
Sinohealth Information	Sinohealth Information is directly held as to 89.95% by Mr. Wu and 10.05% by Ms. Wang, and is therefore an associate of Mr. Wu and Ms. Wang and a connected person of our Company under Rule 14A.07 of the Listing Rules.

NON-EXEMPT CONNECTED TRANSACTION

Contractual Arrangements

Background

As disclosed in "Contractual Arrangements," the business operations of the Consolidated Affiliated Entities constitute businesses restricted or prohibited to foreign investment in the PRC, therefore, we cannot directly acquire equity interests in the Consolidated Affiliated Entities. As a result, we have entered into a series of agreements narrowly tailored to provide us with control over the Consolidated Affiliated Entities and grant us the right to acquire interests of the Consolidated Affiliated Entities when and to the extent permitted by PRC laws and regulations. Under the Contractual Arrangements, we supervise and control the business operations and obtain all economic benefits developed by the Consolidated Affiliated Entities. The Contractual Arrangements consist of four sets of agreements, namely the Business Cooperation Agreement, the Exclusive Option Agreement, the Equity Pledge Agreement and the Voting Rights Proxy Agreement, and were entered into among WFOE, Sinohealth Information and the Registered Shareholders (namely Mr. Wu and Ms. Wang). For further details, see "Contractual Arrangements" in this document.

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Listing Rules implications

The transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of our Company under the Listing Rules upon the [REDACTED] and will be subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Directors' View

Our Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Contractual Arrangements are fundamental to the organizational structure and business operations of our Group. 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 or better and are fair and reasonable, and is in the interests of our Company and its Shareholders as a whole. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements and any new transactions, contracts and agreements or renewal of existing transactions, contracts and agreements to be entered into, among others, by any of the Consolidated Affiliated Entities and any member of our Group that is owned by us through equity interest ("**New Intragroup Agreements**" and each of them, a "**New Intragroup Agreement**") technically constitute continuing connected transactions for the purposes of Chapter 14A of the Listing Rules, our Directors consider that given that we are placed in a special situation in relation to relying on the Contractual Arrangements to operate a portion of our business, strict compliance with the requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions would be impracticable and unduly burdensome and would impose unnecessary administrative costs upon our Company.

Application for Waiver

In respect of the transactions contemplated under the Contractual Arrangements and any New Intragroup Agreements, we have applied to the Stock Exchange for, and the Stock Exchange [has] granted, a waiver from strict compliance with (i) announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.105 of the Listing Rules; (ii) the requirement of setting maximum aggregate annual value (i.e. an annual cap) under Rule 14A.53 of the Listing Rules; and (iii) the requirement of limiting the term to three years or less under Rule 14A.52 of the Listing Rules, for so long as our Shares are [REDACTED] on the [REDACTED], subject to the following conditions:

- (a) *No change without independent non-executive Directors' approval.* Except as described below, no change to the Contractual Arrangements will be made without the approval of the independent non-executive Directors.
- (b) *No change without independent Shareholders' approval.* Save as described in paragraph (d) below, no changes to the agreements governing the Contractual Arrangements will be made without the approval of the independent Shareholders. Once the 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.

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- (c) *Economic benefits and flexibility.* The Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by the Consolidated Affiliated Entities through: (i) WFOE's option (if and when so allowed under the applicable PRC laws) to acquire, all or part of the entire equity interests in Sinohealth Information for nil consideration or minimum amount of consideration permitted by applicable PRC laws and regulations; (ii) the business structure under which the profit generated by Sinohealth Information is substantially retained by our Group, such that no annual cap shall be set on the amount of service fees payable to WFOE under the Business Cooperation Agreement; and (iii) WFOE's right to control the management and operation of, as well as, in substance, all of the voting rights of Sinohealth Information.
- (d) *Renewal and reproduction.* On the basis that the Contractual Arrangements provide a framework for the relationship between our Company and our subsidiaries in which our Company has direct shareholding, on the one hand, and the Consolidated Affiliated Entities, 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 Arrangements. Such renewal or reproduction would be on the condition that the new framework would have substantially the same terms and conditions as the existing Contractual 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, 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 renewal/reproduction 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 ongoing basis as follows:
- (i) The Contractual Arrangements in place during each financial period will be disclosed in the annual reports and accounts of our Company in accordance with the relevant provisions of the Listing Rules.
 - (ii) The independent non-executive Directors will review the Contractual Arrangements annually and confirm in the annual reports of our Company 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 Sinohealth Information to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group; and (iii) any new

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contracts entered into, renewed or reproduced between our Group and Sinohealth Information during the relevant financial period under paragraph (d) above are fair and reasonable, or advantageous, so far as our Group is concerned and in the best interests of our Company and Shareholders as a whole.

- (iii) Our Company's auditor 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 and have been entered into in accordance with the relevant Contractual Arrangements and that no dividends or other distributions have been made by Sinohealth Information to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group.
- (iv) For the purposes of Chapter 14A of the Listing Rules, and in particular the definition of "connected person", the Consolidated Affiliated Entities will be treated as our Company's subsidiaries, but at the same time, the directors, chief executives or substantial shareholders (as defined in the Listing Rules) of the Consolidated Affiliated Entities and their respective associates will be treated as connected persons of our Company (excluding for this purpose, the Consolidated Affiliated Entities themselves), and transactions between these connected persons and our Group (including for this purpose, the Consolidated Affiliated Entities), other than those under the Contractual Arrangements, will be subject to requirements under Chapter 14A of the Listing Rules.
- (v) The Consolidated Affiliated Entities will, for so long as the Shares are [REDACTED] on the [REDACTED], provide our Group's management and our Company's auditor with full access to its relevant records for the purpose of reporting on the connected transactions.

Directors' Confirmation

Our Directors, including our independent non-executive Directors, are of the view that the transactions contemplated under the Contractual Arrangements have been and will be entered into in the ordinary and usual course of business of our Group, are on normal commercial terms or better, and are fair and reasonable as far as our Group is concerned and in the interests of our Company and our Shareholders as whole.

Sole Sponsor's Confirmation

The Sole Sponsor has reviewed the relevant documents and information provided by our Group, has obtained necessary representations and confirmations from our Company and our Directors and has participated in the due diligence and discussions with our management and our PRC Legal Advisers. Based on the above, the Sole Sponsor is of the view that the transactions contemplated under the Contractual Arrangements have been and will be entered into in the ordinary and usual course of business of our Group, are on normal commercial terms or better, and are fair and reasonable as far as our Group is concerned and in the interests of our Company and our Shareholders as a whole.