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AU STAR

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Austar Lifesciences Limited

奧星生命科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6118)

**INSIDE INFORMATION –
UPDATE ON PROFIT WARNING AND
FILING FOR INSOLVENCY BY NON-WHOLLY OWNED
SUBSIDIARIES**

This announcement is made by Austar Lifesciences Limited (“**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

UPDATE ON PROFIT WARNING

Reference is made to the announcement of the Company dated 30 June 2023 in relation to the financial performance of the Group for the six months ended 30 June 2023 (“**Announcement**”). Unless otherwise defined, terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Board wishes to update the shareholders of the Company and potential investors that based on a preliminary assessment of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2023 and the information currently available to the Board, the Group is expected to record a loss attributable to the owners of the Company of approximately RMB40 million for the six months ended 30 June 2023, as compared with a profit attributable to the owners of the Company of approximately RMB45.8 million for the six months ended 30 June 2022.

In addition to those principal factors disclosed in the Announcement, the turnaround from profit to loss is also mainly attributable to the additional inventory costs and impairment identified during the preparation of the interim financial statements for the six months ended 30 June 2023

and to be recognised for the same period.

The information contained in this announcement is only based on the preliminary assessment by the management of the Company by information currently available to the Group including the unaudited consolidated management accounts of the Group for the six months ended 30 June 2023 and is not based on any figure or information which has been audited or reviewed by the Company's auditors and may be subject to adjustments and changes. Details of the Group's financial information and performance will be disclosed when the Group's interim results for the six months ended 30 June 2023 are announced in late August 2023.

FILING FOR INSOLVENCY BY NON-WHOLLY OWNED SUBSIDIARIES OF THE COMPANY

The Board further announces that after due and careful consideration, each of H+E Pharma GmbH ("**H+E Pharma**") and S-Tec GmbH ("**S-Tec**"), each an indirect non-wholly-owned subsidiary of the Company, filed for insolvency under self-administration (debtor-in-possession) proceedings in Germany on 3 August 2023 (German time) ("**Insolvency Filings**"). The Insolvency Filings are subject to the insolvency proceedings supervised by the locally competent German Insolvency Court.

Information of H+E Pharma and S-Tec

H+E Pharma is a company incorporated in Germany with limited liability and a 51%-owned subsidiary of the Company which is principally engaged in provision of integrated engineering solutions, pharmaceutical equipment and manufacturing in Germany. S-Tec is a wholly-owned subsidiary of H+E Pharma and provides assembly and pre-assembly service in Germany. H+E Pharma has been loss-making for the past few years.

As the value of H+E Pharma's total consolidated assets, profits or revenue represents less than 5% under any of the percentage ratios defined under rule 14.04(9) of the Listing Rules, neither H+E Pharma nor S-Tec is considered as a major subsidiary of the Company for the purpose of Rule 13.25(2) of the Listing Rules.

Reason for, and financial effect of, the Insolvency Filings on the Group

The Insolvency Filings were made due to the chronic operating losses and lack of working capital faced by H+E Pharma and S-Tec.

Upon the commencement of the aforesaid insolvency proceedings, the financial results and position of H+E Pharma and S-Tec will be deconsolidated from those of the Group.

Except for the potential losses incidental to the deconsolidation of H+E Pharma and S-Tec which are still under assessment and will be recognised in the second half of the year ending 31 December 2023, the Board does not expect the Insolvency Filings will lead to any material adverse impact on the overall operation of the Group.

The Board believes that it is in the best interests of the Company and its shareholders as a whole to proceed with the Insolvency Filings as it could help reduce the Group's operational risks under the current volatile market conditions, and enable the Group to allocate more resources and management efforts on its other businesses to support its sustainable growth.

Further announcement(s) will be made by the Company as and when appropriate if there is any material progress regarding the Insolvency Filings.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

On behalf of the Board
Austar Lifesciences Limited
Ho Kwok Keung, Mars
Chairman and Chief Executive Officer

Hong Kong, 3 August 2023

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Ho Kwok Keung, Mars, Mr. Ho Kin Hung, Mr. Chen Yuewu and Madam Zhou Ning; one non-executive Director, namely Madam Ji Lingling; and three independent non-executive Directors, namely Mr. Cheung Lap Kei, Madam Chiu Hoi Shan and Mr. Leung Oi Kin.