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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)

ANNOUNCEMENT

PROFIT WARNING

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

The board of directors (the “**Board**”) of the Company hereby informs the shareholders and potential investors of the Company that, based on the currently available unaudited management accounts of the Group and the preliminary assessment by the Company’s management, the Company is expected to record a loss for the six months ended 30 June 2020 (the “**Interim Period 2020**”) as compared to an unaudited consolidated net profit of the Company for the six months ended 30 June 2019.

The expected net loss of the Interim Period 2020 is primarily attributed to the following:

1. A significant impairment loss on goodwill and intangible assets in various subsidiaries of the Company, which was due to the outbreak of COVID-19 leading to the lower recoverable amounts in relation to the estimated future business performance and hence the value of the discounted cash flow of those subsidiaries.
2. The temporary significant decrease in revenue of our medical business, which was due to the drop in demand for medical check up in hospitals and decline in mobility of people across China due to the outbreak of COVID-19.

The above-mentioned impairment loss on goodwill and intangible assets were non-cash items, and thus will not have any material impacts on the Group’s cash flows and business operations. The financial position of the Group remains healthy.

Nevertheless, the Group has adopted a prudent approach on our business and operation strategy with certain cost control measures implemented during the Interim Period 2020. The Board considers that the overall financial positions of the Group, including cash flow, remained healthy with sufficient funds. The Group will keep on monitoring the impact on COVID-19 pandemic and adapt our business strategies to mitigate the negative impacts to the Group for our sustainable and healthy operation.

The Group is still in the process of finalizing its unaudited consolidated results for the Interim Period 2020. The information contained in this announcement is only a preliminary assessment by the Board based on the unaudited management accounts for the Interim Period 2020 and the information currently available to the Board, which may be subject to further adjustments after further internal review by the Board. Details of the unaudited financial performance of the Group will be contained in the interim results announcement of the Group for the Interim Period 2020, which is expected to be published in August 2020.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Shanghai, 13 August 2020

As at the date of this announcement, the executive Directors are Mr. Hartono James, Ms. Wang Ying, 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.