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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)**

### **UPDATE ON PROFIT GUARANTEE IN RELATION TO ACQUISITION OF 70% EQUITY INTEREST IN SHENZHEN DE RUN LI JIA COMPANY LTD**

Reference is made to (i) the announcement of Yestar Healthcare Holdings Company Limited (the “**Company**”) dated 27 October 2016 in relation to, among others, the acquisition of 70% equity interest in Shenzhen De Run Li Jia Company Ltd (“**Derunlijia**”); (ii) the annual report of the Company for the years ended 31 December 2019 and 2020; and (iii) the announcements of the Company (collectively, the “**Announcements**”) dated 27 March 2020, 24 April 2020, 26 August 2020 and 7 April 2021, respectively in relation to, among others, the non-fulfilment of the annual guarantee profit of Derunlijia for the year ended 31 December 2019 and the related Compensation Amount. Unless otherwise stated herein, capitalized terms used herein shall have the same meanings as those defined in the Announcements.

As disclosed in the Announcements, as the actual net profit achieved by Derunlijia for the year ended 31 December 2019 was less than the annual guarantee profit, the Vendors of Derunlijia are obliged to compensate and settle the Compensation Amount of approximately RMB9.76 million to the purchaser pursuant to the share transfer agreement.

The Compensation Amount had previously been mutually agreed to be settled in full by deduction of accumulated dividend payable or to be paid to the Vendors once the business operation in Derunlijia resumes to normal with healthy cash flow maintained.

However, as at the date of this announcement, the Vendors disagreed the above compensation option without providing alternatives for the settlement of Compensation Amount despite our repeated reminders through internal communication and meeting with the Vendors of Derunlijia. As such, the Group has not received any Compensation Amount from the Vendors till now.

The Group have already had an internal discussion and sought legal advice as to legal actions that can be taken towards the Vendors for the Compensation Amount, and an arbitration procedures will be commenced in mid of September 2021 in Shenzhen Court of International Arbitration.

The Company will keep the shareholders and potential investors of the Company informed of any further significant development in relation to the progress of the payment of the Compensation Amount by the Vendors of Derunlijia as and when appropriate.

The Directors of the Company also confirmed that there is no change to the terms of guarantee as stated in the share transfer agreement of Derunlijia since its execution up to the date of this announcement.

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

30 August 2021

*As at the date of this announcement, the executive Directors are Mr. Hartono James, Ms. Wang Ying, Ms. Wang Hong, Ms. Liao Changxiang and Mr. Li Bin; the independent non-executive Directors are Dr. Hu Yiming, Mr. Zeng Jinsong and Mr. Sutikno Liky.*