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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 to 2021; and (iii) the announcements of the Company (collectively, the “**Announcements**”) dated 27 March 2020, 24 April 2020, 26 August 2020, 7 April 2021, 30 August 2021 and 30 March 2022, 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. However, no payment was made since then and the Group has commenced an arbitration procedure in the Court of International Arbitration in September 2021.

Up to the date of this announcement, there were 2 arbitration hearings among parties held and further statements of fact as well as supporting documents for reasoning have been submitted to Court of International Arbitration for consideration. Due to the lockdown in Shanghai for nearly three months including April 2022 and May 2022 as well as the subsequent lingering pandemic that continued to affect the full-scale resumption of business operation and production in Shanghai, the arbitration award has been postponed and there was no conclusion made by the Court of International Arbitration. The arbitration award is estimated to be entered in October 2022.

The Company will keep the shareholders and potential investors of the Company informed of any further significant development in relation to the progress and amount, if any, 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 and Non-executive Director

24 August 2022

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