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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 reports 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, 30 March 2022 and 24 August 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. 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 since September 2021.

On 28 November 2022, the arbitration results was concluded and the original written arbitration award was received by the Company on 29 November 2022 concluding that the Vendors were jointly and severally liable to the Group for (i) the payment of the Compensation Amount of RMB9,752,000 for the failure to meet the guarantee profit; (ii) the payment of the overdue interest accrued from 26 April 2020 up to the date of actual full repayment, based on RMB9,752,000 and the loan prime rate announced by the National Interbank Funding Center; (iii) the payment of the legal fee, the preservation fee and the preservation guarantee fee for the arbitration case of RMB180,000, RMB5,000 and RMB9,932 respectively; (iv) the payment of the arbitration fee of RMB126,179 that the Group has paid in advance to be borne by the Vendors; and (v) the dismissal of all the arbitration counterclaims of the Vendors.

The aforesaid arbitration results were final and conclusive. The Vendors should fulfill the payment obligation within 15 days from the effective date of arbitration results. The Company will keep the shareholders and potential investors of the Company informed of any further significant development 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
Liao Changxiang
CEO and Executive Director

30 November 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.