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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**

References are made to (i) the announcement of 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, 30 March 2022, 24 August 2022, 30 November 2022 and 13 February 2023, 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. Although the parties to the agreement previously agreed mutually that the Compensation Amount shall be settled by offsetting the same against the accumulated dividend payable or to be paid by the Vendors, the Vendors failed to honour their obligation. The Group has commenced an arbitration procedure in the Court of International Arbitration in 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 and 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.

However, the Group has not received any Compensation Amount and other payments from the Vendors as stated in the arbitration results. The Company has applied for an execution order from the court for repayment in December 2022 in connection with the non-payment, and the court has filed a case for execution. Nevertheless, the Vendors has applied to the Shanghai Second Intermediate People's Court for the revocation of arbitration results concluded on 28 November 2022, and the Company was requested to attend the court hearing in February 2023. At the same time, the Court of International Arbitration has submitted a statement of facts to the Shanghai Second Intermediate People's Court. On 22 February 2023, the Shanghai Second Intermediate People's Court has arrived at a verdict and ruled against the Vendors' application for the revocation of the arbitration.

As at the date hereof, the Company has received an execution order, Shenzhen Futian People's Court (2023) Yue 0304 Zhi No. 2747 (深圳市福田區人民法院(2023)粵0304執2747號), in relation to a sum of RMB999,926.22.

The Company will keep its shareholders and potential investors informed of any further significant development in relation to any further payment of the Compensation Amount by the Vendors of Derunlijia or the auction of the Vendors' assets to compensate the Company 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 hereof.

By Order of the Board  
**Yestar Healthcare Holdings Company Limited**  
**Liao Changxiang**  
*CEO and executive Director*

31 March 2023

*As at the date of this announcement, the executive Directors are Ms. Liao Changxiang, Ms. Wang Hong 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.*