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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)

PROFIT GUARANTEE IN RELATION TO ACQUISITION OF 70% EQUITY INTEREST IN GUANGZHOU SHENGSHIYUAN TRADING COMPANY LIMITED

Reference is made to the announcement of Yestar Healthcare Holdings Company Limited (the “Company”) dated 11 November 2016 (the “Announcement”) in respect of, amongst other things, the acquisition of 70% equity interests in Guangzhou Shengshiyuan Trading Company Limited (“Shengshiyuan”). Unless otherwise stated herein, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

Pursuant to the Share Transfer Agreement between the Company and the Vendors of Shengshiyuan, the parties to the Share Transfer Agreement mutually agreed that should the 2017 Net Profit, 2018 Net Profit and 2019 Net Profit be able to reach the respective Annual Guarantee Profits, the Purchaser is obligated to acquire the remaining 30% equity interest of the Target Company (the “Remaining Interests”) at a consideration calculated according to a 10 times price to 2019 Net Profit (up to a maximum consideration of RMB120,000,000) and the acquisition of the Remaining Interests shall also be conducted as soon as practicable after the confirmation of the 2019 Net Profit by independent auditors accredited by the parties and a separate agreement will be entered into for such acquisition.

The Annual Guarantee Profits have been fulfilled. However, up to the date of this announcement, the parties to the Share Transfer Agreement have yet to reach a mutual agreement for such acquisition.

One of the Vendors of the Shengshiyuan holding 6% of Shengshiyuan requested the Company to acquire his related equity interest in the 30% equity interest of Shengshiyuan at a consideration of RMB22,542,000, calculated according to a 10 times price to 2019 Net Profit (being RMB37,570,000), and demanded for liquidated damage from the Company for being not honor the Share Transfer Agreement to acquire the Remaining Interest for RMB9,089,936 (as accrued up to 10 May 2023).

The Group has recently received a notice from Shanghai International Economic and Trade Arbitration Commission (Shanghai International Arbitration Centre) (the “Arbitration Centre”) for the commencement of arbitration procedure against the Company. The Company has sought legal representative and will submit relevant statements of fact as well as defence documents to Arbitration Centre. The first hearing is expected to commence in August 2023 at the earliest.

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 arbitration by the vendor of Shengshiyuan as and when appropriate.

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

Hong Kong, 14 June 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 Mr. Zeng Jinsong, Mr. Zhao Ziwei and Koeswondo Michael David.