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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 year ended 31 December 2019; (iii) the announcements of the Company (the “**Announcements**”) dated 27 March 2020, 24 April 2020 and 26 August 2020, 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 after taxation 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.

Taking into account the continuous negative business and financial impact of Derunlijia caused by the COVID-19, the Group has yet to declare and deduct any accumulated dividend payable or to be paid to the Vendors for the settlement of Compensation Amount partially or fully. As at the date of this announcement, the Group has not received any Compensation Amount from the Vendors. The Group will arrange for the settlement of Compensation Amount 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.

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

Shanghai, 7 April 2021

As at the date of this announcement, the executive Directors are Mr. Hartono James, Ms. Wang Ying, Ms. Wang Hong and Ms. Liao Changxiang; the independent non-executive Directors are Dr. Hu Yiming, Mr. Karsono Tirtamarta (Kwee Yoe Chiang) and Mr. Sutikno Liky.