Yes!Star

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 THE ACQUISITIONS

Reference is made to the announcements of Yestar Healthcare Holdings Company Limited (the "**Company**") dated 13 October 2016, 27 October 2016, 11 November 2016 and 20 September 2017, respectively, in respect of, amongst other things, the acquisition of 70% equity interests in each of the four companies, all are principally engaged in distribution of medical devices including in-vitro diagnostic products.

Pursuant to the respective share transfer agreement for each of the four companies, there is a provision of profit guarantee (the audited consolidated net profit after taxation in accordance with the IFRS) undertaken by the respective vendors for each of the four companies for the year ended 31 December 2019.

The board of directors (the "**Directors**") of the Company announces that the 2019 actual net profit after taxation for each of the four companies (except Derunlijia) is more than that of their respective annual guarantee profit undertaken by the respective vendors for the year ended 31 December 2019. As the annual guarantee profit for each of the four companies (except Derunlijia) has been fulfilled, no compensation is required to be paid by the respective vendors for each of the respective four companies (except Derunlijia) pursuant to their respective share transfer agreements. Details of the performance of profit guarantee for each of the four companies are as follows:

		For the Year Ended 31 December 2019	
Date of Announcement	**Name of Company**	**Annual Profit Guarantee**	**Actual Net Profit After Taxation**
13 October 2016	Guangzhou Hongen Medical Diagnostic Technologies Company Limited	RMB81.12 million	RMB81.80 million
27 October 2016	Shenzhen De Run Li Jia Company Ltd. ("**Derunlijia**")	RMB92.00 million	RMB87.12 million
11 November 2016	Guangzhou Shengshiyuan Trading Company Limited	RMB37.20 million	RMB37.57 million
20 September 2017	Beijing Kaihongda Technology Company Limited	RMB21.60 million	RMB21.78 million

Profit Guarantee in relation to Derunlijia

Pursuant to the share transfer agreement in relation to Derunlijia, the vendors shall pay compensation to the purchaser calculated by the following formula in the event that actual net profit after taxation is less than the annual profit guarantee for the respective years ended:

(annual profit guarantee – actual net profit after taxation) x 2

The compensation shall be payable in cash by the vendors to the purchaser within 30 days after the issue of the audited report for the respective years ended.

As disclosed above, the 2019 actual net profit after taxation of Derunlijia was approximately RMB87.12 million, which falls short of the annual profit guarantee of RMB92.00 million undertaken by the vendors of Derunlijia for the year ended 31 December 2019 by approximately RMB4.88 million (the "**Profit Shortfall**"). Accordingly, the vendors of Derunlijia are obliged to compensate an amount of approximately RMB9.76 million (the "**Compensation Amount**") (being 2 times of the amount of Profit Shortfall) to the purchaser.

On 27 March 2020, the purchaser of Derunlijia has issued a debit note to request the vendors of Derunlijia to pay for the Compensation Amount pursuant to the terms of the share transfer agreement, which is pending for the settlement as at the date of this announcement as 30 days payment term has yet to be due.

As such, the Board considers that the obligation of the vendors of Derunlijia in relation to the annual profit guarantee for the year ended 31 December 2019 has yet to be fulfilled and the issuance of debit note for the Compensation Amount at this stage is fair and reasonable and in the interests of the shareholders of the Company as a whole.

Further announcement will be made by the Company as and when appropriate in respect of the payment of the Compensation Amount by the vendors of Derunlijia.

The Directors of the Company also confirmed that there is no change to the terms of guarantee as stated in all respective share transfer agreement for each of the four companies since its execution up to the date of this announcement.

By Order of the Board
Yestar Healthcare Holdings Company Limited
巨星醫療控股有限公司
Hartono James
Chairman, CEO and Executive Director

Shanghai, 27 March 2020

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