Interim Report 中期報告 2015

Yes!Star

YESTAR INTERNATIONAL HOLDINGS COMPANY LIMITED
巨星國際控股有限公司

(Incorporated in the Cayman Islands with limited liability 於開曼群島註冊成立的有限公司)

Stock Code 股份代號：2393

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Hartono James *(Chairman)*
Ms. Wang Ying
Mr. Chan To Keung
Ms. Wang Hong *(Chief Financial Officer)*
Ms. Zhang Qi
Ms. Heng Yinmei

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Hu Yiming
Mr. Tirtamarta Karsono (Kwee Yoe Chiang)
Mr. Sutikno Liky

AUDIT COMMITTEE

Dr. Hu Yiming *(Chairman)*
Mr. Tirtamarta Karsono (Kwee Yoe Chiang)
Mr. Sutikno Liky

NOMINATION COMMITTEE

Mr. Sutikno Liky *(Chairman)*
Mr. Tirtamarta Karsono (Kwee Yoe Chiang)
Dr. Hu Yiming

REMUNERATION COMMITTEE

Mr. Tirtamarta Karsono (Kwee Yoe Chiang) *(Chairman)*
Dr. Hu Yiming
Mr. Sutikno Liky

COMPANY SECRETARY

Mr. Ng Chit Sing

AUTHORIZED REPRESENTATIVES

Ms. Wang Hong
Mr. Ng Chit Sing

INDEPENDENT AUDITORS

Ernst & Young
Certified Public Accountants
22/F., Citic Tower
1 Tim Mei Avenue
Central
Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2102A, 21/F.
The Centrium
60 Wyndham Street
Central
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN SHANGHAI

Room 805, Block 2
No. 58 Shen Jian Dong Lu
Min Hang District
Shanghai
PRC

LEGAL ADVISERS

As to Hong Kong law
Loong & Yeung Solicitors
Suites 2001–2006, 20/F.
Jardine House
1 Connaught Place
Central
Hong Kong

As to PRC law
Jin Mao P.R.C. Lawyers
19/F, Sail Tower
266 Han Kou Road
Shanghai 200001
PRC

As to Cayman Islands law
Conyers Dill & Pearman (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL BANKERS

Bank of Communications Shanghai Tianyaoqiao Road Sub-branch
Bank of China Gaoxin Sub-branch
Guangxi Beibu Gulf Bank Gaoxin Sub-branch

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE

2393

COMPANY WEBSITE

http://www.yestarcorp.com

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of Yestar International Holdings Company Limited (the "Company") is pleased to announce the interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2015 prepared in accordance with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, together with the comparative figures for the corresponding period of 2014.

BUSINESS REVIEW

The Group is a high-margin medical consumables and equipment company in the PRC. Targeting the booming domestic healthcare industry, Yestar's core business focuses on high margin, fast-moving healthcare consumables namely, medical imaging products and In Vitro Diagnostic ("IVD") products. Since its inception, the Group has established an extensive sales network in the PRC backed by a solid and systematic management system, which has earned us the trust from global market leaders, namely Fujifilm, Roche Diagnostic ("Roche") and Becton Dickinson ("BD"). Currently, the Group manufactures medical film for Fujifilm and distributes Roche and BD branded IVD products in Jiangsu and Anhui provinces. The Group is also a sole processor and exclusive distributor of Fujifilm color photographic papers and industrial imaging products in the PRC. In addition, the Group also manufactures and sells dental films under the house brand "Yes!Star".

EXPANDING MEDICAL BUSINESS NETWORK TO SHANGHAI, THE MOST LUCRATIVE HEALTHCARE MARKET IN THE PRC THROUGH THE ACQUISITION

During the Period, the Group has moved one step closer of being a leading player in the PRC's healthcare industry by venturing into one of the largest and most lucrative market — Shanghai. On 9 April 2015, Yestar (Guangxi) Medical System Co. Ltd., a wholly-owned subsidiary of the Company, entered into a share transfer agreement with independent third parties (the "Vendors") to acquire 70% of the equity interests (the "Acquisition") in each of the 5 medical equipment and consumable companies, namely Shanghai Emphasis Investment Management Consulting Co., Ltd., Shanghai Jianchu Medical Instrument Co., Ltd., Shanghai Chaolian Trading Co., Ltd., Shanghai Haole Industrial Co., Ltd. and Shanghai Dingpei Industrial Co., Ltd. (the "Target Companies"). The total consideration of the Acquisition amounted to RMB910 million (equivalent to approximately HK$1,155.7 million). The Target Companies are principally engaged in the sales and distribution of medical IVD consumables, medical equipment and clinical laboratory analytical instruments in Shanghai, the PRC. Currently, the Target Companies establishes direct sales channels to 132 hospitals and clinics in Shanghai. Together with the network of the 102 secondary distributors, the Target Companies cover 382 hospitals and clinics in Shanghai.

Upon the completion of the Acquisition, the Target Companies will become an indirect non-wholly-owned subsidiaries of the Company and their financial results will be consolidated into the consolidated financial statements of the Group. Based on their strong earning track records and the promising prospect of Shanghai's medical consumable and equipment industry, the Vendors guarantee to the Group that the audited combined net profit of the Target Companies for the year ending 31 December 2015, 2016 and 2017 shall not be less than RMB156 million (equivalent to approximately HK$198 million), RMB187 million (equivalent to approximately HK$237 million), and RMB225 million (equivalent to approximately HK$286 million), respectively.

The Company expects that the Acquisition will complete in late of August 2015, subject to the fulfillment or waiver of all conditions precedent set out in the share transfer agreement, and the Company will disclose the audited combined net profit of the Target Companies and also the audited consolidated net profit of 江蘇歐諾科技發展有限公司 (Jiangsu Uno Technology Development Company Limited) ("Jiangsu Uno") in its annual results announcement for the year ending 31 December 2015.

ENHANCE SHAREHOLDER PROFILE AND INTRODUCE HEALTHCARE SPECIFIC INVESTORS THROUGH THE SUBSCRIPTION

On 17 July 2015, the Group has successfully completed the subscription of 307,700,000 shares (the "Subscription Shares") to a total of 18 subscribers (the "Subscribers") at subscription price of HK$3.00 per share. The Subscription Shares represents approximately 16.48% and 14.15% of the issued shares and the issued shares as enlarged by the allotment and issue of the Subscription Shares of the Company upon completion.

The allotment of the Subscription Shares to the Subscribers has not only broadened the shareholders base, but also introduced a numbers of healthcare specific investors as strategic shareholders, namely OrbiMed Global Healthcare Master Fund, L.P. and Vivo VII Galaxy Investment Limited. The joining of the above strategic shareholders is a strong recognition of the Group's development strategies as well as a proof of our position in the PRC's medical consumable and equipment market. Backing by their extensive network, rich resources and experiences in the medical field, the strategic shareholders will become a strong support for the Group pursue greater development in the PRC's health care industry.

ACHIEVING EXCELLENCE PERFORMANCE

During the Period, the Group has once again achieved outstanding financial performance with revenue increased by approximately 44.0% year-on-year to approximately RMB999.5 million (six months ended 30 June 2014: approximately RMB693.9 million). Jiangsu Uno, the newly acquired IVD business in November 2014, was the major revenue and profit growth driver in the Period. Gross profit for the Period increased substantially by approximately 64.5% from approximately RMB109.1 million for the six months ended 30 June 2014 to approximately RMB179.5 million for the Period. As IVD business has a higher gross profit margin at 28.2%, the substantial revenue contribution from this segment has therefore, elevated the overall gross profit margin by 3.6 percentage points to approximately 19.3% for the Period (six months ended 30 June 2014: approximately 15.7%). Profit attributable to the owner of the Group for the Period achieved approximately 49.1% growth year-on-year, reaching approximately RMB55.6 million (six months ended 30 June 2014: approximately RMB37.3 million). Profit margin increased by approximately 1.3 percentage points from approximately 5.4% for the six months ended 30 June 2014 to approximately 6.7% for the Period. The increment in profit margin was mainly attributable to the IVD business, which has a higher margin. Earnings per share was RMB3 cents for the Period (six months ended 30 June 2014: RMB2 cents).

MEDICAL CONSUMABLE BUSINESS — APPROXIMATELY 62.9% OF OVERALL REVENUE

The Group distributes IVD products in Jiangsu and Anhui provinces, manufactures medical films (use in X-Ray, Magnetic Resonance Imaging (MRI) and Computer Tomography (CT-scan) etc.) for Fujifilm in the PRC. The Group also manufactures, markets and sells dental film products under the house brand "Yes!Star".

The demand of both IVD and radiological examination (X-Ray, MRI and CT-scan etc.) in the PRC is supported by the growing health awareness and rising living standard, especially in economically well-developed regions, such as Eastern China. This is where the Group's sales network mainly covers. As of 30 June 2015, the Group's medical consumable sales network covered 206 and 64 hospitals and clinics in Jiangsu and Anhui provinces, respectively. The Group has also made significant progress in introducing 3 series of IVD diagnostic products, namely ProGRP (胃泌素釋放肽前體), Calcitonin (降鈣素) and Syphilis (梅毒) during the Period.

The medical business is the largest revenue contributor for the Group. During the Period, revenue of the medical consumable segment recorded substantial increment of approximately 86.6%, reaching approximately RMB629.1 million (six months ended 30 June 2014: approximately RMB337.1 million). The outstanding performance was mainly attributed to the contribution from the IVD distribution business, which accounted for approximately 38.6% of the segment revenue. Gross profit margin of the segment increased from approximately 12.2% in the same period last year to approximately 19.3% for the Period.

Revenue of medical consumable business

For the six months ended 30 June	2014 (RMB'000)	2015 (RMB'000)	Year-on-year change
Medical consumable business	337,137	629,055	+86.6%

Gross profit margin of medical consumable business

For the six months ended 30 June	2014	2015	Year-on-year change
Medical consumable business	12.2%	19.3%	+7.1%

COLOUR PHOTOGRAPHIC PAPER AND INDUSTRIAL IMAGING PRODUCT BUSINESSES — APPROXIMATELY 37.1% OF OVERALL REVENUE

Other businesses of the Group mainly consist of the manufacturing, marketing, distribution and sale of Fujifilm color photographic paper (professional and minilab) as well as the industrial imaging products (NDT x-ray films and PWB films) in the PRC. The Group also manufactures, markets and sells NDT x-ray film under the house brand "Yes!Star".

During the Period, this business segment continued to serve as a stable revenue and profit contributor. The strong cash flow this segment provides, in part prepares the Group well in seeking greater development in the medical and healthcare business. Revenue of the segment increased by approximately 3.8% year-on-year from approximately RMB356.7 million to RMB370.4 million. Color photographic paper and others contributed revenue of approximately RMB268.0 million, accounted for approximately 26.8% of the overall revenue, whereas industrial imaging products, recorded revenue at approximately RMB102.5 million, representing approximately 10.3% of the overall revenue. The gross profit margin of the segment decreased from approximately 19.0% in the same period last year to approximately 15.8% for the period. The decrease was mainly attributable to the decrease in selling price of the industrial imaging products.

Revenue breakdown of colour photographic paper and industrial imaging product

For the six months ended 30 June	2014 (RMB'000)	2015 (RMB'000)	Year-on-year change
Color photographic paper and others	257,128	267,954	+4.2%
Industrial imaging products	99,621	102,528	+2.9%
Overall	356,749	370,482	+3.8%

Gross profit margins of core products

For the six months ended 30 June	2014	2015	Year-on-year change
Color photographic paper and others	20.1%	15.7%	–4.4%
Industrial imaging products	16.2%	15.9%	–0.3%
Overall	19.0%	15.8%	–3.2%

PROSPECT

The IVD consumable market in the PRC grew rapidly during the past few years, mainly due to the rise in disposable income and strong policy support from the PRC government and private healthcare sector. The robust economic growth has led to the rise of the middle class, which people are more willing to spend on high-quality medical products and services. Meanwhile, both the PRC government and private sector have also gradually increased the healthcare expenditure to promote healthcare reform and development. According to the report published by KPMG, the estimated government healthcare expenditure in 2016 would reach approximately US$338.1 billion, while the private healthcare expenditure would exceed US$270.0 billion. All of these factors contributed to a favourable environment for IVD products to develop in the PRC. According to the Renub Research Analysis, the PRC's in vitro diagnostics market is expected to reach approximately US$6,335.5 million by 2018, doubling the size in 2013.

The outstanding results the Group achieved during the Period are strong testaments to the vision of our management team and the strong consolidation capability our merger & acquisition execution team. Further from the successful acquisition of sales networks in Jiangsu and Anhui provinces, the Group has extended our geographical reach to Shanghai, one of the largest and most lucrative medical and IVD market in the PRC through the Acquisition in 2015. Defined by superior financial resources and advanced medical technologies, hospitals and clinics in Shanghai are better-equipped and thus attract affluent populations from nearby cities for better medical diagnosis. As a result, the demand for IVD consumables and medical equipment is huge. Adding Shanghai on top of our current network in Jiangsu and Anhui, the Group has covered most, if not all major hospitals and clinics in Eastern China and has become one of the largest distributors of Roche branded IVD products in the PRC.

Two previous acquisitions of the Group proved to be very crucial and substantial in helping the Group's transformation into a medical consumable company. The Group will continue to enhance our position as a strong player in the medical industry through possible merger & acquisition opportunities and forming strategic partnerships with industry giants. With all the above strategies, the Group is striving to broaden our market share in the PRC medical equipment and consumable product industry in near future.

FINANCIAL REVIEW

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a strong and sound financial position during the Period. As at 30 June 2015, the Group had a cash and cash equivalents of approximately RMB132.7 million (31 December 2014: approximately RMB194.7 million). The decrease in cash and cash equivalents was mainly attributable to the final payment of consideration in relation to the acquisition of Jiangsu Uno during the Period.

The total interest-bearing bank loans and other borrowings of the Group as at 30 June 2015 was approximately RMB280.8 million (31 December 2014: approximately RMB106.2 million), and current ratio was approximately 1.35, based on current assets of approximately RMB786.0 million and current liabilities of approximately RMB582.4 million (31 December 2014: approximately 1.19).

The Group has a secured bank loan of approximately US$3.8 million and an unsecured bank loan of approximately HK$31.3 million, which are denominated in United States Dollars and Hongkong Dollars, respectively. Save as above, all borrowings and bank balances of the Group are principally denominated in Chinese Yuan which is also the presentation currency of the Group. The Board considers that there is no significant exposure to foreign exchange rate fluctuations.

GEARING RATIO

The gearing ratio of the Group as at 30 June 2015 was approximately 83.3% (31 December 2014: approximately 32.7%. The increase in gearing ratio was mainly attributable to the increase in interest-bearing bank loans and other borrowings, as the Group financed part of the consideration of its acquisition of 70% equity interests in Jiangsu Uno during the Period.

The gearing ratio is calculated as the interest-bearing bank loans and other borrowings dividend by the total equity as at 30 June 2015.

SELLING AND DISTRIBUTION COSTS

The Group's selling and distribution costs increased by about 23.6% from approximately RMB30.5 million for the six months ended 30 June 2014 to approximately RMB37.7 million for the Period, and accounted for approximately 4.4% and approximately 3.8%, respectively, of the Group's revenue for the respective reporting periods. The increase was mainly attributable to the expenses generated from Jiangsu Uno after the acquisition of Jiangsu Uno in November 2014.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses increased by about 58.8% from approximately RMB24.6 million for the six months ended 30 June 2014 to approximately RMB39.0 million for the Period, and accounted for approximately 3.5% and approximately 3.9%, respectively, of the Group's revenue for the respective reporting periods. This was mainly attributable to the amortization expenses of intangible assets arising from the acquisition of Jiangsu Uno and the expenses generated from Jiangsu Uno after the acquisition of Jiangsu Uno in November 2014.

FINANCE COSTS

Finance costs of the Group increased by about 117.9%, from approximately RMB2.8 million for the six months ended 30 June 2014 to approximately RMB6.1 million for the Period. This was mainly attributable to the increase in average interest-bearing loans during the Period.

For the Period, interest rates of the interest-bearing loans ranged from 2.93% to 7.8%, compared with 2.1% to 7.8% for the year ended 31 December 2014.

FOREIGN EXCHANGE EXPOSURE

Most of the revenue-generating operations and borrowings of the Group were transacted in Chinese Yuan which is the presentation currency of the Group. For the Period, the Group was exposed to the foreign currency risk arising from the purchasing in US Dollars. The management will monitor its foreign currency exposure closely and consider hedging significant currency exposure should the need arise.

CAPITAL STRUCTURE

On 17 July 2015, the date after the interim condensed consolidated financial statements of the Company, the Group has completed the subscription of 307,700,000 shares and allotted the Subscription Shares to the Subscribers at subscription price of HK$3.00 per share. Save as disclosed above, there has been no change in capital structure of the Company. The capital of the Company comprises ordinary shares and capital reserves. The Group finances its working capital requirements through a combination of funds generated from operations and borrowings.

CAPITAL COMMITMENTS

Capital commitments contracted but not provided for in the financial statement of the Group as at 30 June 2015 amounted to approximately RMB914.5 million (31 December 2014: approximately RMB1.7 million). The increase was mainly due to the Acquisition of the Target Companies with total consideration of RMB910.0 million which has yet to complete, and subject to the fulfillment or waiver of all conditions precedent set out in the share transfer agreement.

INFORMATION ON EMPLOYEES

As at 30 June 2015, the Group had a total of 809 employees (31 December 2014: 711 employees), including employees from Jiangsu Uno. Total staff costs (including Directors' emoluments) were approximately RMB42.9 million for the Period (2014: approximately RMB35.6 million). Remuneration is determined with reference to market norms and individual employees' performance, qualification and experience.

On top of basic salaries, bonuses may be paid by reference to the Group's performance as well as individual's performance. Other staff benefits include provision of welfare schemes covering pension insurance, unemployment insurance, maternity insurance, injury insurance and medical insurance, central pension scheme as well as share options.

SIGNIFICANT INVESTMENTS HELD

Save as disclosed above and except for investment in subsidiaries and the Acquisition during the Period, the Group did not hold any significant investment in equity interest in any other company.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not have any other plans for material investments and capital assets as at 30 June 2015.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Save as disclosed above in relation to the Acquisition, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies during the Period.

CHARGES OF ASSETS

As at 30 June 2015, none of the Group's property, plant and equipment was pledged (31 December 2014: Nil). In addition, bank loans of approximately RMB112.5 million (31 December 2014: approximately RMB24.5 million) were secured by the pledge of 70% of equity interest in Jiangsu Uno, an indirect non wholly-owned subsidiary of the Company. Overdraft facilities amounting to US$11.2 million (31 December 2014: RMB40.0 million), of which approximately US$3.8 million (31 December 2014: approximately US$4.0 million) had been utilised as at the end of the reporting period, were secured by the pledge of certain of the Group's cash deposits amounting to RMB14.0 million (31 December 2014: Nil). Inventories amounting to approximately RMB72.1 million (31 December 2014: approximately RMB64.6 million) were pledged as a security for certain of the Group's trade and bills payables.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2015 (31 December 2014: Nil).

OTHER INFORMATION

USE OF PROCEEDS FROM GLOBAL OFFERING

The net proceeds of the global offering including net proceeds of the exercise of the over-allotment option received by the Company were approximately HK$130.0 million, after deduction of the underwriting fees and commission and expenses.

During the Period, the net proceeds of global offering had been applied as follows:

Use of proceeds from global offering	Establishment of integrated print centre (HK$' million)	Acquisition of a medical device company (HK$' million)	Expansion of processing capacity and construction of processing facilities (HK$' million)	R&D activities (HK$' million)	General Working capital (HK$' million)	Total net proceeds (HK$' million)
To be utilized by the Company as stated in the Prospectus	45.5	39.0	19.5	13.0	13.0	130.0
Utilized by the Company as at 30 June 2015	(2.9)	—	(3.1)	(3.3)	(13.0)	(22.3)
Unused proceeds as at 30 June 2015	42.6	39.0	16.4	9.7	—	107.7

CHANGE OF USE OF PROCEEDS FROM GLOBAL OFFERING

Reference is made to the prospectus of the Company dated 27 September 2013 ("Prospectus").

It was stated in the paragraph headed "Future plans and use of proceeds — Use of Proceeds" in the Prospectus that approximately 35% of the net proceeds of the global offering, approximately HK$45.5 million, was intended to be used to the purchase of equipment and start-up cost for establishment of integrated print centres and approximately 30% of the net proceeds of the global offering, approximately HK$39.0 million, was intended to be used to acquire the entire or majority interest in a medical device company possessing a national sales network, manufacturing capabilities and requisite licenses for engaging in the medical x-ray device business in the PRC (collectively, the "Remaining Proceeds").

The Company hereby announces that there will be a change of the use of the net proceeds as was previously set out in the Prospectus.

After the acquisition of Jiangsu Uno and Target Companies, the Company has transformed itself into a high-margin and high quality medical consumables player in the PRC and our business is not limited to the colour photographic paper business. The Directors considered that the utilisation of the Remaining Proceeds in the total amount of approximately HK$84.5 million according to the plan as set out in the Prospectus is not likely to be materialised in the near future. In order to utilise the Remaining Proceeds effectively to cope with the Group's strategy to further develop the medical consumable business and to diversify the Group's product range, the Board has decided to reallocate the use of the Remaining Proceeds for the acquisition of the entire or majority interest in a medical device company, which is principally engaged in the medical and health care equipment and medical consumables products in the PRC (the "Reallocation Plan").

The Directors consider that the Reallocation Plan in relation to the change of use of the Remaining Proceeds is more in line with the current and future business needs of the Company and is beneficial to the continued and rapid development of the Group's principal business, and the Directors (including the independent non-executive Directors) consider that the Reallocation Plan is fair and reasonable and in the interests of the Company and its shareholders as a whole.

Save as disclosed above, all other net proceeds from global offering are intended to be applied in accordance with the proposed application set out in the Prospectus. Any net proceeds that were not applied immediately have been placed on the short-term interest bearing deposits with authorized financial institutions in Hong Kong during the Period.

USE OF PROCEEDS FROM THE SUBSCRIPTION

On 17 July 2015, the Group has successfully completed the subscription of 307,700,000 shares at subscription price of HK$3.00 per share (the "Subscription") and the net proceeds generated from the Subscription amounted to approximately HK$904.4 million. The Company will utilize the net proceeds from the Subscription to finance the Acquisition of the Target Companies as stated in the Company's announcement dated 29 June 2015.

INTERIM DIVIDEND

The Directors did not recommend the payment of an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

SHARE OPTION SCHEME

Pursuant to the written resolutions passed by all the shareholders of the Company on 18 September 2013, the Company has conditionally adopted the Share Option Scheme.

The purpose of the Share Option Scheme is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Participants and for such other purposes as our Board may approve from time to time.

Participants under the Share Option Scheme include the following:

2.1 any director, chief executive or employee (whether full-time or part-time) of each member of our Group;

2.2 any discretionary objects of a discretionary trust established by any director, chief executive or employee (whether full time or part time) of each member of our Group;

2.3 a company beneficially owned by any director, chief executive or employee (whether full time or part time) of each member of our Group;

2.4 any consultant, professional and other adviser to each member of our Group (including their employees, partners, directors or executives or any persons, firms or companies proposed to be appointed for providing such services); and

2.5 any director, chief executive or employee (whether full-time or part-time) of Capital Group Pte. Ltd. and its subsidiaries from time to time.

Details of the principal terms of the Share Option Scheme are set out in paragraph headed "Share Option Scheme" in section headed "Statutory and General Information" in Appendix IV to the Prospectus. The principal terms of the Share Option Scheme are summarized as follows:

OTHER INFORMATION

The Share Option Scheme was adopted for a period of 10 years commencing from 18 September 2013 and will remain in force until 17 September 2023. The Company may by resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further Options will be offered but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme, and Options which are granted prior to such termination shall continue to be valid and exercisable in accordance with the provisions of the Share Option Scheme and their terms of issue.

The subscription price in respect of each Share issued pursuant to the exercise of options granted shall be a price solely determined by the Board and notified to a Participant and shall be at least the highest of:

(a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the offer date, which must be a Business Day;

(b) a price being the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date; and

(c) the nominal value of a Share.

Upon acceptance of the options, the grantee shall pay HK$1.00 to the Company as consideration for the grant. The acceptance of an offer of the grant of the option must be made within the date as specified in the offer letter issued by the Company. The exercise period of any option granted under the Share Option Scheme shall not be longer than ten years commencing on the date of grant and expiring on the last day of such ten-year period subject to the provisions for early termination as contained in the Share Option Scheme.

An offer shall be deemed to have been accepted by the Grantee and to have taken effect when the duplicate of the Offer Letter comprising acceptance of the offer duly signed by the grantee together with a remittance in favor of our Company of HK$1.00 by way of consideration for the granting thereof is received by our Company within the acceptance period as specified in the offer letter, and the option to which the offer relates shall be deemed to have been granted on the offer date.

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Company shall not in aggregate exceed 10% of the total number of Shares in issue immediately following completion of the Global Offering but without taking into account any Shares to be issued upon exercise of the over-allotment option, unless the Company obtains an approval from our shareholders in general meeting for refreshing the 10% limit.

The total number of Shares issued and to be issued upon exercise of the options granted to each Participant (including both exercised and outstanding Options) in any 12-month period shall not exceed 1% of the total number of Shares in issue.

Any further grant of options in excess of this 1% limit must be separately approved by the shareholders of the Company in general meeting with such Participant and his associates abstaining from voting.

As at 30 June 2015, no option has been granted by the Company to subscribe for shares of the Company.

Apart from the aforesaid Share Option Schemes, at no time during the six months ended 30 June 2015 was the Company or any associated corporation a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors, or their spouses or children under the age 18, had any right to subscribe for the shares in, or debentures of, the Company, or had exercise any such rights.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2015, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such director or chief executive is taken or deemed to have under such provision of the SFO) or which were required pursuant to Section 352 of the SFO, to be entered in the register of members of the Company, or which were required, pursuant to standard of dealings by Directors as referred to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

	Interests in ordinary shares						
Name of director	Personal interests	Family interests	Corporate interests	Total interests in ordinary shares	Total interests in underlying shares	Aggregate interests	Approximate percentage of shareholding in the Company
Hartono James	245,410,000	—	20,000,000 (Note 1)	265,410,0000	—	265,410,000	14.21% (Note 2)

Notes:

1. 20,000,000 shares were beneficially owned by Amrosia Investments Limited, a company wholly-owned by Mr. Hartono James.

2. The issued voting shares of the Company as at 30 June 2015 was 1,867,500,000, excluding the allotment of 307,700,000 Subscription Shares to the Subscribers which was completed on 17 July 2015.

Save as disclosed above, as at 30 June 2015, none of the Directors and chief executive of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Listing Rules relating to the required standard of dealings by the directors to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITION IN SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Directors, as at 30 June 2015, the following persons (not being a Director or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who is directly or indirectly interested in 5% or more of any class of issued voting shares carrying rights to vote in all circumstances at general meetings of any member of the Group:

Long positions in the shares of the Company

Name of shareholders	Capacity	Number of shares held	Approximate percentage of shareholding in the Company
Hartono Jeane	Beneficial owner	676,890,000	36.25% (Note 1)
Hartono Rico	Beneficial owner	265,410,000	14.21% (Note 1)
Hartono Chen Chen Irene	Beneficial owner	119,475,000	6.40% (Note 1)

Note:

1. The issued voting shares of the Company as at 30 June 2015 was 1,867,500,000, excluding the allotment of 307,700,000 Subscription Shares to the Subscribers which was completed on 17 July 2015.

Save as disclosed under the sections headed "Directors' and chief executives' interests or short positions in shares, underlying shares and debentures" and "Substantial shareholders' interest and/or short position in shares and underlying shares of the Company" which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholding" above, as at 30 June 2015, no other person was individually and/or collectively entitled to exercise or control the exercise of 5% or more of the voting power at general meeting of the Company and was able, as a practical matter, to direct or influence the management of the Company.

COMPETITION AND CONFLICT OF INTERESTS

Save and except for the interests in the Group, none of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group during the Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2015.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct for dealing in securities of the Company by the Directors.

Specific enquiries have been made with all Directors, all Directors confirmed in writing that they have complied with the required standard set out in the Model Code regarding their securities transactions for the Period.

CORPORATE GOVERNANCE PRACTICES

The Board believes that good corporate governance is one of the areas leading to the success of the Company and balancing the interests of shareholders, customers and employees, and the Board is devoted to ongoing enhancement of the efficiency and effectiveness of such principles and practices.

During the Period, the Board consider that the Company has complied with all the corporate governance codes (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), save for the following:

Under Code Provision A.2.1 of the CG Code, the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. The positions of Chairman of the Board and Chief Executive Officer ("CEO") of the Company are both currently carried on by Mr. Hartono James. The Board considers that the structure currently operated by the Company does not undermine the balance of power and authority between the Board and the management. The Board members have considerable experience and qualities which they bring to the Company and the Board believes that it is able to ensure that the balance of power between the Board and the management is not impaired. The Board believes that having the same person performing the roles of both Chairman and CEO does provide the Group with strong and consistent leadership and that, operating in this manner allows for more effective and efficient overall strategic planning of the Group.

AUDIT COMMITTEE

The audit committee of the Company was established in compliance with Rules 3.21 and 3.22 of the Listing Rules and with written terms of reference in compliance with the relevant CG Code. The written terms of reference of the audit committee are available on the websites of the Company and the Stock Exchange.

The responsibility of the audit committee is to assist the Board in fulfilling its audit duties through the review and supervision of the Company's financial reporting system and internal control procedures, and to provide advice and comments to the Board. The members meet regularly with the external auditor and/or the Company's senior management for the review, supervision and discussion of the Company's financial reporting and internal control procedures and ensure that the management has discharged its duty to have an effective internal control system.

The audit committee comprises three independent non-executive Directors, namely Dr. Hu Yiming (Chairman of the audit committee), Mr. Karsono Tirtamarta (Kwee Yoe Chiang) and Mr. Sutikno Liky.

The interim results of the Group for the Period are unaudited but have been reviewed by the audit committee of the Company, which is of the opinion that the interim financial information of the Group complies with the applicable accounting principles, practices adopted by the Group, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The Company's interim results announcement is published on the website of the Stock Exchange at http://www.hkexnews.hk and the Company's website at http://www.yestarcorp.com.

The interim report of the Company for the six months ended 30 June 2015 containing the information required by Appendix 16 of the Listing Rules will be dispatched to the shareholders in due course.

By Order of the Board
Yestar International Holdings Company Limited
Hartono James
Chairman, CEO and Executive Director

Hong Kong, 12 August 2015

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2015

		For the six months ended 30 June	
		2015	2014
		Unaudited	Unaudited
	Notes	RMB'000	RMB'000
Revenue	4	999,537	693,886
Cost of sales		(820,036)	(584,745)
Gross profit		179,501	109,141
Other income and gains	4	3,252	6,839
Selling and distribution costs		(37,672)	(30,459)
Administrative expenses		(38,993)	(24,554)
Other expenses		(4,719)	(4,654)
Finance costs	5	(6,137)	(2,826)
PROFIT BEFORE TAX	6	95,232	53,487
Income tax expense	7	(27,854)	(16,074)
PROFIT FOR THE PERIOD		67,378	37,413
Attributable to:			
Owners of the parent		55,617	37,325
Non-controlling interests		11,761	88
		67,378	37,413
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB cents)	9	3	2

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	For the six months ended 30 June	
	2015 Unaudited RMB'000	2014 Unaudited RMB'000
PROFIT FOR THE PERIOD	67,378	37,413
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	141	475
Net other comprehensive income to be reclassified to profit or loss in subsequent years	141	475
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	141	475
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	67,519	37,888
Attributable to:		
Owners of the parent	55,758	37,800
Non-controlling interests	11,761	88
	67,519	37,888

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2015

	Notes	30 June 2015 Unaudited RMB'000	31 December 2014 Audited RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	110,980	104,009
Prepaid land lease payments		15,116	15,279
Intangible assets		241,096	249,718
Goodwill		87,315	87,315
Deferred tax assets		8,195	7,477
		462,702	463,798
CURRENT ASSETS			
Inventories	11	328,443	327,201
Trade and bills receivables	12	288,991	105,197
Prepayments, deposits and other receivables		19,861	22,899
Pledged deposits		16,000	4,100
Cash and cash equivalents		132,690	194,724
		785,985	654,121
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	13	193,343	101,713
Trade and bills payables	14	311,202	282,778
Other payables and accruals	15	49,237	39,815
Tax payable		27,168	29,409
Dividend payables		1,456	—
Amounts due to non-controlling interests		—	98,000
		582,406	551,715
NET CURRENT ASSETS		203,579	102,406
TOTAL ASSETS LESS CURRENT LIABILITIES		666,281	566,204
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	13	87,500	4,500
Other long term payables	15	169,324	164,277
Deferred tax liabilities		72,207	72,370
		329,031	241,147
NET ASSETS		337,250	325,057

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2015

	Note	30 June 2015 Unaudited RMB'000	31 December 2014 Audited RMB'000
EQUITY			
Equity attributable to owners of the parent:			
Issued capital		37,044	37,044
Reserves		290,635	228,165
Proposed final dividend	8	—	50,450
		327,679	315,659
Non-controlling interests		9,571	9,398
TOTAL EQUITY		337,250	325,057

Director

Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Attributable to equity holders of the parent										
	Issued capital RMB'000	Share premium account* RMB'000	Contributed surplus* RMB'000	Put-option written on non-controlling interests reserve* RMB'000	Statutory reserve fund* RMB'000	Retained earnings* RMB'000	Proposed final dividend RMB'000	Exchange fluctuation reserve* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2015 (audited)	37,044	35,079	84,991	(85,593)	23,863	170,736	50,450	(911)	315,659	9,398	325,057
Profit for the period	—	—	—	—	—	55,617	—	—	55,617	11,761	67,378
Other comprehensive income for the period:											
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	141	141	—	141
Total comprehensive income for the period	—	—	—	—	—	55,617	—	141	55,758	11,761	67,519
Final 2014 dividends declared	—	265	—	—	—	—	(50,450)	—	(50,185)	—	(50,185)
Transfer from retained earnings	—	—	—	—	3,992	(3,992)	—	—	—	—	—
Put options in relation to non-controlling interests	—	—	—	6,447	—	—	—	—	6,447	(11,588)	(5,141)
At 30 June 2015 (unaudited)	37,044	35,344	84,991	(79,146)	27,855	222,361	—	(770)	327,679	9,571	337,250

* These reserve accounts comprise the consolidated reserves of RMB290,635,000 (31 December 2014: RMB228,165,000) in the interim condensed consolidated statement of financial position.

	Attributable to equity holders of the parent										
	Issued capital RMB'000	Share premium account* RMB'000	Contributed surplus* RMB'000	Put-option written on non-controlling interests reserve* RMB'000	Statutory reserve fund* RMB'000	Retained earnings* RMB'000	Proposed final dividend RMB'000	Exchange fluctuation reserve* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2014 (audited)	37,044	85,688	84,991	—	18,330	75,369	32,667	(1,117)	332,972	9,213	342,185
Profit for the period	—	—	—	—	—	37,325	—	—	37,325	88	37,413
Other comprehensive income for the period:											
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	475	475	—	475
Total comprehensive income for the period	—	—	—	—	—	37,325	—	475	37,800	88	37,888
Final 2013 dividends declared	—	(159)	—	—	—	—	(32,667)	—	(32,826)	—	(32,826)
Transfer from retained earnings	—	—	—	—	3,961	(3,961)	—	—	—	—	—
At 30 June 2014 (unaudited)	37,044	85,529	84,991	—	22,291	108,733	—	(642)	337,946	9,301	347,247

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	Notes	For the six months ended 30 June 2015 Unaudited RMB'000	2014 Unaudited RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		95,232	53,487
Adjustments for:			
Finance costs	5	6,137	2,826
Interest income		(1,438)	(2,613)
Reversal of impairment of inventories	6	(430)	—
Depreciation of items of properties plant and equipment	6	7,461	6,814
Amortisation of prepaid land lease payments	6	163	163
Amortisation of other intangible assets	6	8,622	320
(Gain)/loss on disposal of items of property, plant and equipment	6	(13)	221
		115,734	61,218
(Increase)/decrease in trade and bills receivables		(183,794)	24
Decrease in prepayments, deposits and other receivables		3,557	7,379
Decrease/(increase) in inventories		(812)	(2,103)
Increase/(decrease) in trade and bills payables		28,424	(28,464)
Increase/(decrease) in other payables and accruals		9,422	(19,465)
Decrease/(increase) in pledged deposits		(11,900)	2,276
		(39,369)	20,865
Income tax paid		(30,976)	(15,958)
NET CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES		(70,345)	4,907

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	For the six months ended 30 June	
	2015 Unaudited RMB'000	2014 Unaudited RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(14,561)	(3,906)
Purchases of intangible assets	—	(336)
Proceeds from disposal of items of property, plant and equipment	142	97
Interest received from term deposits	825	1,719
Acquisition of a subsidiary	(98,000)	—
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(111,594)	(2,426)
CASH FLOWS FROM FINANCING ACTIVITIES		
New interest-bearing loans	278,367	187,518
Repayment of bank loans	(103,737)	(226,133)
Dividend paid	(48,729)	(36,210)
Interest paid	(6,137)	(2,826)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	119,764	(77,651)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(62,175)	(75,170)
Cash and cash equivalents at beginning of period	194,724	283,027
Effect of foreign exchange rate changes, net	141	475
CASH AND CASH EQUIVALENTS AT END OF PERIOD	132,690	208,332

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	For the six months ended 30 June	
	2015 Unaudited RMB'000	2014 Unaudited RMB'000
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and non-pledged bank balances	112,690	119,832
Non-pledged time deposits	20,000	88,500
CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENT OF FINANCIAL POSITION	132,690	208,332

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

1. CORPORATE INFORMATION

Yestar International Holdings Company Limited (the "Company") was incorporated in the Cayman Islands on 1 February 2012 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. In the opinion of the Directors, the Company's ultimate controlling shareholders are Hartono Jeane, Hartono Rico, Hartono James and Hartono Chen Chen Irene.

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 11 October 2013 (the "Listing").

The Company is an investment holding company. During the six months ended 30 June 2015 (the "Period"), the Company's subsidiaries were involved in the following principal activities:

- manufacture and sale of color photographic paper, industrial NDT x-ray films and PWB films, and trading of imaging equipment; and
- manufacture and sale of medical dry films, medical wet films and dental films, and distribution of medical equipment and diagnostic reagents.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The unaudited interim condensed consolidated financial statements, which comprise the interim condensed consolidated statement of financial position of the Group as at 30 June 2015 and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the Period, have been prepared in accordance with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board (the "IASB").

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2014.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014, except for the adoption of new revised International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standards Board (the "IASB"), as of 1 January 2015. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments apply for the first time in 2015, they do not have a material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

The nature and the impact of each new standard or amendment are described below:

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. These amendments are effective for annual periods beginning on or after 1 July 2014. These amendments are not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 New standards, interpretations and amendments adopted by the Group (continued)

Annual Improvements 2010–2012 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial statements. They include:

IFRS 2 Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied

The above definitions are consistent with the Group's current accounting policy, and thus this amendment does not impact the Group's accounting policy.

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable). This is consistent with the Group's current accounting policy, and thus this amendment does not impact the Group's accounting policy.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 New standards, interpretations and amendments adopted by the Group (continued)

Annual Improvements 2010–2012 Cycle (continued)

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.

- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The Group has not applied the aggregation criteria in IFRS 8.12. The Group has presented the reconciliation of segment assets to total assets in previous periods and continues to disclose the same in Note 3 in these financial statements as the reconciliation is reported to the chief operating decision maker for her decision making.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The Group did not record any revaluation adjustments during the current interim period.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant to the Group as it does not receive any management services from other entities.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 New standards, interpretations and amendments adopted by the Group (continued)

Annual Improvements 2011–2013 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial statements. They include:

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself

The Company is not a joint arrangement, and thus this amendment is not relevant to the Group and its subsidiaries.

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). The Group does not apply the portfolio exception in IFRS 13.

IAS 40 Investment Property

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. In previous periods, the Group has relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. Thus, this amendment does not impact the accounting policy of the Group.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

(a) Imaging printing products: manufacture and sale of color photographic paper, industrial NDT x-ray films, and trading of imaging equipment; and

(b) Medical products and equipment: manufacture and sale of medical dry films, medical wet films and dental films, and sale of medical equipment and reagents.

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that corporate and unallocated expenses are excluded from this measurement.

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

The following tables present revenue and profit information regarding the Group's operating segments for the six months ended 30 June 2015 and 2014, respectively:

Six months ended 30 June 2015 (unaudited)	Imaging printing products RMB'000	Medical products and equipment RMB'000	Total RMB'000
Segment revenue:			
Sales to external customers	370,482	629,055	999,537
Segment results	13,797	82,807	96,604
Reconciliation:			
Corporate and other unallocated expenses			(1,372)
Profit before tax			95,232
Other segment information:			
Depreciation of items of property, plant and equipment	5,585	1,876	7,461
Amortisation of prepaid land lease payments	163	—	163
Amortisation of intangible assets	283	8,339	8,622
Gain on disposal of items of property, plant and equipment	(13)	—	(13)
Operating lease rentals	3,012	843	3,855
Capital expenditure*	13,267	1,294	14,561

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Six months ended 30 June 2014 (unaudited)	Imaging printing products RMB'000	Medical products and equipment RMB'000	Total RMB'000
Segment revenue:			
Sales to external customers	356,749	337,137	693,886
Segment results	16,990	36,867	53,857
Reconciliation:			
Corporate and other unallocated expenses			(370)
Profit before tax			53,487
Other segment information:			
Depreciation of items of property, plant and equipment	5,728	1,086	6,814
Amortisation of prepaid land lease payments	163	—	163
Amortisation of intangible assets	318	2	320
Loss on disposal of items of property, plant and equipment	235	(14)	221
Operating lease rentals	1,679	889	2,568
Capital expenditure*	3,363	879	4,242

Total segment assets and liabilities as at 30 June 2015 and 31 December 2014 are as follows:

	30 June 2015 Unaudited RMB'000	31 December 2014 Audited RMB'000
Segment assets		
Imaging printing products	320,438	343,699
Medical products and equipment	920,832	742,234
Total	1,241,270	1,085,933
Reconciliation:		
Corporate and other unallocated assets	7,417	31,986
Total assets	1,248,687	1,117,919

3. OPERATING SEGMENT INFORMATION (CONTINUED)

	30 June 2015 Unaudited RMB'000	31 December 2014 Audited RMB'000
Segment liabilities		
Imaging printing products	319,545	320,441
Medical products and equipment	579,409	463,255
Total	898,954	783,696
Reconciliation:		
Corporate and other unallocated liabilities	12,483	9,166
Total liabilities	911,437	792,862

* Capital expenditure consists of additions to property, plant and equipment, prepaid land lease payments and intangible assets.

Information about major customers

During the six months ended 30 June 2015, the Group had one customer from whom the revenue raised by selling medical imaging products and imaging printing products of RMB473,083,000 individually accounted for more than 10% of the Group's total revenue during the period.

During the six months ended 30 June 2014, the Group had one customer from whom the revenue raised by selling medical imaging products and imaging printing products of RMB413,722,000 individually accounted for more than 10% of the Group's total revenue during the period.

Geographical information

Since the Group solely operates business in the People's Republic of China ("PRC") and all of the non-current assets of the Group are located in the PRC, geographical segment information in accordance with IFRS 8 Operating Segments is not presented.

Seasonality of operations

The Group's operations are not subject to seasonality.

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold after allowances for returns, trade discounts and various types of government surcharges, where applicable.

An analysis of revenue, other income and gains is as follows:

	For the six months ended 30 June	
	2015 Unaudited RMB'000	2014 Unaudited RMB'000
Revenue		
Sale of goods	997,143	693,886
Rental income	2,394	—
	999,537	693,886
Other income and gains		
Government grants (note)	225	4,040
Foreign exchange gain	54	—
Interest income	1,847	2,613
Others	1,126	186
	3,252	6,839

Note: The amount represents grants received from local PRC government authorities by the Group's subsidiaries in connection with certain financial support to local business enterprises for the purpose of encouraging business development. There are no unfulfilled conditions and other contingencies relating to these grants.

5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2015 Unaudited RMB'000	2014 Unaudited RMB'000
Finance costs		
Interest on interest-bearing loans wholly repayable within five years	6,028	2,913
Guarantee fee	—	(115)
Interest arising from discounted bills	109	28
Total finance costs	6,137	2,826

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	For the six months ended 30 June	
	2015 Unaudited RMB'000	2014 Unaudited RMB'000
Cost of inventories sold	820,036	584,745
Employee benefit expense including		
— Wages and salaries	38,636	32,634
— Pension scheme contributions	4,236	2,988
	42,872	35,622
Research and development costs	487	1,046
Depreciation of items of property, plant and equipment	7,461	6,814
Amortisation of prepaid land lease payments	163	163
Amortisation of other intangible assets	8,622	320
Reversal of impairment of inventories	(430)	—
Minimum lease payments under operating leases	3,855	2,568
(Gain)/loss on disposal of items of property, plant and equipment	(13)	221

7. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and BVI.

Hong Kong profits tax is to be provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong. No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the Period.

The provision for Mainland China current income tax is based on the statutory rate of 25% of the assessable profit of the Group as determined in accordance with the PRC Corporation Income Tax Law which was approved and became effective on 1 January 2008.

Major components of income tax are as follows:

	For the six months ended 30 June	
	2015 Unaudited RMB'000	2014 Unaudited RMB'000
Current charged for the period	28,735	13,128
Deferred	(881)	2,946
Income tax expense for the period	27,854	16,074

8. DIVIDENDS

Dividends attributable to the interim period

The Directors did not recommend the payment of an interim dividend in respect of the Period (six months ended 30 June 2014: Nil).

The proposed final dividend of HK3.4 cents per ordinary share for the year ended 31 December 2014 was declared, payable and approved by the shareholders at the annual general meeting of the Company on 8 May 2015.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of earnings per share is based on the profit for the Period attributable to ordinary equity holders of the parent of RMB55,617,000 (six months ended 30 June 2014: RMB37,325,000) and the weighted average number of ordinary shares of 1,867,500,000 in issue during the Period (six months ended 30 June 2014: 1,867,500,000 ordinary shares), as though the stock split of 466,875,000 shares happened since its issuance. Pursuant to the written resolution of the shareholders of the Company passed on 15 December 2014, every one (1) share in the capital of the Company was subdivided into four (4) subdivided shares of par value of HK$0.025 each so that the authorised share capital of the Company became HK$100,000,000 divided into 4,000,000,000 subdivided shares of HK$0.025 each.

Diluted earnings per share amounts are equal to basic earnings per share amounts for the Period and the six months ended 30 June 2014 as no diluting events occurred.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group acquired property, plant and equipment with a cost of RMB14,561,000 (the six months ended 30 June 2014: RMB3,906,000).

During the six months ended 30 June 2015, depreciation for property, plant and equipment was RMB7,461,000 (the six months ended 30 June 2014: RMB6,814,000).

During the six months ended 30 June 2015, property, plant and equipment with a net book value of RMB129,000 (the six months ended 30 June 2014: RMB318,000) were disposed of by the Group resulting in a net gain on disposal of RMB13,000 (the six months ended 30 June 2014: net loss of RMB221,000).

As at 30 June 2015, none of the Group's property, plant and equipment was pledged (31 December 2014: none).

11. INVENTORIES

	30 June 2015 Unaudited RMB'000	31 December 2014 Audited RMB'000
Raw materials	134,535	109,618
Finished goods	194,326	218,431
	328,861	328,049
Less: Provision for inventories	(418)	(848)
	328,443	327,201

The carrying amounts of inventories pledged at floating charge as security for the outstanding trade and bills payables are as follows:

	30 June 2015 Unaudited RMB'000	31 December 2014 Audited RMB'000
Trade and bills payables (note 14)	72,103	64,558

12. TRADE AND BILLS RECEIVABLES

	30 June 2015 Unaudited RMB'000	31 December 2014 Audited RMB'000
Trade receivables	269,990	92,914
Bills receivable	19,001	12,283
	288,991	105,197

12. TRADE AND BILLS RECEIVABLES (CONTINUED)

An aged analysis of trade receivables at the end of the reporting period based on the invoice date and net of provisions, is as follows:

	30 June 2015 Unaudited RMB'000	31 December 2014 Audited RMB'000
Within 90 days	180,657	92,541
91 to 180 days	67,811	259
181 to 365 days	21,522	114
	269,990	92,914

An aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	30 June 2015 Unaudited RMB'000	31 December 2014 Audited RMB'000
Neither past due nor impaired	246,562	92,914
Past due but not impaired		
Less than 90 days	21,842	—
91 to 180 days	1,586	—
	269,990	92,914

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors believe that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

12. TRADE AND BILLS RECEIVABLES (CONTINUED)

At 30 June 2015, the Group endorsed certain bills receivable accepted by banks in the PRC (the "Derecognised Bills"), to certain of its suppliers in order to settle the trade payables due to these suppliers with a carrying amount in aggregate of RMB250,000 (31 December 2014: Nil). The Derecognised Bills have a maturity ranging from one to three months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the Directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the Directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the Period, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the continuing involvement, both during the Period or cumulatively.

As part of its normal business, the Group entered into a trade receivable factoring arrangement (the "Arrangement") and transferred certain trade receivables to a bank. Under the Arrangement, the Group may be required to reimburse the bank for loss of interest if any trade debtors have late payment. The Group is not exposed to default risks of the trade debtors after the transfer. Subsequent to the transfer, the Group did not retain any rights on the use of the trade receivables, including the sale, transfer or pledge of the trade receivables to any other third parties. The original carrying value of the trade receivables transferred under the Arrangement that have not been settled as at 30 June 2015 amounted to RMB9,319,000 (31 December 2014: RMB2,050,000). The carrying amount of the assets that the Group continued to recognise as at 30 June 2015 amounted to RMB9,319,000 (31 December 2014: RMB2,050,000) and that of the associated liabilities as at 30 June 2015 amounted to RMB9,319,000 (31 December 2014: RMB2,050,000).

13. INTEREST-BEARING LOANS

	30 June 2015 Unaudited RMB'000	31 December 2014 Audited RMB'000
Current		
Bank loans — secured	33,699	—
Bank loans — unsecured	134,644	81,713
Current portion of long term bank loans — secured	25,000	20,000
	193,343	101,713
Non-current		
Other secured bank loans	87,500	4,500
	280,843	106,213
The bank loans bear interest at rates per annum in the range of	2.93% to 7.80%	2.10% to 7.8%
Analysed into:		
Interest-bearing loans repayable		
Within one year or on demand	193,343	101,713
In the second year	51,250	4,500
In the third year	36,250	—
	280,843	106,213

Note:

(1) Certain of the Group's bank loans are secured by the pledge of 70% of equity interests of Jiangsu Uno Technology Development Company Limited ("Jiangsu Uno")

(2) The Group's overdraft facilities amounting to USD11,200,000 (31 December 2014: RMB40,000,000), of which USD3,815,000 (31 December 2014: USD4,014,000) had been utilised as at the end of the reporting period, are secured by the pledge of certain of the Group's cash deposits amounting to RMB14,000,000 (31 December 2014: Nil).

14. TRADE AND BILLS PAYABLES

	30 June 2015 Unaudited RMB'000	31 December 2014 Audited RMB'000
Trade payables	239,099	218,220
Bills payable	72,103	64,558
	311,202	282,778

An aged analysis of outstanding trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2015 Unaudited RMB'000	31 December 2014 Audited RMB'000
Within 90 days	238,955	218,137
91 to 180 days	122	68
181 to 365 days	8	15
1 to 2 years	14	—
Over 2 years	—	—
	239,099	218,220

The outstanding bills payable were issued to FUJIFILM (China) Investment Co., Ltd., a major supplier of the Group, for the purchase of raw materials. Pursuant to the purchase agreement, the outstanding bills payable and certain trade payables were secured by a pledge of certain inventories (note 11).

15. OTHER PAYABLES AND ACCRUALS

	30 June 2015 Unaudited RMB'000	31 December 2014 Audited RMB'000
Current portion:		
Advances from customers	8,150	10,128
Other payables	28,190	19,120
Value added tax payable	8,391	536
Accrued expenses	369	249
Payroll and welfare payable	4,137	9,782
	49,237	39,815
Non-current portion:		
Other payables (Note 1)	8,550	8,644
Put options in relation to non-controlling interests (Note 2)	160,774	155,633
	169,324	164,277

Note 1: In January 2012, Yestar (Guangxi) Imaging Technology Company Limited ("Yestar Imaging") received a government grant for the land lease located at Guangxi Province, China. This government grant is conditional upon the payment of a certain amount of tax by Yestar Imaging within 18 months from the commencement of the operation. Yestar Imaging has met the condition and started to recognise the deferred government grant in 2014. As at 30 June 2015, the deferred government grant is included in other payables in the interim condensed consolidated statement of financial position.

Note 2: Put options in relation to non-controlling interests represent the rights granted to the minority shareholders to dispose of the 30% interests in Jiangsu Uno to the Group during the acquisition of 70% interests by the Company in Jiangsu Uno in November 2014. The present value of the amount required to be paid at the time of exercise in the future deducted from non-controlling interests was recognised as a financial liability of the Group. On 30 June 2015, it was measured by its fair value.

16. RELATED PARTY TRANSACTIONS

(a) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2015 Unaudited RMB'000	2014 Unaudited RMB'000
Short-term employee benefits	3,146	3,268
Pension scheme contributions	95	87
	3,241	3,355

17. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its office properties under operating lease arrangements. Leases for office properties are negotiated for terms ranging from one to five years.

The Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2015 Unaudited RMB'000	31 December 2014 Audited RMB'000
Within a year	5,673	5,260
In the second to fifth years, inclusive	2,165	1,981
	7,838	7,241

18. COMMITMENTS

In addition to the operating lease commitments detailed above, the Group had the following capital commitments at the end of the reporting period:

	30 June 2015 Unaudited RMB'000	31 December 2014 Audited RMB'000
Contracted, but not provided for:		
— Investment	910,000	—
— Plant and machinery	4,509	1,726
	914,509	1,726

18. COMMITMENTS (CONTINUED)

On 9 April 2015, Yestar (Guangxi) Medical System Co., Ltd., a subsidiary of the Company, entered into a share transfer agreement to acquire 70% of the equity interest of Shanghai Emphasis Medical Devices Co., Ltd., Shanghai Chaolian Trading Co., Ltd., Shanghai Dingpei Industrial Co., Ltd., Shanghai Haole Industrial Co., Ltd. and Shanghai Jianchu Medical Instrument Co., Ltd. (collectively referred to as the "Target Companies") at a consideration of RMB910 million in cash. In lieu of holding a general meeting, shareholders' written approvals were obtained on 9 April 2015 from the controlling shareholders of the Company. As at the date of the interim condensed consolidated financial statements, the above acquisition has yet to complete, subject to the conditions precedent set out in the share transfer agreement being satisfied or waived.

19. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

30 June 2015

Financial assets

	Loans and receivables RMB'000
Trade and bills receivables	288,991
Financial assets included in prepayments, deposits and other receivables	5,925
Pledged deposits	16,000
Cash and cash equivalents	132,690
	443,606

30 June 2015

Financial liabilities

	Financial liabilities at fair value through profit or loss RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade and bills payables	—	311,202	311,202
Financial liabilities included in other payables and accruals	—	28,190	28,190
Other long-term payables	160,774	—	160,774
Interest-bearing loans	—	280,843	280,843
Dividend payables	—	1,456	1,456
	160,774	621,691	782,465

19. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

31 December 2014

Financial assets

	Loans and receivables RMB'000
Trade and bills receivables	105,197
Financial assets included in prepayments, deposits and other receivables	5,243
Pledged deposits	4,100
Cash and cash equivalents	194,724
	309,264

31 December 2014

Financial liabilities

	Financial liabilities at fair value through profit or loss RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade and bills payables	—	282,778	282,778
Financial liabilities included in other payables and accruals	—	19,120	19,120
Other long-term payables	155,633	—	155,633
Amounts due to non-controlling interests	—	98,000	98,000
Interest-bearing loans	—	106,213	106,213
	155,633	506,111	661,744

20. FAIR VALUE AND FAIR VALUE HIERARCHY

The carrying amounts and fair values of the financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2015 RMB'000	31 December 2014 RMB'000	30 June 2015 RMB'000	31 December 2014 RMB'000
Financial liabilities				
Interest-bearing bank and other borrowings	280,843	106,213	274,946	106,213
Financial liabilities included in other long-term payables	160,774	155,633	160,774	155,633
	441,617	261,846	435,720	261,846

Except as detailed in the above table, management has assessed that the fair values of cash and cash equivalents, trade and bills receivables, trade and bills payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, and the current portion of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of financial liabilities included in other long term payables and the non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for the non-current portion of financial liabilities included in other long-term payables and the non-current portion of interest-bearing bank and other borrowings as at 30 June 2015 was assessed to be insignificant.

Below is a summary of significant unobservable inputs to the valuation of financial instruments as at 30 June 2015:

As part of the purchase agreement, a put option included in other long-term liabilities is payable, which is dependent on the amount of audited profit after tax of Jiangsu Uno for the year ending 31 December 2016 subsequent to the acquisition. The amount recognised as at 30 June 2015 was RMB160,774,000 which was determined using the discounted cash flow model and is under Level 3 fair value measurement. At the date of approval of these financial statements, no further significant changes to the consideration are expected.

20. FAIR VALUE AND FAIR VALUE HIERARCHY (CONTINUED)

Significant unobservable valuation inputs for the fair value measurement of the put option are as follows:

Projected profit after tax of Jiangsu Uno	RMB64,374,000 in 2016
Equity interest	30%
Projection	10 times
Discount rate	13%
Discount for own non-performance risk	—

Fair value hierarchy

Liabilities measured at fair value:

As at 30 June 2015

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Financial liabilities included in other long-term payables	—	—	160,774	160,774

Liabilities measured at fair value:

As at 31 December 2014

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Financial liabilities included in other long-term payables	—	—	155,633	155,633

20. FAIR VALUE AND FAIR VALUE HIERARCHY (CONTINUED)

The movements in fair value measurements in Level 3 during the Period are as follows:

	2015 RMB'000
Amounts included in other long-term payables	
At 1 January	155,633
Remeasurement recognised in equity	5,141
At 30 June	160,774

Liabilities for which fair values are disclosed:

As at 30 June 2015

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	—	274,946	—	274,946
Financial liabilities included in other long-term payables	—	—	160,774	160,774
	—	274,946	160,774	435,720

20. FAIR VALUE AND FAIR VALUE HIERARCHY (CONTINUED)

Liabilities for which fair values are disclosed:

As at 31 December 2014

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	—	106,213	—	106,213
Financial liabilities included in other long-term payables	—	—	155,633	155,633
	—	106,213	155,633	261,846

21. EVENTS AFTER THE REPORTING PERIOD

On 9 April 2015, Yestar (Guangxi) Medical System Co. Ltd., a subsidiary of the Company, entered into a share transfer agreement to acquire 70% of the equity interest of the Target Companies at a consideration of RMB910 million in cash. The Target Companies are located in the PRC and are principally engaged in the sales and distribution in the medical in vitro diagnostic industry in the PRC. In lieu of holding a general meeting, shareholders' written approvals were obtained on 9 April 2015 from the controlling shareholders of the Company.

For the purpose of financing the acquisition of the Target Companies, the Company has issued 113,700,000 shares and 194,000,000 shares to a total of 18 subscribers at the subscription price of HK$3.00 per subscription share, respectively, on 6 July 2015 and 17 July 2015. Upon completion of the subscription, the total number of issued shares of the Company has increased from 1,867,500,000 shares to 2,175,200,000 shares.

As at the date of the interim condensed consolidated financial statements, the above acquisition has yet to complete, subject to the conditions precedent set out in the share transfer agreement being satisfied or waived.

22. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 12 August 2015.

Yes!Star

www.yestarcorp.com