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

Annual Report 年報 2015

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Hartono James *(Chairman)*
Ms. Wang Ying
Mr. Chan To Keung
Ms. Wang Hong *(Chief Financial Officer)*
Mr. Chan Chung Man
(appointed on 29 January 2016)
Ms. Zhang Qi
(resigned on 29 January 2016)
Ms. Heng Yinmei
(resigned on 29 January 2016)

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 2101A, 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

CORPORATE INFORMATION

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

CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

Mr. Hartono James
Chairman

Dear valued shareholders,

On behalf of the board of directors (the "Board") of Yestar International Holdings Company Limited (the "Company" or "Yestar", and, together with its subsidiaries, the "Group"), I am pleased to present a set of remarkable results for the year ended 31 December 2015 (the "Year").

RESULTS OVERVIEW

During the Year, the Group has maintained its growth momentum and once again delivered outstanding results. The total revenue increased by 60.3% year-on-year to approximately RMB2,454.7 million (2014: approximately RMB1,531.4 million). Profit attributable to owners of the parent increased by 61.3% to approximately RMB162.8 million (2014: approximately RMB100.9 million). The net profit margin also increased to approximately 8.1% in 2015 (2014: approximately 6.8%), reaching its new record high. In order to show our appreciation for the unfailing support from our shareholders, the Board proposed a payment of the final dividend of HK3.9 cents per share for the Year.

AFFIRMING OUR MARKET POSITION THROUGH ACQUISITIONS, EXPANDING INTO THE AFFLUENT SHANGHAI MARKET

The Group has successfully transformed itself from an imaging consumable company to a fast-growing medical consumable company. In order to strengthen our market position in the medical consumable industry, we have made a strategic move to acquire 70% of the entire equity interests (the "Acquisition") of five companies (collectively called the "Anbaida Group Companies") in 2015, who holds the distribution right of products from two well-known brands, Roche Diagnostics ("Roche") and Thermo Fisher, in Shanghai. Since then, the Group has become the leading distributor of Roche products in China in terms of volume and market share. The acquisition not only have deepen our business collaboration with Roche, but also extended our geographical reach to hospitals and medical clinics in Shanghai, one of the most populated and prosperous cities in the PRC. The well-established distribution network of hospitals and clinics, as well as, the high-quality product line have laid a solid foundation for our Group to explore even more favourable opportunities in the coming years.

THE AGING POPULATION AND THE TWO-CHILD POLICY STIMULATE THE DEMAND OF IVD PRODUCTS

After the implementation of one-child policy for more than 30 years, China is gradually undergoing a fundamental change in its demographic structure. According to World Bank, the population above 60 will increase from 209 million in 2015 to 244 million in 2020, representing 18% of the total population. As the aging population requires more frequent body checkups than the normal population, therefore, we believe that the need for IVD products will surge in the coming years. In addition, the Chinese Government has loosened its birth control policy by revising the Law on Population and Family Planning, which allows one couple to have two children now. The larger population, contributed by the rising number of both the young and the old, will continue to stimulate the demand of IVD products, thus benefitting the Chinese IVD industry in the future. Under such circumstance, we considered it as a gem to be revealed and a huge opportunity to be captured.

PROSPECTS

With the abundant growth potentials in the medical consumable industry, the IVD business is definitely a blue ocean for our Group to explore. We will not slow down our pace in excelling and achieving better results in the coming years.

Being able to establish a trusted business partnership with Roche, the global market leader in the IVD industry, in two years' time, the Group has once again proven its professionalism and systematic organizational skills. With such valuable business partner, we will further strengthen our relationship and cooperate to explore more valuable opportunities so as to create more synergies between two parties.

With Fujifilm as our long-standing, valuable strategic partner in the imaging product business, we will continue to nurture the relationship between the two parties. Leveraging on our expertise and technology on film manufacturing, the Group will input more effort in developing our medical imaging business with Fujifilm and will also go hand in hand with Fujifilm in discovering more opportunities that are unexplored and consolidating more market shares in the PRC in the coming years.

Looking forward, we expect that the medical consumable business will act as the major growth driver of the Group, whilst the colour photographic paper and industrial imaging product businesses will serve as a stable revenue generator. The Group will continue to seek potential merger and acquisition opportunities, so as to accelerate the Group's development, consolidate our market position in the medical consumable industry, as well as generating maximised returns for our shareholders.

APPRECIATION

I would like to thank the Board, the management and all of our staff for their hard work and dedication, as well as our shareholders and customers for their continuous support to the Group during the Year.

Hartono James
Chairman

Hong Kong, 14 March 2016

COMPANY ACTIVITIES

ACQUISITION OF ANBAIDA GROUP COMPANIES

On 9 April 2015, the Group acquired 70% of the equity interests in Anbaida Group Companies with a consideration of RMB910 million (equivalent to approximately HK$1,155.7 million). The acquisition was completed on 10 August 2015.

PLACEMENT TO ENHANCE SHAREHOLDER PROFILE

On 17 July 2015, the Group completed the allotment of 307,700,000 shares at HK$3.00 per share to a total of 18 independent subscribers including a number of healthcare-specific investors, namely OrbiMed Global Healthcare Master Fund, L.P. and Vivo VII Galaxy Investment Limited. The aggregated gross proceeds from the allotment of shares amounted to HK$923,100,000.

YESTAR DINNER GALA 2015

From left to right: Vice President of Fujifilm Corporation — Mr. Ota Masahiro, General Manager of Anbaida Group Companies — Mr. Li Bin, CEO of Roche Diagnostics (Shanghai) Limited — Mr. Wong Fatt-heng and Chairman and CEO of Yestar — Mr. Hartono James

To celebrate the first anniversary of the listing of the Company on the Main Board of The Stock Exchange of Hong Kong Limited, the Group has organised a Dinner Gala on 14 August 2015 in Hong Kong to express our gratitude for the continuous support from the shareholders, business partners and investors. During the event, we were honoured to have invited Mr. Ota Masahiro, Vice President of Fujifilm Corporation, to share with us the long-standing collaboration and friendship between Fujifilm and Yestar. Another honourable guest of the night was Mr. Wong Fatt-heng, CEO of Roche Diagnostics (Shanghai) Limited. Mr. Wong also shared with the guests on the newly formed partnership with Yestar as well as the outlook of IVD products in the Chinese market.

CHINA PORTRAIT PHOTOGRAPHY SOCIETY DELEGATION VISIT TO FUJIFILM'S HEADQUARTERS IN JAPAN

A delegation of young entrepreneurs in the wedding portrait business was cordially invited by Yestar (Shanghai) Co., Ltd. and Fujifilm (China) Investment Co., Ltd. to the trip from 5 July to 10 July 2015.

The trip started with the visit to Fujifilm's exhibition hall where exhibits trace the development of Fujifilm's business and the global imaging industry. The young entrepreneurs had a chance to journey through the history of imaging and learn more about Fuji's contributions to the imaging industry as well as its new products.

COMPANY ACTIVITIES

FUJIFILM SPRING TRADE FAIR

In the spring of 2015, Yestar (Shanghai) Co., Ltd. held a distributor gathering in Zhengzhou and invited more than 60 major customers, comprising the owners of large colour film processing firms and companies in Henan Province. The success of the fair has played a positive role in enhancing the confidence of the customers in Yestar, which contributed to a stronger relationship between Yestar and its customers.

GATHERING FOR INDUSTRIAL FILM CUSTOMERS

During the 20th China International Exhibition on Quality Control & Testing Equipment, Yestar (Shanghai) Co., Ltd. invited 30 major customers of industrial films to a gathering with its medical high-technology team in Shanghai on 14 June and 15 June 2015. In the spirit of "Toward An Amicable Co-operation for Mutual Growth", the marketing department organised some interesting activities and programmes which the participants enjoyed in a festive atmosphere.

TEAM BUILDING

For the purpose of strengthening motivation and team cohesion, Yestar (Guangxi) Technology Co., Ltd. organised an outward bound training for its supervisors and team leaders of the production department at the scenic Dawang Beach on 9 May 2015. Based on the idea of "thinking through experience", the programme consists of group contests which provide members with the opportunities to devote their energies and summarise their experiences from different tasks. The ultimate goal was to allow members to self-comprehend and self-examine under the guidance of the instructors.

COMPANY ACTIVITIES


To build up team spirit among staff members, explore their potential and promote exchanges and communications between departments, Yestar (Guangxi) organised four outward bound programmes between October and December 2015. The staff were divided into four groups and each group joined a two-day programme. During the programme, staff benefitted from working closely with their fellows, and understood the importance of team work, persistence and devotion as the keys to success.

SOCIAL RESPONSIBILITY

In the morning of 17 August 2015, Tan Huiling, a logistics staff whose spouse suffered from an illness, handed over a pennant to Liao Changxiang, the general manager of Yestar (Guangxi), in appreciation of the company's assistance. During the morning briefing, Tan also read the thank you letter from her spouse to express their gratitude to the leadership of the company and her fellow colleagues for their loving care and support.

On 22 October 2015, the 4th Conference of the Central Medical and Hygiene Committee of the China National Democratic Construction Association and the Symposium on Healthcare Reform and Private Hospital Development was held at Nanning Hotel in the Guangxi Zhuang Autonomous Region. Liao Changxiang, the general manager of Yestar (Guangxi) Medical System Co., Ltd., was invited to attend the symposium. During the conference, China Siyuan Foundation for Poverty Alleviation donated ambalances to Guangxi. Since its establishment, Yestar (Guangxi) Medical System Co., Ltd. places a great deal of importance in corporate social responsibility and this time, 2 ambulances were donated to the Shanglin County in Guangxi. Other previous social commitments included the sponsorship of the 45th World Gymnastics Championships and the participation in the village development project named "For the Betterment of the Economic and Technological Development Zone — Ecological Village (美麗經開區 • 生態鄉村)".

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

About Yestar

Yestar International Holdings Company Limited ("Yestar" or the "Company"), together with its subsidiaries, the "Group") is the largest distributor of Fujifilm products and have been transformed itself into a high margin medical consumables manufacturer and distributor in the PRC since 2014. Targeting the booming domestic healthcare industry, the core business of the Group focuses on high margin and fast-moving healthcare consumables namely, In Vitro Diagnostic ("IVD") products and medical imaging products. Backed by a solid and professional management system and a team of experienced management, the Group has established an extensive sales network in the PRC. Currently, the Group has earned the trust from and formed strategic partnerships with global market leaders, namely Fujifilm, Roche Diagnostic ("Roche"), Becton Dickinson ("BD") and Thermo Fisher Technology ("Thermo Fisher").

Over the years and up to the date of this report, the variety and quantity of our products processed and sold by the Group have expanded significantly. Major products of the Group are listed as follows:

1. Medical IVD products
2. Medical film
3. Colour photographic papers
4. Industrial non-destructive testing ("NDT") x-ray film
5. Printed wiring board ("PWB") film

IVD refer to tests which make use of instruments, apparatuses, reagents, calibrators and systems tailor-made for determining health status or diagnosing diseases, thus for the purpose of preventing, curing, mitigating and post-treatment monitoring diseases, infections and their sequelae. IVD products are specifically designed and manufactured for collecting specimens (such as blood samples, body fluid and tissues) derived from the human body and examining them outside the human body. The tests are usually carried out in hospitals, clinics and laboratories but are sometimes applied to personal settings.

Currently, the Group manufactures medical film for Fujifilm and distributes Roche and BD branded IVD products in Shanghai, Jiangsu and Anhui provinces. The Group is also a sole processor and exclusive distributor of Fujifilm color photographic papers and industrial imaging products (including industrial NDT x-ray films and PWB films) in the PRC. In addition, the Group also manufactures and sells colour photographic paper, NDT x-ray films and dental films under the house brand "Yes!Star".

Become One of the Largest Roche IVD Products Distributors in the PRC

During the Year, the Group has successfully extended its sales network into one of the wealthiest and populous cities in the PRC — Shanghai and has become one of the largest Roche IVD product distributor in the PRC.

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. (collectively "Anbaida Group Companies"). The total consideration of the Acquisition amounted to RMB910 million (equivalent to approximately HK$1,155.7 million). Anbaida Group Companies are principally engaged in the sales and distribution of medical IVD consumables, medical equipment and clinical laboratory analytical instruments in Shanghai, the PRC and is one of the largest IVD products distributors of Roche in the PRC with access to 101 hospitals and clinics in Shanghai. Together with the established sales network of Jiangsu Uno Technology

MANAGEMENT DISCUSSION AND ANALYSIS

Development Company Limited ("江蘇歐諾科技發展有限公司" or "Jiangsu Uno"), an indirect non-wholly owned subsidiary of the Company, the Group established connections with over 236 hospitals and clinics in Shanghai, Jiangsu and Anhui provinces as of 31 December 2015, as compared with that of 119 hospitals and clinics as of 31 December 2014. The significant increase in our distribution network has contributed to the outstanding results of the Group for the Year. The Board expects that there will be a stable increase in number of our distribution networks in both hospitals and clinics on year-on-year basis through the integration of Jiangsu Uno and Anbaida Group Companies into the Group.

The Acquisition of Anbaida Group Companies was completed on 10 August 2015 and such completion is a further important strategic step to support Yestar's evolution into a medical consumable business in the PRC. The integration of Anbaida Group Companies is progressing well and their financial performance for the last five months of the year also exceeded our initial expectations.

Profit Guarantee of Anbaida Group Companies

Based on the strong earning track records and the promising prospect of Shanghai's medical consumable and equipment industry, the vendors of Anbaida Group Companies guaranteed to the Group to deliver audited combined net profit taking into account their all gains or losses pursuant to the International Financial Reporting Standards ("IFRS") of 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) for the year ended 31 December 2015, for the years ending 31 December 2016 and 2017 respectively pursuant to the share transfer agreement.

The Company wishes to announce that the 2015 audited combined net profit of Anbaida Group Companies was approximately RMB160 million, which exceeded the annual guarantee profit of Anbaida Group Companies of RMB156 million (equivalent to approximately HK$198 million) for the Year pursuant to IFRS.

Upon completion of the Acquisition of Anbaida Group Companies, the financial performance, namely the revenue and the profit, of Anbaida Group Companies had been consolidated to the Group. It has not only contributed to the increase in revenue, but also the improvement on the gross profit margin of the Group as there is a higher profit margin for the medical consumable business, namely IVD products.

Pursuant to the aforesaid share transfer agreement, profit guarantee of Anbaida Group Companies will last till the year ending 31 December 2017. The Board expects that achievable profit guarantee of Anbaida Group Companies will boost the revenue and profit of the Group for the Year onwards.

Profit Guarantee of Jiangsu Uno

Reference was also made to the announcement of the Company dated 12 September 2014 and the circular of the Company dated 24 October 2014 (the "First Circular") in relation to the acquisition of Jiangsu Uno.

Pursuant to the share transfer agreement entered into with Jiangsu Uno and as disclosed in the First Circular, the vendor of Jiangsu Uno guaranteed to the Group that the net profit of Jiangsu Uno for the year ended 31 December 2015 ("2015 net profit of Jiangsu Uno") shall not be less than RMB54 million ("Jiangsu Uno Annual Guarantee Profit") taking into account all gain or losses of Jiangsu Uno pursuant to the IFRS.

The Company also wishes to announce that the 2015 net profit of Jiangsu Uno was approximately RMB55 million, which exceeded the Jiangsu Uno Annual Guarantee Profit of RMB54 million for the Year pursuant to IFRS.

The Board admitted that the acquisitions of Jiangsu Uno in 2014 and Anbaida Group Companies in 2015 enable Yestar to transform itself into a leading medical consumable distributor in the PRC with high profit margin in medical consumable segment for the Year onwards from a colour photographic paper and industrial imaging product manufacturer. Moreover, the profit guarantee undertaken by the vendors of Jiangsu Uno and Anbaida Group Companies also post a promising and solid expected growth on medical consumable segment and boost the revenue and profit of the Group as a whole.

Enhance Shareholder Profile

On 17 July 2015, the Group completed the allotment of 307,700,000 shares (the "Subscription Shares") at HK$3.00 per share to a total of 18 independent subscribers (the "Subscribers"), including a numbers of healthcare specific investors, namely OrbiMed Global Healthcare Master Fund, L.P. and Vivo VII Galaxy Investment Limited. The introduction of the above strategic shareholders is a strong recognition of the Group's development strategies as well as a proof of the Group's leading position in the PRC's medical consumable and equipment market. Through their extensive network, affluent resources and experiences in the medical field, the strategic shareholders will become a reliable assistance for the Group to pursuit greater development in the PRC's healthcare industry.

Use of Proceeds from Subscription

The Subscription Shares represented approximately 16.48% and 14.15% of the issued shares before and after the completion of allotment and issue of the Subscription Shares of the Company. The aggregated gross and net proceeds from the Subscription amounted to approximately HK$923.1 million and approximately HK$904.4 million respectively. The Company intends to utilise the net proceeds from the subscription as planned. As at 31 December 2015, the net proceeds from subscription of the Subscription Shares had been applied as follows:

Use of Proceeds	Acquisition of a medical device company engaging in medical consumables products (HK$' million)	Future potential acquisition (HK$' million)	General working capital (HK$' million)	Total net proceeds (HK$' million)
To be utilized by the Company	741.6	135.7	27.1	904.4
Utilized by the Company by 31 December 2015	(693.6)	0	0	(693.6)
Unused proceeds as at 31 December 2015	48.0	135.7	27.1	210.8

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.

As at 31 December 2015, the net proceeds from the global offering had been applied as follows:

Use of Proceeds	Acquisition of a medical device company engaging in medical consumables products (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	84.5	19.5	13.0	13.0	130.0
Utilized by the Company by 31 December 2015	(84.5)	(4.1)	(4.3)	(13.0)	(105.9)
Unused proceeds as at 31 December 2015	0	15.4	8.7	0	24.1

Save for the change of use of proceeds from global offer as disclosed in our 2015 interim report, the Directors are not aware of material change to the planned use of proceeds from global offering and the planned use of proceeds from the subscription as at the date of this report. 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 as at the date of this report.

Achieve Outstanding Financial Performance

In spite of the turbulent economic environment, the Group once again excelled expectation and achieved excellent financial performance for the Year. With the full year financial contribution from 江蘇歐諾科技發展有限公司 and the five-month financial contribution from the newly acquired Anbaida Group Companies, the total revenue increased by 60.3% year-on-year to approximately RMB2,454.7 million (2014: approximately RMB1,531.4 million). Our gross profit of the Year surged by approximately 96.4% from approximately RMB263.5 million to approximately RMB517.4 million. As the high gross profit margin IVD business has gradually become a dominant profit contributor, the overall gross profit margin of the Group increases from approximately 17.2% in 2014 to approximately 21.1% in 2015. Profit attributable to the owners of the parent achieved approximately 61.3% growth year-on-year, reaching approximately RMB162.8 million for the Year. Net profit margin also increased to approximately 8.1% in 2015 (2014: approximately 6.8%), mainly due to an improvement on net profit margin arising from the acquisition of Anbaida Group Companies. Earnings per share of the Year was RMB8.1 cents (2014: RMB5.4 cents). The Board recommends the payment of a final dividend of HK3.9 cents per share for the year ended 31 December 2015.

MEDICAL CONSUMABLE BUSINESS — 67.6% OF OVERALL REVENUE

The Group distributes IVD products in Shanghai, 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".

With a population of over 1.3 billion, the PRC remains an extremely attractive medical consumable market. The increase in disposable income and the fast aging population are the propelling factors that drive the growth of the PRC's medical imaging and IVD industry. According to the Blue Book on China Health Industry (2015 edition) (中國醫藥健康藍皮書(2015版)) published by China National Pharmaceutical Industry Information Center, the market value of the medical imaging industry and IVD industry accounted approximately 20% and 16% of the PRC's medical devise and equipment market in 2014. In particular, the market value of IVD reached approximately RMB30.6 billion in 2014 and continued to expand in 2015.

In view of the flourishing market, the Group established a medical division with a team of experienced management to oversee the Group's medical business during the Year. The division reports directly to the directors of the Company and facilitates the integration of Jiangsu Uno and Anbaida Group Companies into our corporate structure. On top of that, the medical division also assists to communicate with Fujifilm, Roche, BD and Thermo Fishers in reinforcing our long-term partnership.

The medical consumable business was the largest revenue contributor and profit generator for the Group in 2015, accounting for approximately 67.6% of the Group's overall income. In the Year, segment revenue recorded a year-on-year growth of approximately 130.1%, reaching approximately RMB1,659.0 million (2014: approximately RMB721.1 million). The outstanding performance was mainly attributed to the full year financial contribution of Jiangsu Uno, the five-month financial contribution of Anbaida Group Companies and the growing demand of the Group's medical imaging products. During the Year, Jiangsu Uno has increased its sales network in terms of number of dealers to 145 and 50 in Jiangsu and Anhui, respectively, contributing a revenue of approximately RMB504.3 million. In addition, Anbaida Group Companies contributed revenue of approximately RMB382.4 million for the five months ended 31 December 2015. During the Year, Fujifilm has actively promoted its radiological examination equipments to hospitals in the PRC and thus driving the demand of the Group's medical film and dental film products. As a result, the revenue of the Group's medical consumable products recorded substantial growth of 130.1% year-on-year to approximately RMB1,659.0 million.

As the IVD business has a higher gross profit margin at approximately 32.2% as compared with the traditional medical imaging business, therefore, the gross profit margin of the medical consumable business increased by approximately 10.0 percentage points year-on-year to approximately 23.3% in 2015.

Revenue of the medical consumable business

For the year ended 31 December	2015 (RMB'000)	2014 (RMB'000)	Year-on-year change
Medical consumable business	1,659,033	721,138	+130.1%

Gross profit margin of the medical consumable business

For the year ended 31 December	2015	2014	Year-on-year change
Medical consumable business	23.3%	13.3%	+10.0 pp
Overall	23.3%	13.3%	+10.0 pp

Distribution network of the IVD business

For the year ended 31 December	2015	2014	Year-on-year change
Shanghai	258	—	+258
Jiangsu Province	260	176	+84
Anhui Province	70	45	+25
Overall	588	221	+367

OTHER BUSINESSES — 32.4% OF OVERALL REVENUE

Other businesses of the Group mainly consists 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 colour photographic paper, NDT x-ray film under the house brand "Yes!Star".

With an aim to achieve greater market share, the Group has strategically lowered the average selling price of the color photographic papers and digital imaging products during the Year, resulting a slight drop in revenue and gross profit margin. Consequently, revenue generated from colour photographic paper and others decreased by approximately 1.2% year-on-year from approximately RMB606.6 million to approximately RMB599.4 million, and the gross profit margin decreased by approximately 5.0 percentage points to approximately 16.6%. Revenue generated from industrial imaging products decreased by approximately 3.6% year-on-year from approximately RMB203.6 million to approximately RMB196.3 million, and the gross profit margin decreased by approximately 2.0 percentage points to approximately 15.9%, mainly due to the drop of PWB films sales.

Revenue breakdown of core products

For the year ended 31 December	2015 (RMB'000)	2014 (RMB'000)	Year-on-year change
Color photographic paper and others	599,361	606,610	–1.2%
Industrial imaging products	196,290	203,605	–3.6%
Overall	795,651	810,215	–1.8%

Gross profit margins of core products

For the year ended 31 December	2015	2014	Year-on-year change
Color photographic paper and others	16.6%	21.6%	–5.0 pp
Industrial imaging products	15.9%	17.9%	–2.0 pp
Overall	16.4%	20.7%	–4.3 pp

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group continued to have healthy financial position for the Year with cash and cash equivalents of approximately RMB506.0 million as at 31 December 2015 (2014: approximately RMB194.7 million). The significant increase in cash and cash equivalents was attributable to the unused net proceeds from the Subscription of Shares of the Company, the bank borrowing and the net cash generated from our operating business.

As at 31 December 2015, the Group's gearing ratio was approximately 45.8% (2014: approximately 32.7%, calculated as the interest-bearing bank loans and other borrowings divided by total equity as at the end of December 2015. The increase in gearing ratio was mainly attributable to increase in the interest-bearing bank loans and other borrowings of the Group during the Year to ensure the sufficiency of working capital for the lengthy trade receivables of our IVD business segment.

The total interest-bearing loans and other borrowings of the Group as at 31 December 2015 was approximately RMB420.4 million (2014: approximately RMB106.2 million). All borrowings and bank balances of the Group are principally denominated in Chinese Yuan which is also the presentation currency of the Group.

The current ratio as at the end of December 2015 was approximately 1.33 (2014: approximately 1.19), based on current assets of approximately RMB1,515.7 million and current liabilities of approximately RMB1,142.1 million.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by approximately 46.3% from approximately RMB57.0 million in 2014 to approximately RMB83.4 million in 2015, and accounted for about 3.4% and about 3.7%, respectively, of the Group's revenue for the respective reporting years. This was mainly attributable to the increase in distribution expenses for our IVD products during the Year.

Administrative Expenses

The Group's administrative expenses significantly increased by about 141.7% from approximately RMB58.7 million in 2014 to approximately RMB141.9 million in 2015, and accounted for about 3.8% and about 5.8%, respectively, of the Group's revenue for the respective reporting years. This was mainly attributable to the consolidation in administrative expenses of Anbaida Group Companies upon completion of the acquisition of Anbaida Group Companies and amortization of the intangible assets of the Group during the Year.

Finance Costs

The Group's finance costs consisted mainly of interest expenses on bank and other borrowings. The aggregate amount of interest incurred was approximately RMB19.1 million (2014: approximately RMB5.7 million) for the Year. The significant increase in finance costs was mainly due to the significant increase in the interest-bearing bank loans and other borrowings of the Group during the Year.

For the Year, interest rates of the interest-bearing loans ranged from 4.35% to 7.80%, while those for the year ended 31 December 2014 ranged from 2.1% to 7.8%.

Foreign Exchange Exposure

Most of the revenue-generating operations of the Group were transacted in Chinese Yuan which is the presentation currency of the Group. For the Year, the Group was exposed to minimal foreign currency risk arising from the purchasing in US Dollars. The Group will monitor its foreign currency exposure closely to minimize the exchange risk.

MANAGEMENT DISCUSSION AND ANALYSIS

Issued Capital and Capital structure

On 17 July 2015, an aggregate of 307,700,000 shares of the Company have been allotted and issued to 18 independent subscribers. Since then, there has been no change to the shares in issue and capital structure of the Company. The capital of the Company comprises ordinary shares and capital reserve. The Group finances its working capital requirements through a combination of funds generated from operations and bank borrowings.

Human Resources and Remuneration Policies

The spirit of Yestar is to "Give priority to our employees" as its philosophy that is naturally tied to the mission of the Group. The Group focuses on the talents of our workforce as our most valuable asset and provides a harmonious and professional working environment with a variety of training programmes to our employees.

As at 31 December 2015, the Group had 973 (2014: 711) employees, including Directors. Total staff costs (including Directors' emoluments) were approximately RMB106.8 million for the Year as compared to approximately RMB77.2 million for the year ended 31 December 2014. 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. For the Year, bonus was paid to Directors by the Company. 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 during the Year, 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.

Material acquisitions and disposals of subsidiaries and affiliated companies

Save as disclosed above in relation to the acquisition of Anbaida Group Companies, the Group did not have any other material acquisitions and disposals of subsidiaries and affiliated companies during the Year.

Charges of assets

As at 31 December 2015, none of the Group's property, plant and equipment was pledged (2014: Nil). In addition, bank loans of approximately RMB252.5 million were secured by the pledge of 70% of equity interests of Jiangsu Uno, 70% of equity interests of Anbaida Group Companies and 100% of equity interests of Yestar (Guangxi) Imaging Technology Co., Ltd. Inventories of the Group with carrying amounts of approximately RMB43.3 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 31 December 2015 (2014: Nil).

PRINCIPAL RISKS AND UNCERTAINTIES FACING IN THE COMPANY'S BUSINESS

Failure to face changes in technology and customer preferences may adversely affect our business, financial condition, results of operations and growth prospects. There are certain risks involved in our operations, and some of these risks are beyond our control. Details are listed as follows:

Integration risk

Upon completion of the strategic acquisition of Jiangsu Uno and Anbaida Group Companies (collectively, the "Subsidiaries"), the integration of the Subsidiaries into the Group including but not limited to financial, operational and compliance controls aspects are in progress. In order to comply with the existing processing manuals and compliance manuals of the Company, additional training cost, operating expenses and professional fees are required to be incurred on the staff in Subsidiaries. The complicated and lengthy integration processes may hamper the operation efficiency and financial performance of the Group.

Liquidity risk

The Group has been transformed itself from an imaging consumable company to a high margin medical consumables manufacturer and distributor in the PRC since 2014 and focuses on high margin IVD products.

IVD products generally have a longer cash conversion cycle ranging from 3 months to 12 months than traditional industrial products. The integration of IVD business into the Group has led to a higher number of days of trade receivables since the Group is required to provide long term of payments with the sales from Jiangsu Uno and Anbaida Group Companies to hospitals and clinics in the PRC. As a result, the lengthened cash conversion cycle may hamper the liquidity, cash flow and operation of the Group, which may put pressure on the Company's ability to meet loan repayment schedule and operating expenses. To reduce the liquidity risk, the Group may require to obtain and utilize certain banking facilities granted by their banks, and incur interest expenses arising from the utilization of bank facilities with interest rates range from 3% to 5% per annum which will affect the financial performance of the Group to a certain extent.

As at 31 December 2015, trade and bill receivables amounted to RMB552.9 million (2014: RMB105.2 million). Subsequent to the end of the Year and up to month ended 29 February 2016, the trade and bill receivables amounted to RMB452.7 million. The management is in the view that the provision for doubtful debts of RMB2.7 million for the Year in relation to the trade and bill receivables aged over one year was required.

Risk of dependency

One main component of the business model of the Group is our focus on co-operation with Fujifilm.

The controlling shareholders of the Company has been conducting business with Fujifilm Group since 1971, with their close established relationship, Fujifilm Group has recognized that all the Fujifilm color photographic paper distributed in ready-to-use form in the PRC is distributed by the Group and all the Fujifilm color photographic paper, medical dry film, medical wet film and PWB film processed into ready-to-use form in the PRC is processed into ready-to-use form by the Group, save for the appointment as the sole and exclusive distributor of Fujifilm color photographic paper in the PRC by Fujifilm (China) Investment Co., Ltd., the Group has not been granted exclusive distribution and processing rights of any products by Fujifilm Group. Hence, stable distribution right and processing right from Fujifilm Group may not be guaranteed. Moreover, the termination and renewal of agreements with a month's written notice served by Fujifilm Group for distribution of Fujifilm industrial NDT x-ray film may affect our business and financial position. Despite the fact that our controlling shareholders have been conducting business with Fujifilm Group since 1971, there is no guarantee to the Group that Fujifilm Group will keep on appointing the Group as sole distributor in the PRC or process or sell their products in the PRC directly.

Risk of patent infringement

The Group depends on its suppliers for the supply of master rolls for our processing needs and as well as the supply of finished goods for our distribution of medical imaging products. The Group cannot be guaranteed that the underlying intellectual property rights for these raw material and finished goods do not infringe the intellectual property rights of third parties. Any infringement by our suppliers of the intellectual property rights of third parties may affect the supply of raw material and finished goods to the Group, which may in turn affect our business and financial performance.

In addition, the Group uses various trademarks registered by Fujifilm Group in conducting our business, and also obtains some processing guidelines from Fujifilm Group. The management cannot be guaranteed that the underlying intellectual property rights for the processing technologies which are used do not infringe the intellectual property rights of third parties and also cannot be guaranteed that the Group can continue to rely on the current in-licensed intellectual property rights. If we are not in a position to use such third party technology or intellectual property rights, or acquire or develop our own technology, this could harm our business and financial performance.

Competitive risks

Local players have begun to penetrate into the healthcare industry and there is a keen competition in industrial imaging products and high-end IVD market, which may lead to further price reductions in order to sustain our market share. Hence, there is a negative effect on our business and financial performance.

Other risks

The management have also identified the following risks as potential challenges on the operation and development of the business of the Group:

— Recruitment and retention of well-qualified staff with appropriate industry experience

— Changes in Chinese government policy on healthcare reforms

— Local IVD product manufacturers eager to grab a share in high-end IVD market may cause price competition in the segment

— Devaluation of RMB causes the increase in cost of purchasing materials for our imaging products

Despite the risks mentioned above, there is an increasing trend in the total volume of diagnostic tests carried out per person in PRC, and the Group will benefit from such increased demand for IVD test. In addition, continued urbanization, aging population increased disease burdens, rising disposable income of the Chinese also lead to higher affordability for more precise and more reliable medical treatments.

Details of the risk management policy of the Group was set out in the Corporate Governance Report in this annual report.

CORPORATE SOCIAL RESPONSIBILITY

The commitment of the Group to transform into and become a leading medical consumable distributor creates specific responsibilities on Yestar, with our focus on:

Responsibility to the environment, by reducing and controlling the environmental impact of all activities of the Group, to preserve the health of people everywhere;

Responsibility to the workforce, by creating an optimal working environment and professional development opportunities for employees and strengthening their ethical and operating behaviors; and

Responsibility to community, by involving and contributing to our community to arose the importance of public health and health care of people.

REGULATORY COMPLIANCE

During the Year, the Group has complied with all relevant laws and regulations in relation to its operating business including environment, health and safety, workplace conditions and employment. The Group keeps on maintaining strong relationships with its employees and stakeholders to ensure its sustainable development.

RESPONSIBILITY TO THE ENVIRONMENT

Environmental Protection

The Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) (the "Environmental Protection Law") aims to protect and develop the environment, prevent and cure pollution and other public hazards, and safeguard human health. Pursuant to the Environmental Protection Law, all enterprises and institutions that may cause environmental pollution and other public hazards are required to adopt effective measures to prevent and control pollution levels and harm caused to the environment in the form of waste gas, waste water and solid waste, dust, malodorous gas, radioactive substances, noise, vibration and electromagnetic radiation generated in the course of production, construction or other activities. Enterprises and institutions discharging pollutants must report to and register with the relevant authorities in accordance with the provisions of the competent department of environmental protection administration under the State Council, and enterprises and institutions discharging pollutants in excess of the prescribed national or local discharge standards shall pay a fine for excessive discharge according to state provisions and shall assume responsibility for eliminating and controlling the pollution. Any individual or entity that violates the relevant environment protection laws and regulations may also be exposed to criminal liability if such violations resulted in loss of property, personal injuries or death.

The Group is required to comply with Environmental Protection Law in the PRC. During the Year and up to this date of this report, the Group has obtained all necessary environmental permits in respect of our businesses currently conducted and does not violate any applicable environmental protection laws in any material aspect.

If there is any change in Environmental Protection Law or environmental policies in the PRC, the Group will change our current policies to ensure its responsibility to the environment.

The Group designs, uses and maintains its facilities and plants in such a way as to limit the environmental impact of its operations: soil, water, air, noise, energy, waste, etc. Our environmental protection approach is based on the sustainable use of resources and reducing waste and emissions. From an operations perspective, the Group embeds the environmental protection at every level and the environmental protection approach is led by senior management at manufacturing sites. Processing the industrial imaging products is performed in our plant in Nanning, Guangxi province with highly dust free environment under constant temperature and humidity. Processing mandates high level of air cleanness degree and precise operation of processing equipment.

In addition, environmental protection is part of training programs for new employees and senior management. More specific training programs are and will be developed as part of our the environmental management system, and within the framework of our work to reduce waste from manufacturing operations in line with the Environmental Protection Law or environmental policies in the PRC, which is designed for production operators.

Reducing and recycling waste

Yestar is committed to optimizing waste management through our policy of reducing waste at the source and ensuring treatment or elimination by approved contractors. The Group seeks to address two key challenges: reducing the quantity of waste at the source and setting up specialized recycling facilities and/or system.

In 2015, the Group has made improvement and achievements in the field of waste management.

Controlling wastewater release into the environment

No industrial effluent is generated during the Company's production process, and the sewage discharged is household effluent, which is drained to the municipal sewage pipe network after being treated at the septic tank in accordance with the level 3 standard stipulated in the GB8978-1996 Integrated Wastewater Discharge Standard (《污水綜合排放標準》). The Company consistently improves its effluent management system.

During the Year and up to the date of this report, the Group does not violate any applicable laws governing the wastewater release in any aspect.

Limiting paper consumption

The Group continues their initiatives to reduce paper consumption and continues to change its internal processes by using the electronic document management system — namely by switching from the paper format to the electronic format for review and approval process as well as storage. Original documents remain accessible to all employees through the Group's database.

Other Responsibility to the Environment

The management have also identified the following as the responsibility to the environment of the Group:

— Consume less energy by improving our operating systems to control energy consumption of its equipment

— reduce greenhouse gas emissions by conducting an annual assessment on emissions generated from the extraction, production and transportation of fuels consumed, downstream transportation of goods, and business travel and commuting

RESPONSIBILITY TO OUR WORKFORCE

The spirit of Yestar is to "Give priority to our employees" as its philosophy that is naturally tied to the mission of the Group. Year after year, through ups and downs, this mindset inspires focused on the talents of our workforce as our most valuable asset.

Job retention

The Group commits to its employees to keep their jobs as its long-standing priority for the Company's management and a source of pride for Yestar. This commitment is particularly important after the listing of the Company on the Stock Exchange in 2013 and within the period of our acquisitions in 2014 and 2015.

Promoting internal mobility

The Group provides employees with upward development opportunities through internal mobility. Employees and senior management whose career paths develop in a variety of areas have access to opportunities to become a director of a subsidiary of the Group or be promoted as head of a recently-acquired companies.

Training

The Group continued to invest substantially in employee training during the Year. A total of 20,941 hours of training were provided across the Company, which represents 21.52 training hours per employee on average.

Health and safety in the workplace

Occupational health and safety is a major challenge for the Group. Senior management applies an existing uniform methodology to evaluate and prevent professional risks. Such policy is designed to reduce the number of occupational accidents and prevent long-term health risks for employees.

The Group provides our employees with different types of protective clothing depending on their job nature and requests our employees to replace old protective clothing with new ones upon the expiry of a specified useable period. The Group also adopts occupational health and safety procedures and measures to protect the health and safety of our employees and to ensure that our employees are aware of our safety procedures. These include detail guidelines for handling of accidents caused by machinery and other causes, mechanism for reporting accidents and protective equipment maintenance. Some of these guidelines are developed pursuant to national and local regulations, such as, including Measures for Contingency Plans for Production Safety (《生產安全應急預案管理辦法》) (Decree No. 17 of the State Administration of Work Safety), Measures of Nanning City for Supervision of Production Safety (《南寧市生產安全監督管理辦法》), Contingency Plans of Nanning City for Incidents of Production Safety (《南寧市生產安全事故應急預案》) and General Contingency Plans of Nanning City for Public Emergency (《南寧市突發公共事件總體應急預案》).

Internal standards to promote prevention

The effective management of health and safety programs of the Group is based on guidelines containing internal standards that set minimum requirements when it comes to good practices. Our processing manuals set out safety procedures during the processing process. In addition, the Group equips its employees with knowledge on workplace safety through training and tests. To minimize the risks of injuries or accidents caused by hazardous wastes, the Group implemented formal policies for handling hazardous wastes, such as storage in proper containers, established a committee to handle emergencies and provided detail procedures for reporting accidents. There were no accidents causing death or serious bodily injury in our business operations during the Year.

Training programs for risk prevention and management

All employees receive basic training about health and safety in the workplace. In addition, specific training programs are organized according to the risks individuals may be exposed to. Employees working at the processing plants in Nanning will be provided with extensive training before they are engaged in processing work to enhance occupational safety and minimise the possibility of work-related accidents and injuries due to the fact that recurrent processing steps are conducted in dim light or complete darkness environment in our plants.

RESPONSIBILITY TO COMMUNITY

During the Year, the Group has involved and contributed to the community in relation to education, culture and social responsibilities as follows:

May 2015: Yestar (Guangxi) Medical System Co. Ltd. donated RMB100,000 on the opening ceremony of the village development project named "For the Betterment of the Economic and Technological Development Zone (美麗經開區)".

September 2015: Jiangsu Uno donated RMB400,000 to the Nanjing Medical University Education Development Foundation to support medical education.

September 2015: as part of its community efforts, Yestar (Guangxi) Medical System Co. Ltd. showed its support to medical and healthcare development by making charitable contributions to various township health centres in Shanglin Country who were in need of ambulances.

October 2015: Yestar (Guangxi) Medical System Co. Ltd. donated a total of 2 ambulances to the Zhenweiyaozu Township Health Centre and Tanghong Township in Shanglin Country, Guangxi through China Siyuan Foundation for Poverty Alleviation.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW AND MARKET CONDITION

The proportion of total health expenditure in the PRC is much lower than major developed countries and building a "Healthy China" (推進健康中國建設) by improving healthcare system and balancing population in the PRC has become a priority of the Chinese Central Government in the 13th five-year plan (2016–2020).

A report published by "Strategic Report for Health China 2020" (「健康中國2020」戰略研究報告) estimates the overall market value of the healthcare and related service industry in PRC will reach RMB6.2 trillion in 2020. In particular, the demand for fast-moving medical consumables such as medical imaging products and IVD products are expected to experience continuous and higher growth due to the fact that the IVD market in the PRC is outpacing its health expenditure and the demand for health and disease screening have been flourishing with the rising middle-class in the PRC. According to the "Blue Book of China Medical Health (2015 edition)" (中國醫藥健康藍皮書(2015版)) published by China National Pharmaceutical Industry Information Center, the market of IVD products is expected to achieve a CAGR of 18.7% from 2014 to 2019, reaching RMB72.3 billion in 2019. Apparently, there is a substantial room for the growth of the IVD business of the Group.

Benefited from the relaxation one-child policy, the implementation of two-child policy in the PRC, families are allowed to have two children and the expected baby boom contributed to the increase in demand and revenue of our professional color photographic paper business during the Year. The revenue is offset by the strategically reduction of its selling price with an aim to achieve greater market share of that segment during the Year. In addition, the increasing population and aging population in the PRC keep on stimulating our IVD products business during the Year.

Continued changes in Chinese Government Policy on healthcare reforms will certainly affect the development, performance or position of the Company's business. The Group will change its current policies to ensure its compliance with the latest regulations governing the distribution of IVD products, manufacturing and distribution of medical films and imaging products. During the Year, the Group complies all the regulations governing the operation, workforce and environmental in relation to its operating businesses and obtains all the necessary permits for the manufacturing and distribution of its products.

PROSPECT

The excellent financial results the Group achieved over the past three years is a strong testimony of our global vision, strong execution capability and outstanding management system. The Group will remain its focus on co-operation with Fujifilm and the relationship with Roche and BD who have established the long-term relationship with the Group for over 10 years.

Looking into 2016, the Group will continue to implement its growth strategies by building an IVD business platform, reinforcing partnership with Roche and Fujifilm and enhancing market share in the PRC's medical consumable industry through merge and acquisition should the opportunity arises.

To further solidify its leading position and capture greater market shares in the eastern China region, the Group will continue to expand its IVD distribution network in Shanghai, Jiangsu and Anhui Provinces.

Our strategic partners have always been the biggest support in the Group's business development and expansion. In 2016, the Group will work closer with Fujifilm, Roche, BD and Thermo Fishers in introducing new products and expanding market shares. Thanks to its advanced technology, Fujifilm's medical imaging devices have already taken up a prominent position in many Grade-3 Hospitals (三甲醫院) across the PRC. As a pairing consumable, the demand of the Group's medical imaging products will continue to rise. Joining hands with Fujifilm, the Group will actively venture untapped markets in the PRC in 2016 to capture greater market share.

Past merger and acquisitions has proven to be a great success for the Group in terms of product extension, sales network expansion and most importantly profit enhancement. Leveraged on the proven track record, sufficient financial resources as well as our partnership with industry giants, the Group will continue to explore suitable merge and acquisition opportunities. By focusing on the IVD and medical consumable related industry, the Group is actively looking for targets with well-established sales network and products within or out of the PRC. Following such strategy, the Group would endeavor to broaden our market share in the PRC's medical consumable industry.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Hartono James, aged 40, is our Chairman and chief executive officer.

He joined our management team since our establishment and is responsible for the overall strategic development of our business as well as implementing our strategic objectives and business plans and overseeing the management and operations of all members of our Group. Mr. Hartono is also responsible for coordinating between the Directors as well as providing leadership to our Board.

Mr. Hartono is the general manager as well as the legal representative of Yestar (Shanghai) Co., Ltd 巨星貿易上海有限公司 ("Yestar Shanghai") and also a director of all members of our Group. Mr. Hartono is the brother of Ms. Hartono Jeane, Ms. Hartono Chen Chen Irene and Mr. Hartono Rico, all being our Controlling Shareholders.

Mr. Hartono has over 15 years of experience in the distribution of image printing products in China. Since 2000, he has participated in his family business in the distribution of image printing products. He developed his expertise in the industry when he first became the vice general manager of Yestar Shanghai in 2000. Mr. Hartono was a director of Yesstar (Shanghai) International Trading Co., Ltd. 迪星(上海)國際貿易有限公司 (engaged in international trading and import and export trading) and Yesstar (Shanghai) Digital Imaging Co., Ltd 迪星(上海)數碼技術有限公司 (engaged in digital photo and minilab processing business). Mr. Hartono was awarded the Honored citizenship from Nanning city in 2009. He graduated from Portland State University in Oregon, the USA with a bachelor's degree of science in marketing and finance in June 1997.

Ms. Wang Ying, aged 55, joined the Company in 2010 and is primarily responsible for formulating the sales strategies and product development of our business. She is also the chief executive officer of Yestar Shanghai.

Ms. Wang has over 31 years of experience in the imaging industry. Prior to joining our Group, Ms. Wang had worked for the Processing Group from July 1984 to June 2010. During this period, she worked for certain members of the Processing Group as the project engineer, processing executive, head of quality control department, co-head of sales for processing plant, legal representative and general manager. She also worked for the Processing Group as the chief engineer and head of processing plant.

Ms. Wang was awarded the second prize in respect of her accomplishment on GK-II Medical x-ray Film by Economic Commission of Shanghai in April 1998. Ms. Wang was also awarded the second and the third prize in respect of her accomplishment on RL-II Laser Phototypesetting Film by Economic Commission of Shanghai in July 2003 and by the local government in Shanghai in December 2003, respectively.

Ms. Wang obtained a Bachelor's degree in Fine Chemical Engineering Major in Photosensitive Material from East China University of Science and Technology (formerly known as 華東化工學院) in July 1984. She obtained a C.E.O. Associate certificate from British Federal Committee. She has been a committee member of Chinese Society for Imaging Science and Technology (中國感光學會) since 2001. She was a member of National Technical Committee on Light Industrial Machinery of Standardization Administration of the People's Republic of China (全國感光材料標準化技術委員會) from 2004 to 2009.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Mr. Chan To Keung, aged 57, has over 34 years of experience in the production of image printing products. Prior to joining our Group in 2006, Mr. Chan worked in Fuji Photo Products Co., Ltd, a wholly owned subsidiary of China-Hongkong Photo Products Holdings Limited which is listed on the Stock Exchange of Hong Kong (Stock Code: 1123) (engaging in distribution of Fujifilm products in Hong Kong and Macau), as senior manager in production, senior manager, manager, assistant manager, supervisor and technician in technical education center from 1977 to 2003.

Mr. Chan completed a three-year part-time evening certificate program specialising in electronics in 1982 held by the Technical Education and Industrial Training Department of Hong Kong. He further obtained a business administration certificate in 2006 from the Open University of Hong Kong.

Ms. Wang Hong, aged 40, is our chief financial officer and joined the Company in January 2007 and is primarily responsible for overseeing our finance and accounting and financial planning. Ms. Wang is also the financial controller of Yestar Shanghai and a director of Yestar Asia Company Limited ("Yestar BVI") and Yestar International (HK) Company Limited ("Yestar HK"), all are wholly-owned subsidiaries of the Company. Since September 2014, Ms. Wong is also a director of Jiangsu UNO Technology Development Company Limited, a non-wholly owned subsidiary of the Company.

Ms. Wang graduated from Shanghai University of Finance and Economics (上海財經大學) and has over 11 years of experience in PRC financial accounting and auditing. Prior to joining our Group, Ms. Wang worked as an accountant for different companies for more than 5 years.

Mr. Chan Chung Man, aged 40, joined the Group in July 2015 as head of medical division and is responsible for the business development, marketing and management of the medical consumable business of the Group. Mr. Chan has 15 years of overseas and the Chinese domestic market and distribution development and management experiences. Before joining the Group, Mr. Chan was the chief executive officer of International Minh Viet Joint Stock Company ("IMV") from December 2011 to June 2015, where he oversaw all day-to-day aspects of the operations including financial performance, marketing and operation management of the company. IMV is a company specialised in manufacturing, trading and distributing international brands and is also a distributor of Fujifilm products in Vietnam.

Mr. Chan served as a general committee member of the Hong Kong Business Association Vietnam for the period from 2012 to 2013 and from 2014 to 2015. He obtained a Bachelor of Business Administration degree from Lingnan University in 1999 and received a Master of Management degree from Macquarie University in 2003.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Hu Yiming, aged 52, joined the Company on 18 September 2013. She is the chairman of our audit committee and a member of our remuneration committee and nomination committee.

Dr. Hu has more than 22 years of experience in accounting. Dr. Hu has been a professor of accounting at the Department of Accounting of the Antai College of Economics & Management and the Supervisor of the Company Financial Research Centre of Antai College of Economics & Management at the Shanghai Jiao Tong University, China since January 2005. She has been a committee member of the Professional (Finance and Accounting) Committee of the Chinese Accounting Society (中國會計學會專業委員會(金融會計)) since February 2008. Dr. Hu was a supervisor of Ph.D. students of the School of Accountancy from January 2002 to January 2005 at the Shanghai University of Finance and Economics, China, an associate professor of the MBA Centre of the School of Management at Xiamen University, China from September 1997 to September 1999, a lecturer of the Accounting Department at the Xiamen University, China from April 1991 to September 1997, and a research assistant in the Computer Centre at Xiamen University, China from September 1988 to April 1991. Dr. Hu is also a member of the Accounting Committee of the Asia Pacific Management Accounting Association (亞太管理會計指導委員會).

Dr. Hu obtained a Bachelor of Science degree in Chemistry from Xiamen University, the PRC in 1985 and a Ph.D. degree in Management/Accounting from Xiamen University, the PRC in 1998.

Dr. Hu was an independent non-executive director of International Mining Machinery Holdings Limited (stock code: 1683) ("IMMH"), which was delisted on the Stock Exchange in June 2012, between January 2010 and June 2012.

Mr. Tirtamarta Karsono (Kwee Yoe Chiang), aged 67, joined the Company on 18 September 2013. He is the chairman of our remuneration committee and a member of our audit committee and nomination committee.

Mr. Karsono has 31 years of experience in automobile industry. Mr. Kwee was awarded the Rotary-ASME Entrepreneur of the Year in 2006. He is the founder and executive chairman of the Eurokars Group, a privately-held automobile distributorship group which operates well-known automotive brands marques in Singapore and Indonesia. Eurokars Group was conferred the third position in 2011 in the Enterprise 50 Award, which was jointly organised by The Business Times and KPMG, sponsored by OCBC Bank and supported by the Infocomm Development Authority of Singapore, International Enterprise Singapore, Singapore Business Federation and SPRING Singapore.

Mr. Sutikno Liky, aged 41, joined the Company on 18 September 2013. He is the chairman of our nomination committee and a member of our audit committee and remuneration committee.

Mr. Sutikno has over 11 years of experience in management and global supply chain services. He has been the chief operating officer of International Sources, Inc (USA) with responsibility to oversee its operation, primarily in Asia, since January 2004. He is also a legal representative and the chairman of the board of International Sources (Shanghai) Co., Ltd., overseeing its factories and joint ventures in the PRC. International Sources provides global supply chain services.

Mr. Sutikno obtained Bachelor degrees in Industrial Systems Engineering, Information Systems and Finance (his areas of concentration in Engineering were Manufacturing, Operation Research and Engineering Management) from The Ohio State University, Columbus, Ohio, the United States in June 1997.

SENIOR MANAGEMENT

Ms. Liao Changxiang, aged 41, is the general manager of Yestar Technology, Yestar Medical and Yestar Imaging. Ms. Liao joined us in 2007 and is primarily responsible for overseeing our finance, accounting and logistics of our operations in Guangxi.

Ms. Liao has over 15 years of experience in finance. Prior to joining our Group, Ms. Liao was the chief financial officer of Guangxi Runyu Business and Trade Group Corporation (廣西潤宇工貿集團有限公司) from January 2003 to May 2007 and from March 1999 to March 2002, worked in Nanning Yangda Tank Factory (南寧樣達水箱廠) which later merged with Nanning Eight Rhombus Motors Accessories Co., Ltd. (南寧八菱汽車配件有限公司), a subsidiary of Nanning Baling Technology Co., Ltd. (南寧八菱科技股份有限公司) (Stock Code: 002592), the shares of which are listed on the Shenzhen Stock Exchange.

Ms. Liao has been a senior accountant recognized by the Department of Human Resources and Social Security of Guang Xi Zhuang Autonomous Region (廣西壯族自治區人力資源和社會保障廳) since December 2010. Ms. Liao obtained a Master of Business Administration from Guangxi University in June 2009.

Mr. Li Bin, aged 42, is the chief executive officer of Shanghai Emphasis Investment Management Consulting Co., Ltd. ("Shanghai Emphasis", or 上海安百達投資管理顧問有限公司), which was acquired as to its 70% equity interests by the Company and became an indirect non-wholly owned subsidiary upon completion in August 2015.

Mr. Li Bin is the founder of Shanghai Emphasis, and is responsible for the overall strategic development and strategic objectives formulation of Shanghai Emphasis, as well as monitoring and managing the sales of Shanghai Emphasis. Mr. Li Bin has over 22 years working experience in sales and distribution of medical equipment and consumables.

Ms. Hang Wenxia, aged 47, is the chief executive officer of Jiangsu Uno, which was acquired as to its 70% equity interests by the Company and became an indirect non-wholly owned subsidiary upon completion in November 2014.

Ms. Hang has been the chief executive officer of Jiangsu Uno since its establishment in March 2003 and is responsible for the overall strategic development as well as implementing strategic objectives and business plans and overseeing the management and operations of Jiangsu Uno. Ms. Hang has over 20 years of experience in the sales & distribution of medical device and consumables.

Mr. Ng Chit Sing, aged 43, is the Company Secretary, and was appointed on 8 May 2015. Mr. Ng is the founder and chief executive officer of IN Corporate Services Limited (陞浩企業服務有限公司) specialising in provision of corporate secretarial services to listed issuers and private companies. Mr. Ng has extensive experience in company secretarial practice.

Mr. Ng was admitted as an associate of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in England. He was awarded a Bachelor of Social Sciences degree in 1996 and a Bachelor of Laws degree in 2008.

REPORT OF THE DIRECTORS

The directors of the Company (the "Directors") have pleasure in presenting their annual report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2015 (the "Financial Statements").

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding. The principal activities of the subsidiaries comprise the manufacture, distribution and sale of medical imaging products, distribution of In Vitro Diagnostic ("IVD") products and the manufacture and sale of dental films.

Details of the principal activities of the principal subsidiaries of the Company are set out in note 1 to the Financial Statements.

On 9 April 2015, the Company announced the acquisition of 70% of the equity interests in each of the 5 medical equipment and consumable companies, which are principally engaged in the sales and distribution of medical IVD consumables, medical equipment and clinical laboratory analytical instruments in Shanghai, the PRC. The above acquisition was completed on 10 August 2015. Other than this development, there were no significant changes in the nature of the Group's principal business during the Year.

Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including the fair review of the business, a discussion of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the Year, if any, an indication of likely future developments in the Group's business, a discussion of the environmental policies and performance of the Group and the key relationships with employees, customers and suppliers and others that have a significant impact on the Group, are disclosed in the section headed "Management Discussion and Analysis" on pages 10 to 25 of this annual report. This discussion forms part of this directors' report.

Discussion on general environmental policies and performance of the Company, principal risks and uncertainties facing the Group and key relationship with our employees are disclosed as follows:

Responsibility to the environment, by reducing and controlling the environmental impact of all activities of the Group, to preserve the health of people everywhere;

Responsibility to the workforce, by creating an optimal working environment and professional development opportunities for employees and strengthening their ethical and operating behaviors; and

Responsibility to community, by involving and contributing to our community to arose the importance of public health and healthcare of people.

REGULATORY COMPLIANCE

During the Year, the Group has complied with all relevant laws and regulations in relation to its operating business including environment, health and safety, workplace conditions and employment. The Group keep on maintaining strong relationships with its employees and stakeholders to ensure its sustainable development.

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE COMPANY'S BUSINESS

During the Year, the Company identified the following risks as potential challenge on its business. Details are listed as follows:

— Integration risk

— Liquidity risk

— Risk of dependency

— Risk of patent infringement

— Competitive risks

Details of the principal risks and uncertanties facing the business of the Group and the environmental policies and performance of the Group and disclosed on pages 19 to 25 of this annual report.

Despite the risks mentioned above, there is an increasing trend in the total volume of diagnostic tests carried out per person in the PRC, and the Group will benefit from such increased demand for IVD test. In addition, continued urbanisation, increased disease burdens, rising disposable income of the Chinese also lead to higher affordability for more precise and more reliable medical treatments.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 December 2015 and the financial position of the Group as at 31 December 2015 are set out in the Financial Statements on pages 55 to 127.

An analysis of the Group's performance for the Year by operating segment is set out in note 4 to the Financial Statements.

The Company did not pay interim dividend to the shareholders for the year ended 31 December 2015.

The Directors recommend the payment of a final dividend of HK3.9 cents per share for the year ended 31 December 2015 (2014: HK3.4 cents per share) to all shareholders whose names appear on the register of members of the Company on 8 June 2016. Subject to the approval of the shareholders at the forthcoming annual general meeting, the proposed final dividend is expected to be paid on 5 July 2016.

FIVE YEARS FINANCIAL SUMMARY

A summary of the published results, assets and liabilities of the Group for the last five financial years is set out on page 128. This summary does not form part of the audited Financial Statements.

SHARE CAPITAL IN THE YEAR

The Company completed the allotment and issued 307,700,000 shares to 18 independent subscribers on 17 July 2015.

Details of movement in share capital of the Company during the Year are set out in note 26 to the Financial Statements.

EQUITY-LINKED AGREEMENT

For the year ended 31 December 2015, the Group did not enter into any equity-linked agreement.

PRE-EMPTIVE RIGHTS

There is no provision for the pre-emptive rights under the Company's Articles of Association and there is no restriction against such rights under the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

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

During the Year, the Company did not redeem any of its listed securities, and neither did the Company nor any of its subsidiaries purchase or sell any of the Company's listed securities.

DISTRIBUTABLE RESERVES

As at 31 December 2015, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately RMB784.4 million (2014: RMB: approximately RMB83.6 million).

CHARITABLE DONATIONS

During the Year, charitable and other donations made by the Group amounted to approximately RMB0.65 million.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and sales for the Year attributable to the Group's major suppliers and customers are as follows:

Purchases	
— the largest supplier	23.7%
— five largest suppliers in aggregate	69.2%
Sales	
— the largest customer	38.3%
— five largest customers in aggregate	45.7%

To the best knowledge of the Directors, neither the Directors, their associates, nor any shareholders, who owned more than 5% of the Company's issued share capital, had any beneficial interest in any of the Group's five largest customers or suppliers during the year.

INTEREST-BEARING LOANS AND OTHER BORROWINGS

Particulars of interest-bearing loans and other borrowings of the Group as at 31 December 2015 are set out in note 23 to the Financial Statements. As at 31 December 2015, none of the Group's property, plant and equipment was pledged (2014: Nil). In addition, bank loans of approximately RMB252.5 million were secured by the pledge of 70% of equity interests of Jiangsu Uno, 70% of equity interests of Anbaida Group Companies and 100% of equity interests of Yestar (Guangxi) Imaging Technology Co., Ltd. Inventories of the Group with carrying amounts of approximately RMB43.3 million (31 December 2014: approximately RMB64.6 million) were pledged as a security for certain of the Group's trade and bills payables.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors who held office during the Year and as at the date of this report were:

Executive Directors:

Mr. Hartono James *(Chairman)*
Ms. Wang Ying
Mr. Chan To Keung
Ms. Wang Hong *(Chief Financial Officer)*
Mr. Chan Chung Man
(appointed on 29 January 2016)
Ms. Zhang Qi (resigned on 29 January 2016)
Ms. Heng Yinmei (resigned on 29 January 2016)

Independent Non-Executive Directors:

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

Subsequent to the end of the Year, on 29 January 2016, Ms. Zhang Qi resigned as an executive Director in order to devote more time and attention on her other business commitment in another company; while Heng Yinmei also retired on the same day as an executive Director as she intends to devote more time on her family matters.

On 29 January 2016, the Company announced that Mr. Chan Chung Man has been appointed as an executive Director.

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years, which shall be terminated at any time by giving to the other not less than 3 months' written notice, subject to retirement by rotation and re-election at annual general meeting.

Each of the independent non-executive Directors has executed a letter of appointment with the Company for a term of three years unless otherwise terminated in accordance with the terms of the letter of appointment, subject to retirement by rotation and re-election at annual general meeting.

In accordance with the Article 84(1) of Company's Articles of Association, at each annual general meeting one-third of the Directors for the time being shall retire from office by rotation. Accordingly, Ms. Wang Ying, Mr. Chan Chung Man and Dr. Hu Yiming, all are executive Directors, shall retire from office at the forthcoming annual general meeting to be held on 16 May 2016 (the "AGM").

All retiring Directors shall be eligible and offer themselves for re-election at the AGM.

Apart from the foregoing, no Director proposed for re-election at the AGM has a service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

REPORT OF THE DIRECTORS

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management of the Group are disclosed in the section headed "Biographical Details of the Directors and Senior Management on pages 26 to 29 of this annual report.

MANAGEMENT CONTRACTS

Save for service contracts, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

PERMITTED INDEMNITY PROVISIONS

At no time during the Year and up to the date of this report, there was no permitted indemnity provision being in force for the benefit of any of the Directors of the Company (whether made by the Company or otherwise).

DIRECTORS' REMUNERATION

The Directors' fees are subject to shareholders' approval at annual general meeting. Other emoluments are determined by the Board of the Company with reference to Directors' duties, responsibilities and performance and the results of the Group. The remuneration of the Directors (including executive Directors and Independent Non-executive Directors) on a named basis are set out in note 8 to the Financial Statements for the Year.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS CONTRACTS

No transaction, arrangement or contract (that is significant in relation to the business of the Company), to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had, directly or indirectly, a material interest, subsisted as at the end of the Year or at any time during the Year.

NON-COMPETE UNDERTAKING

Each of Ms. Hartono Jeane, Mr. Hartono James, Mr. Hartono Rico and Ms. Hartono Chen Chen Irene (the "Controlling Shareholders") gave a non-competition undertaking in favour of the Company, pursuant to which each of the Controlling Shareholders undertakes and covenants with the Company that he/she will not, and will procure that none of his/her associates shall directly or indirectly, either on his/her own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, director, partner, agent, employee, or otherwise, and whether for profit, reward or otherwise) any right or interest in or render any services to or otherwise be involved in any business directly or indirectly in competition with, or likely to be in competition with, the image-printing business and the medical imaging business carried out by the Group in the PRC.

The Company has received the confirmation from each of the Controlling Shareholders in respect of their compliance with the terms of non-competition undertaking for the Year.

The independent non-executive Directors had reviewed and confirmed that the Controlling Shareholders have complied with the non-competition undertaking and the non-competition undertaking has been enforced by the Company in accordance with its terms during the Year.

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.

The principal terms of the Share Option Scheme are summarised as follows:

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.

REPORT OF THE DIRECTORS

Upon acceptance of the options, the grantee shall pay HKD1.00 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 favour of our Company of HKD1.00 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 31 December 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 year ended 31 December 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 31 December 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 in Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions in ordinary shares of the Company

Name of Director	Interests in ordinary shares: Personal interests	Interests in ordinary shares: Family interests	Interests in ordinary shares: Corporate interests	Total interests in ordinary shares	Total interests in underlying shares	Aggregate interests	Approximate percentage of the Company's issued share capital
Hartono James	255,297,500	—	20,000,000 (Note)	275,297,500	—	275,297,500	12.65%

Note:

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

Save as disclosed above, as at 31 December 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 31 December 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 the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Long positions in ordinary shares of the Company

Name of shareholders	Capacity	Number of shares held	Approximate percentage of the Company's issued share capital
Hartono Jeane	Beneficial owner	676,890,000	31.11%
Hartono Rico	Beneficial owner	265,410,000	12.20%
Hartono Chen Chen Irene	Beneficial owner	119,475,000	5.49%
Li Bin	Beneficial owner	128,955,600	5.92%

Save as disclosed under the sections headed "Directors' and Chief Executives' Interests or Short Positions in Shares, Underlying Shares and Debentures" and "Substantial Shareholders' Interests and/or Short Positions in Shares and Underlying Shares of the Company" above, as at 31 December 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

During the Year, 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.

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION

During the Year, the Company and the Group did not enter into any connected and continuing connected transactions which are required to be disclosed in compliance with the requirements of Chapter 14A of the Listing Rules.

UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the change of Directors' information of the Company are as follows:

The monthly salary of Mr. Hartono James, the Chairman and an executive Director of the Company, increased from RMB135,520 to RMB162,624 since 1 January 2016.

The monthly salary of Ms. Wang Ying, an executive Director, increased from RMB80,080 to RMB87,287 since 1 January 2016.

The monthly salary of Mr. Chan To Keung, an executive Director, increased from RMB89,600 to RMB97,664 since 1 January 2016.

The monthly salary of Ms. Wang Hong, an executive Director, increased from RMB36,960 to RMB42,000 since 1 January 2016.

The monthly salary of Mr. Chan Chung Man, an executive Director, increased from RMB68,365 to RMB95,620 since 1 January 2016.

Save for the information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules of at least 25% of the Company's total number of issued shares which was held by the public as at the date of this report.

CORPORATE GOVERNANCE REPORT

Details of the Group's corporate governance practices can be found in the Corporate Governance Report contained on pages 41 to 52 in this annual report.

REPORT OF THE DIRECTORS

CLOSURE OF THE REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 12 May 2016 to 16 May 2016 (both days inclusive), during which period no transfers of shares will be registered. To determine the entitlement to attend and vote at the AGM, all transfer document, accompanied by the relevant share certificates, must be lodged with the Company's Branch Share Registrars in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 11 May 2016.

In addition, the Board has resolved to recommend the payment of a final dividend of HK3.9 cents per share to members whose names appear on the Register of Members of the Company on 8 June 2016. The Register of Members of the Company will also be closed between 7 June 2016 and 8 June 2016 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend to be paid on 5 July 2016, subject to approval at the AGM to be held on 16 May 2016, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Branch Share Registrars in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 6 June 2016.

AUDITORS

The Financial Statements have been audited by Messrs. Ernst & Young who retire and, being eligible, offer themselves for re-appointment. A resolution to re-appoint the retiring auditors to be proposed at the AGM.

By order of the Board
Yestar International Holdings Company Limited

Hartono James
Chairman, CEO and Executive Director

Hong Kong, 14 March 2016

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES

The Board of Directors (the "Board") and the management of the Company are committed to the maintenance of good corporate governance, practices and procedures. The Company believes that good corporate governance provides a solid foundation for the Group to manage business risks and is also one of the key factors leading to the success of the Company so as to balance the interests of shareholders, customers and employees. The Board is devoted to ongoing enhancements and review of the efficiency and effectiveness of such principles and practices to ensure that all of them are in line with corporate governance best practices.

Throughout the Year, the Directors consider that the Company has complied with all corporate governance codes ("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.

THE BOARD OF DIRECTORS

Composition and Responsibilities

As at the date of the report, the Board comprises eight Directors, of which five are executive Directors, and three are independent non-executive Directors. The composition of the Board throughout the Year and up to the date of this report is as follows:

Executive Directors:

Mr. Hartono James
(Chairman & Chief Executive Officer)
Ms. Wang Ying
Mr. Chan To Keung
Ms. Wang Hong *(Chief Financial Officer)*
Mr. Chan Chung Man (appointed on 29 January 2016)
Ms. Zhang Qi (resigned on 29 January 2016)
Ms. Heng Yinmei (resigned on 29 January 2016)

Independent Non-executive Directors:

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

During the Year, there was no change in the composition of the Board.

Subsequent to the end of the Year, on 29 January 2016, Ms. Zhang Qi resigned as an executive director in order to devote more time and attention on her other business commitment in another company; while Heng Yinmei also retired on the same day as an executive Director as she intends to devote more time on her family matters.

On 29 January 2016, the Company announced that Mr. Chan Chung Man has been appointed as an executive Director.

The biographical details and responsibilities of the Directors as well as the senior management as at the date of this report are set out in the section "Biographical Details of the Directors and Senior Management" on pages 26 to 29.

Save as disclosed in the section headed "Biographical Details of the Directors and Senior Management" to this annual report, the Directors have no other financial, business, family or other material/relevant relationships with each other.

The Board is accountable to shareholders for the Company's performance and activities. While the Board is primarily overseeing and managing the Company's affairs, the Chairman of the Board provides leadership to the Board in carrying out its duties. The executive Directors constituting the senior management of the Company are delegated with responsibilities in the day-to-day management of the Company and make operational and business decisions within the control of and delegation framework of the Company. The independent non-executive Directors contribute valuable views and proposals for the Board's deliberation and decisions.

The Company has throughout the Year met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one of them possessing appropriate professional qualifications, accounting or related financial management expertise. At all times during the Year, the independent non-executive Directors represent at least one-third of the Board.

Prior to their respective appointment, each of the independent non-executive Directors has submitted a written statement to the Stock Exchange confirming their independence and has undertaken to inform the Stock Exchange as soon as practicable if there is any subsequent change of circumstances which may affect their independence. The Company has also received a written confirmation from each of the independent non-executive Directors in respect of their independence for the year. The Board considers that all independent non-executive Directors are being considered to be independent by reference to the factors stated in the Listing Rules as at the date of this report.

The roles of the chairman and chief executive officer of the Company are both currently carried on by Mr. Hartono James. Other matters reserved for the Board include consideration of dividend policy, approval of major investments, maintenance of an adequate system of risk management and internal controls and review of the corporate governance practices of the Group. Daily operations and administration are delegated to chief financial officer and management teams.

PROCEDURE FOR SEEKING INDEPENDENT PROFESSIONAL ADVICE BY DIRECTORS

The Company has agreed to provide separate independent professional advice and sufficient resources to Directors and all Board Committees to assist them to discharge their duties in compliance with the Listing Rules and CG Code. The Company will consider to develop written procedures to enable Directors and members of all Board Committees, upon reasonable request, to seek and be provided with independent professional advice in appropriate circumstances, at the Company's expense.

The Company has subscribed an insurance policy with an aim to indemnify its Directors and senior management from any losses, damages, liabilities and expenses arising from, including but not limited to, any proceedings brought against them during the performance of their duties pursuant to their respective services agreements entered into with the Company.

Board Meetings

The Board is scheduled to meet regularly at least four times a year at approximately quarterly intervals, to discuss the overall strategy as well as the operational and financial performance of the Company. Other Board meetings will be held when necessary. Such Board meetings involve the active participation, either in person or through other electronic means of communication, of a majority of Directors. The Directors make every effort to contribute to the formulation of policy, decision-making and the development of the Group's business. For the Year, a total of six Board meetings were held.

Directors' Attendance at Board/Board Committee/General Meetings

Here below are details of all Directors' attendance at the board meeting, board committee meetings and general meeting held during the Year:

	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	2015 Annual General Meeting
	Number of Meetings Attended/Held				
Executive Directors:					
Hartono James	5/6	N/A	N/A	N/A	1/1
Wang Ying	5/6	N/A	N/A	N/A	0/1
Chan To Keung	6/6	N/A	N/A	N/A	1/1
Wang Hong	6/6	N/A	N/A	N/A	1/1
Zhang Qi*	5/6	N/A	N/A	N/A	0/1
Heng Yinmei*	5/6	N/A	N/A	N/A	0/1
Chan Chung Man**	0/6	N/A	N/A	N/A	0/1
Independent non-executive Directors:					
Hu Yiming	5/6	2/2	1/1	1/1	1/1
Tirtamarta Karsono (Kwee Yoe Chiang)	3/6	1/2	1/1	1/1	1/1
Sutikno Liky	4/6	2/2	1/1	1/1	1/1

* Resigned on 29 January 2016
** Appointed on 29 January 2016

Appropriate notices are given to all Directors in advance for attending regular and other board or board committee meetings. Meeting agendas and other relevant information are provided to the Directors in advance of board or board committee meetings. All Directors are consulted to include additional matters in the agenda for such meetings.

Directors have access to the advice and services of the Company Secretary with a view to ensuring that board procedures, and all applicable rules and regulations, are followed.

Both draft and final versions of the minutes will be sent to all Directors for their comment and records. Minutes of board and board committee meetings are kept by the Company Secretary and such minutes are open for inspection at any reasonable time on reasonable prior notice by any Director.

All directors are also entitled to have access to board papers and related materials. These papers and related materials are in a form and quality sufficient to enable the board to make informed decisions on matters placed before it. Queries raised by directors shall receive a prompt and full response by the management.

Appointment, Re-election and Removal

Each of the executive Directors and independent non-executive Directors has entered into a service contract and letter of appointment with the Company for an initial term of three years. The aforesaid service contracts and the letters of appointment may be terminated by not less than three month's notice in writing served by either party on the other.

In accordance with the articles of association of the Company, at each annual general meeting one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Such retiring Directors shall be eligible for re-election at the annual general meeting.

Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of shareholders after their appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Confirmation of Independence

Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines throughout the Year and as at the date of this report.

Code of Conduct for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules 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 Year.

Induction and Continuous Professional Trainings of Directors

Each newly appointed Director, including Mr. Chan Chung Man who was appointed on 29 January 2016, has received formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

The Directors have also been informed of the requirement under Code Provision A.6.5 of the CG Code regarding continuous professional development.

During the Year, all Directors (including independent non-executive Directors) and senior management of the Company received continuous professional development and training on the latest Listing Rules, risk management and internal control system of the Company to enhance their knowledge and skills.

The Company will keep on inviting professionals to conduct trainings to senior personnel (including all directors) of the Company so as to refresh their knowledge and to discharge their duty as director of a listed company.

BOARD COMMITTEES

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 its written terms of reference. The Company has updated the written terms of reference of the audit committee during the Year in compliance with the new CG Code with effect from 1 December 2016. The revised 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, risk management and internal control principles and 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, risk management and internal control procedures and ensure that the board and the management have discharged their duties to have an effective risk management and internal control systems.

The composition of the audit committee is as follows:

Independent non-executive Directors:

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

None of the members of the audit committee is a former partner of the Company's existing auditing firm. Dr. Hu Yiming, who has appropriate professional qualifications and experience in accounting matters, was appointed as the Chairman of the Audit Committee.

During the Year, the audit committee held two meetings. Details of the attendance of the members of the audit committee in the said meetings are set out under the sub-heading "Directors' Attendance at Board/Board Committee/General Meetings" above.

The summary of work of the audit committee during the year is as follows:

— met with the external auditors, reviewed and made recommendations for the Board's approval on the annual and interim reports of the Company;

— reviewed and approved audit fee;

— recommended the re-appointment of Ernst & Young as auditors, subject to the Shareholders' approval at the annual general meeting;

— reviewed the major transaction of the Company;

— reviewed the non-competition undertaking by the Controlling Shareholders of the Company;

— reviewed the effectiveness of the Company's risk management and internal control systems;

— reviewed the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget; and

— reviewed arrangements for the employees of the Group to raise concerns about possible improprieties in financial reporting, risk management and internal control or other matters.

Remuneration Committee

The Board established the remuneration committee on 18 September 2013 with written terms of reference in compliance with the relevant Code Provisions. The written terms of reference of the remuneration committee are available on the websites of the Company and the Stock Exchange.

The remuneration committee is responsible for, inter alia, formulating and making recommendations to the Board on the Company's emolument policy and on the establishment of a formal and transparent procedure for developing such policy. The Board expects the remuneration committee to exercise independent judgment and ensures that executive Directors do not participate in the determination of their own remuneration.

The composition of the remuneration committee is as follows:

Independent non-executive Directors:

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

During the Year, the remuneration committee held one meeting. Details of the attendance of the members of the remuneration committee in the said meeting are set out under the sub-heading "Directors' Attendance at Board/Board Committee/General Meetings" above.

The summary of work of the remuneration committee during the Year is as follows:

— reviewed and recommended to the Board on the Group's remuneration policy and strategy;

— reviewed the remuneration packages of the executive Directors and senior management of the Company and recommended to the Board to approve the proposal of their fixed salaries with effect from 1 January 2016; and

— reviewed and recommended to the Board the Directors' fees of the non-executive Directors and independent non-executive Directors remain unchanged with effect from 1 January 2016.

Nomination Committee

The Board established the nomination committee on 18 September 2013 with written terms of reference in compliance with the relevant Code Provisions. The written terms of reference of the nomination committee are available on the websites of the Company and the Stock Exchange.

The primary duties of the nomination committee include reviewing the structure, size and composition of the Board, identifying individuals suitably qualified to become Directors, assessing the independence of independent non-executive Directors and making recommendations to the Board on appointment and re-appointment of Directors.

The composition of the nomination committee is as follows:

Independent non-executive Directors:

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

During the Year, the nomination committee held one meeting. Details of the attendance of the members of the nomination committee in the said meeting are set out under the sub-heading "Directors' Attendance at Board/Board Committee/General Meetings" above.

The summary of work of the nomination committee during the year is as follows:

— reviewed the existing Board's structure, size and composition;

— reviewed and assessed the independence of the independent non-executive Directors; and

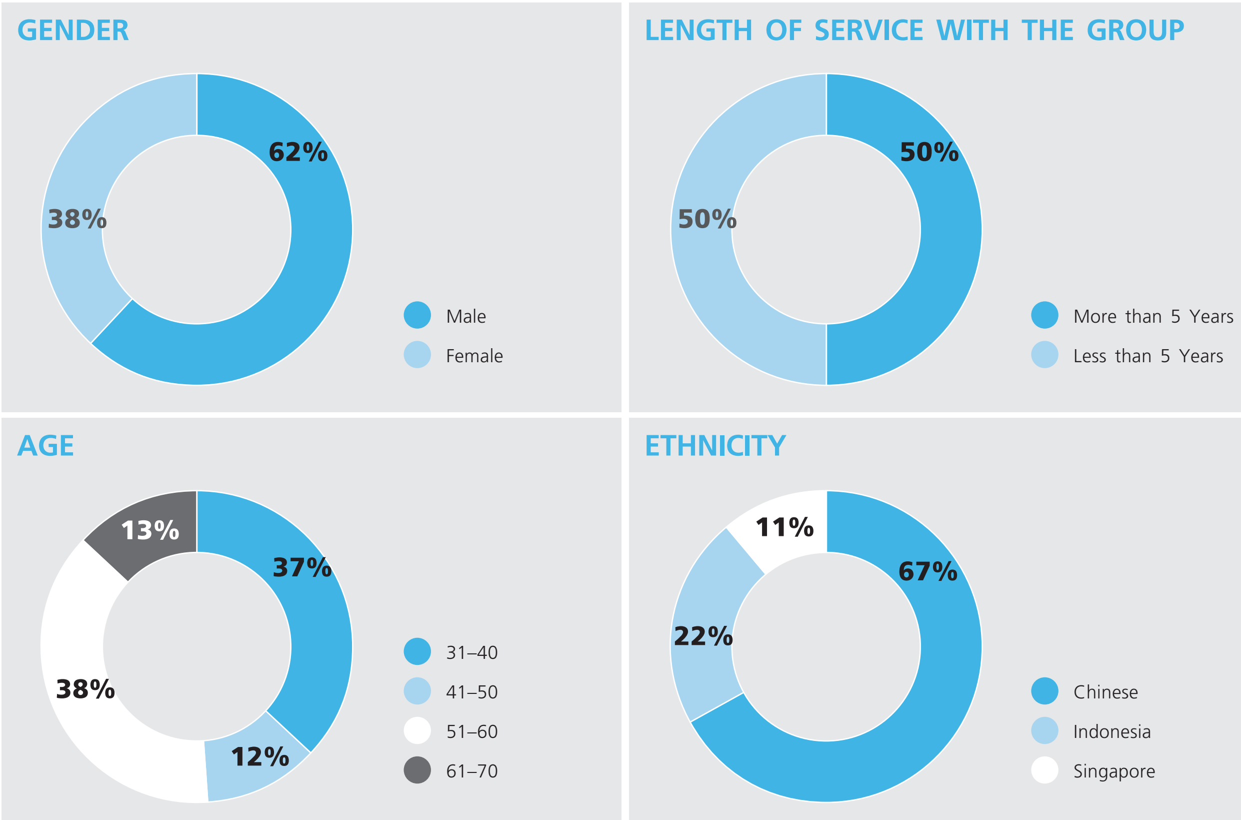
— made recommendations on the re-election of the retiring Directors at the 2016 AGM of the Company.

Board diversity policy

The Company recognises the benefits of having diversity in the composition of the Board and adopted its own board diversity policy on 18 September 2013.

The Company noted that that people from different backgrounds and with different professional and life experience are likely to approach problems in different ways and accordingly, members of the Board with diverse backgrounds will bring different concerns and questions to the table, and allow the Board to consider a wider range of options and solutions when deciding on corporate issues and formulating policies for the Group. In determining the Board's composition and selection of candidates to the Board, factors including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, industry knowledge and length of service will be considered. All Board appointments will be based on meritocracy, and candidates will be considered against the selection criteria, having regard for the benefits of diversity on the Board, the business model and specific needs of the Group. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Current composition of the Diversified Board



Note: Nationality is based on passport and does not necessarily reflect ethnic origin.

The nomination committee has monitored the implementation of the board diversity policy since its adoption, and also reviewed it to ensure its effectiveness and concluded that no revision to the policy is required at the last nomination committee meeting held.

Corporate Governance Function

During the Year, the Board has reviewed the corporate governance practices of the Company with reference to the terms of reference of corporate governance duties adopted by the Company on 18 September 2013. The summary of their work of is as follows:

— reviewed the Company's policies and practices on corporate governance and make recommendations;

— reviewed and monitored the training and continuous professional development of Directors and senior management of the Group;

— reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;

— developed, reviewed and monitored the code of conduct and compliance manual applicable to employees of the Group and the Directors; and

— reviewed the Company's compliance with CG Code and disclosure in the corporate governance report.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Emolument Policy

The remuneration policy of the Group is to ensure the fairness and competitiveness of total remuneration. The emoluments of executive Directors are determined based on the skills, knowledge, individual performance as well as contributions, the scope of responsibility and accountability of such Directors, taking into consideration the Company's performance and prevailing market conditions. The remuneration policy of independent non- executive Directors is to ensure that they are adequately compensated for their efforts and time dedicated to the Company's affairs including their participation in respective Board committees. Their emoluments are determined with reference to their skills, experience, knowledge, duties and market trends.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board acknowledges its responsibility for the preparation of the financial statements for the Year which give a true and fair view of the state of affairs of the Group in accordance with the statutory requirements and accounting standards and other financial disclosure requirement under the Listing Rules. The financial results of the Group are announced in a timely manner in accordance with statutory and/or regulatory requirements.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement by auditor about their reporting responsibilities is set out in the independent auditor's report on pages 53 and 54 of the Consolidated Financial Statements.

External Auditors' Remuneration

During the Year, the Company engaged Messrs. Ernst & Young as the external auditors. The fee in respect of audit services and non-audit services provided by Messrs. Ernst & Young for the year ended 31 December 2015 amounted to approximately HK$2.72 million and approximately HK$0.28 million respectively.

The audit committee has expressed its views to the Board that the level of fees paid/payable to the Company to the Company's external auditors for annual audit services is reasonable. There has been no major disagreement between the auditors and the management of the Company during the year.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board is committed to the maintenance of good corporate governance, practices and procedures and implements an effective risk management and internal control systems of the Group. The Board also admitted that the effectiveness of the existing risk management and internal control systems during the Year. However, such systems are designed to manage rather than eliminate risk of failure to achieve business objective, and can only provide reasonable and not absolute assurance against material misstatement or loss. Nevertheless, the management is authorized to engage an external professional service provider to conduct review on the risk management and internal controls systems and make recommendations for the improvement and strengthening of such systems. The main features for engaging an external professional service provider to review our risk management and internal control systems include:

— independence from the Board and senior management of the Group;

— entitle to have access to all relevant information and data for their review and recommendation; and

— well trained and qualified professional.

Effectiveness

The Board has overall responsibility for evaluating, determining, establishing and maintaining an effective risk management and internal control systems of the Group and for reviewing its effectiveness to safeguard the Company's assets and the shareholders' interests. During the Year, the Board and the audit committee of the Company have conducted a review on the effectiveness of Group's risk management and internal control systems on all material aspects.

During the Year, the Group has engaged Ernst & Young (China) Advisory Limited ("Ernst & Young Advisory"), an external service provider, to conduct review on the major risk management and internal controls in one of a wholly-owned subsidiaries of the Group, including financial, operational, risk management and compliance controls. Ernst & Young Advisory has reported the risk management and internal control facts and findings to the audit committee and make recommendations for the improvement and strengthening of the risk management and internal control systems to the Board. Ernst & Young Advisory reported that no material non-compliance or failures issues was found but various areas for improvement have been identified during the Year.

Based on the report from Ernst & Young Advisory, audit committee reported such findings and recommendations for the improvement of the risk management and internal control systems to the Board and the Board considered that all recommendations from Ernst & Young Advisory should be properly followed to ensure the sound and effectiveness of the internal control system of the Group can be maintained. A comprehensive training will also be conducted for the Company's executives and middle managers for improvement of the risk management and internal control systems.

The Board and the audit committee also considered that the key areas of the Group's risk management and internal control systems, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions, are reasonably conducted and implemented; and the Group considered that such systems were effective and adequate. During the Year, the Group has fully complied with the provisions of CG Code regarding the risk management and internal control systems.

Internal Audit

The Group has engaged Ernst & Young Advisory to conduct review on the risk management and internal controls systems and make recommendations for the improvement and strengthening of such systems since its listing in 2013. Taking into account the following:

— independence of Ernst & Young Advisory from the Board and senior management of the Group

— objectivity to the Company

— familiarity with the Group's risk management and internal controls systems

— well trained and experienced professional with latest knowledge on current operational risks development

— reasonable cost for internal audit outsourcing

— sound track records for provision of internal audit function from Ernst & Young Advisory

The Board considers that the internal audit outsourcing is in the best interest of the Group and will review the need for internal audit of the Group on an annual basis.

Inside Information

The Group has adopted a disclosure policy aiming to provide a general guide to the directors and senior management of the Company in handling of confidential information and/or monitoring of information disclosure pursuant to applicable laws and regulations in compliance with the Securities and Futures Ordinance.

The disclosure policy provides the procedures and internal controls for the handling and dissemination of inside information on a timely basis to enable the public, namely shareholders, institutional investors, potential investors and other stakeholders of the Company to access the latest information of the Group. Briefing and training on the implementation of the disclosure policy has been provided to Directors and senior management of the Group.

DELEGATION BY THE BOARD

While at all times the Board retains full responsibility for guiding and monitoring the Company in discharging its duties, certain responsibilities are delegated to various board committees which have been established by the Board to deal with different aspects of the Company's affairs. Unless otherwise specified in their respective written terms of reference as approved by the Board, these board committees are governed by the Company's articles of association as well as the Board's policies and practices (in so far as the same are not in conflict with the provisions contained in the articles of association).

With the establishment of the Audit Committee, Remuneration Committee and Nomination Committee, the independent non-executive Directors will be able to effectively devote their time to perform the duties required by the respective board committees.

The Board has also delegated the responsibility of implementing its strategies and the day-to-day operation to the management of the Company under the leadership of the executive Directors. Clear guidance has been made as to the matters that should be reserved to the Board for its decision which include matters on, inter alia, capital, finance and financial reporting, internal controls, communication with shareholders, Board membership, delegation of authority and corporate governance.

NON-COMPETITION UNDERTAKING FROM CONTROLLING SHAREHOLDERS

Each of the Controlling Shareholders of the Company gave a non-competition undertaking in favour of the Company. Each of them has confirmed compliance with such non-competition undertaking. The Board comprising all the independent non-executive Directors is of the view that the Controlling Shareholders have been in compliance with the non-competition undertaking in favour of the Company during the Year.

COMPANY SECRETARY

The Company engages Mr. Ng Chit Sing ("Mr. Ng"), an external service provider, as its Company Secretary. Ms. Wang Hong, an executive Director and chief financial officer, is the primary contact person to Mr. Ng at the Company in respect of any compliance and company secretarial matters of the Company.

During the Year, Mr. Ng, undertook over 15 hours' professional training to update his skill and knowledge in compliance with the Corporate Governance Code.

CHANGES IN CONSTITUTIONAL DOCUMENTS

During the Year, there has been no changes in the constitutional documents of the Company.

SHAREHOLDERS' RIGHTS

The Way by Which Shareholders Can Convene Extraordinary General Meeting ("EGM")/Put Forward Proposal

According to Article 58 of the Articles of Association of the Company, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Article 85 of the Articles of Association provides that no person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a written notice signed by a shareholder (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and a written notice signed by the person to be proposed of his willingness to be elected have been lodged at the head office provided that the minimum length of the period during which such notice(s) are given, shall be at least seven days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting.

Accordingly, if a shareholder of the Company wishes to propose a person other than a Director for election as a Director at the Company's general meeting ("Proposal"), he/she should lodge a written notice setting out the Proposal and his/her contact details to the head office and principal place of business of the Company.

The relevant procedures are set out in the circular to the shareholders which is sent together with this annual report and the Company's website at http://www.yestarcorp.com.

CORPORATE GOVERNANCE REPORT

The Procedures for Sending Enquiries to the Board

Shareholders may send their enquiries and concerns in writing to the Board/company secretary by addressing them to the Company at our principal place of business in Hong Kong or by email through the Company's website.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company endeavors to maintain effective communications with the shareholders and potential investors of the Company.

Save as mentioned under the sub-heading "The Procedures for Sending Enquiries to the Board" above, in order to provide more relevant information to our shareholders, the Company has published all corporate information about the Group on its website at http://www.yestarcorp.com. It is a channel of the Company to communicate with the shareholders and potential investors with our latest corporate development. All our corporate communications, such as statutory announcement, circular, financial reports are available on the website for easy access by the shareholders and potential investors. In addition, the Company meets its shareholders at the annual general meeting so as to promote the development of the Company through mutual and efficient communications.

The forthcoming annual general meeting of the Company is scheduled to be held on Monday, 16 May 2016. At the annual general meeting, the chairman of the Board as well as chairmen of the nomination committee, remuneration committee and audit committee or, in their absence, other members of the respective committees shall attend to answer questions from shareholders at the annual general meeting. The representatives of the external auditors shall also present and available to answer questions at the meeting.

The notice of annual general meeting and the necessary information on issues to be considered in the annual general meeting will be set out in the circular to be dispatched to the shareholders of the Company in due course.

Hong Kong, 14 March 2016

INDEPENDENT AUDITORS' REPORT

EY 安永

To the shareholders of Yestar International Holdings Company Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Yestar International Holdings Company Limited (the "Company") and its subsidiaries set out on pages 55 to 127, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

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

14 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
REVENUE	5	2,454,684	1,531,353
Cost of sales		(1,937,276)	(1,267,888)
Gross profit		517,408	263,465
Other income and gains	5	20,730	10,719
Selling and distribution expenses		(83,360)	(57,005)
Administrative expenses		(141,875)	(58,673)
Other expenses		(7,261)	(5,733)
Finance costs	6	(25,716)	(5,725)
PROFIT BEFORE TAX	7	279,926	147,048
Income tax expense	10	(81,413)	(43,502)
PROFIT FOR THE YEAR		198,513	103,546
Attributable to:			
Owners of the parent		162,756	100,900
Non-controlling interests		35,757	2,646
		198,513	103,546
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
— For profit of the year	12	RMB8.1 cents	RMB5.4 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	2015 RMB'000	2014 RMB'000
PROFIT FOR THE YEAR	198,513	103,546
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent years:		
Exchange differences on translation of foreign operations	1,104	206
Net other comprehensive income to be reclassified to profit or loss in subsequent years	1,104	206
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	1,104	206
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	199,617	103,752
Attributable to:		
Owners of the parent	163,860	101,106
Non-controlling interests	35,757	2,646
	199,617	103,752

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2015

	Notes	2015 RMB'000	2014 RMB'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	13	116,939	104,009
Prepaid land lease payments	14	14,952	15,279
Intangible assets	15	1,028,688	249,718
Goodwill	16	481,718	87,315
Deferred tax assets	17	5,552	7,477
Total non-current assets		1,647,849	463,798
CURRENT ASSETS			
Inventories	18	414,767	327,201
Trade and bills receivables	19	552,852	105,197
Prepayments, deposits and other receivables	20	41,554	22,899
Pledged deposits	21	500	4,100
Cash and cash equivalents	21	505,987	194,724
Total current assets		1,515,660	654,121
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	23	247,912	101,713
Trade and bills payables	24	449,975	282,778
Other payables and accruals	25	143,454	39,815
Tax payable		118,744	29,409
Amounts due to non-controlling interests	22	182,000	98,000
Total current liabilities		1,142,085	551,715
NET CURRENT ASSETS		373,575	102,406
TOTAL ASSETS LESS CURRENT LIABILITIES		2,021,424	566,204
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	23	172,500	4,500
Deferred tax liabilities	17	275,505	72,370
Other long term payables	25	656,022	164,277
Total non-current liabilities		1,104,027	241,147
NET ASSETS		917,397	325,057

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2015

	Notes	2015 RMB'000	2014 RMB'000 (Restated)
EQUITY			
Equity attributable to owners of the parent			
Issued capital	26	43,116	37,044
Reserves	27	864,298	278,615
		907,414	315,659
Non-controlling interests		9,983	9,398
TOTAL EQUITY		917,397	325,057

Hartono James
Director

Wang Hong
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

	Attributable to owners of the parent									
	Issued capital RMB'000 (note 26)	Share premium account** RMB'000	Contributed surplus RMB'000 (note 27)	Put-option written on non-controlling interests reserve RMB'000	Statutory reserve fund RMB'000 (note 27)	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2015	37,044	85,529	84,991	(85,593)	23,863	170,736	(911)	315,659	9,398	325,057
Profit for the year	—	—	—	—	—	162,756	—	162,756	35,757	198,513
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations	—	—	—	—	—	—	1,104	1,104	—	1,104
Total comprehensive income for the year	—	—	—	—	—	162,756	1,104	163,860	35,757	199,617
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	220,970	220,970
Issue of shares	6,072	722,554	—	—	—	—	—	728,626	—	728,626
Share issue expenses	—	(14,755)	—	—	—	—	—	(14,755)	—	(14,755)
Final 2014 dividends declared	—	(50,185)	—	—	—	—	—	(50,185)	—	(50,185)
Transfer from retained earnings	—	—	—	—	24,671	(24,671)	—	—	—	—
Put options in relation to non-controlling interests	—	—	—	(235,791)	—	—	—	(235,791)	(256,142)	(491,933)
At 31 December 2015	43,116	743,143*	84,991*	(321,384)*	48,534*	308,821*	193*	907,414	9,983	917,397

	Attributable to owners of the parent									
	Issued capital RMB'000 (note 26)	Share premium account** RMB'000	Contributed surplus RMB'000 (note 27)	Put-option written on non-controlling interests reserve RMB'000	Statutory reserve fund RMB'000 (note 27)	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2014	37,044	118,355	84,991	—	18,330	75,369	(1,117)	332,972	9,213	342,185
Profit for the year	—	—	—	—	—	100,900	—	100,900	2,646	103,546
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations	—	—	—	—	—	—	206	206	—	206
Total comprehensive income for the year	—	—	—	—	—	100,900	206	101,106	2,646	103,752
Acquisition of a subsidiary	—	—	—	—	—	—	—	—	67,579	67,579
Final 2013 dividends declared	—	(32,826)	—	—	—	—	—	(32,826)	—	(32,826)
Transfer from retained earnings	—	—	—	—	5,533	(5,533)	—	—	—	—
Put options in relation to non-controlling interests	—	—	—	(85,593)	—	—	—	(85,593)	(70,040)	(155,633)
At 31 December 2014	37,044	85,529	84,991	(85,593)	23,863	170,736	(911)	315,659	9,398	325,057

* These reserve accounts comprise the consolidated reserves of RMB864,298,000 (2014: RMB278,615,000) in the consolidated statement of financial position.

** Share premium has been adjusted for the proposed final 2014 dividend in accordance with the current year's presentation, which is described in note 2.4 to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		279,926	147,048
Adjustments for:			
Finance costs	6	25,716	5,725
Interest income		(1,672)	(2,517)
Reversal of impairment of inventories	7	(848)	—
Impairment of trade receivables	7	2,715	—
Depreciation of items of property, plant and equipment	7	18,024	14,046
Amortisation of prepaid land lease payments	7	327	327
Amortisation of other intangible assets	7	39,992	3,443
(Gain)/loss on disposal of items of property, plant and equipment	7	(23)	1
		364,157	168,073
Increase in trade and bills receivables		(238,092)	(60,278)
Decrease in prepayments, deposits and other receivables		2,427	56,377
Increase in inventories		(12,819)	(16,926)
Increase in trade and bills payables		69,893	7,094
Increase/(decrease) in other payables and accruals		35,938	(11,010)
Decrease/(increase) in pledged deposits		3,600	(784)
		225,104	142,546
Income tax paid		(59,947)	(29,457)
NET CASH FLOWS FROM OPERATING ACTIVITIES		165,157	113,089
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(18,545)	(10,447)
Purchases of intangible assets		(362)	(737)
Proceeds from disposal of items of property, plant and equipment		793	132
Interest received from term deposits		1,485	3,148
Acquisition of subsidiaries	29	(790,537)	(140,760)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(807,166)	(148,664)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from capital contribution	26	728,626	—
Share issue expense	26	(14,755)	—
New interest-bearing loans		495,283	(286,765)
Repayment of bank loans		(181,085)	275,766
Dividends paid		(50,185)	(36,210)
Interest paid		(25,716)	(5,725)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		952,168	(52,934)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		310,159	(88,509)
Cash and cash equivalents at beginning of year		194,724	283,027
Effect of foreign exchange rate changes, net		1,104	206
CASH AND CASH EQUIVALENTS AT END OF YEAR		505,987	194,724
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and non-pledged bank balances		499,987	149,724
Non-pledged time deposits		6,000	45,000
CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENT OF FINANCIAL POSITION	21	505,987	194,724

NOTES TO FINANCIAL STATEMENTS

31 December 2015

1. CORPORATE AND GROUP 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 Jeane Hartono, Rico Hartono, James Hartono and Chen Chen Irene Hartono.

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

The Company is an investment holding company. During the year, 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, distribution of medical equipment and diagnostic reagents.

Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Name of company	Place and date of incorporation/registration and place of business	Nominal value of issued ordinary/registered share capital	Percentage of equity attributable to the Company Direct %	Indirect %	Principal activities
Subsidiaries					
Yestar Asia Company Limited [1] ("Yestar BVI")	BVI 1 February 2012	—*	100	—	*Investment holding*
Yestar International (HK) Company Limited [2] ("Yestar HK")	Hong Kong 29 February 2012	HKD10,000	—	100	*Investment holding*
Yestar (Shanghai) Co., Ltd. ("Yestar Shanghai") [2][3]	PRC/Mainland China 20 July 2000	USD81,000,000	—	100	*Marketing and sale of color photographic paper, photo-related products, document printing equipment and consumables, industrial NDT x-ray films and dental films*
Yestar (Guangxi) Technology Co., Ltd. ("Guangxi Technology") [2]	PRC/Mainland China 23 July 2004	USD14,000,000	—	92.86	*Manufacture and sale of color photographic paper and manufacture of industrial NDT x-ray films*

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Particulars of the Company's subsidiaries are as follows: (continued)

Name of company	Place and date of incorporation/registration and place of business	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct %	Indirect %	Principal activities
Yestar (Guangxi) Medical System Co., Ltd. (2)(3)	PRC/Mainland China 24 December 2009	USD41,050,000	—	100	*Manufacture of dental films and manufacture and sale of medical dry films and medical wet films*
Yestar (Guangxi) Imaging Technology Co., Ltd. ("Yestar Imaging") (2)(3)	PRC/Mainland China 23 November 2010	RMB18,000,000	—	100	*Manufacture of color photographic paper and manufacture and sale of PWB films*
Jiangsu Uno Technology Development Company Limited ("Jiangsu Uno") (2)	PRC/Mainland China 5 December 2011	RMB26,000,000	—	70	*Sale of medical equipment and reagents*
Shanghai Emphasis Investment Management Consulting Co., Ltd. ("Shanghai Emphasis Investment") (2)(4)	PRC/Mainland China 4 April 2005	RMB29,880,000	—	70	*Sale of medical equipment and reagents*
Shanghai Jianchu Medical Instrument Co., Ltd. ("Shanghai Jianchu Medical") (2)(4)	PRC/Mainland China 26 August 2011	RMB8,880,000	—	70	*Sale of medical equipment and reagents*
Shanghai Chaolian Trading Co., Ltd. ("Shanghai Chaolian Trading") (2)(4)	PRC/Mainland China 26 February 2002	RMB500,000	—	70	*Sale of medical equipment and reagents*
Shanghai Haole Industrial Co., Ltd. ("Shanghai Haole Industrial") (2)(4)	PRC/Mainland China 1 June 2010	RMB11,952,000	—	70	*Sale of medical equipment and reagents*
Shanghai Dingpei Industrial Co., Ltd. ("Shanghai Dingpei Industrial") (2)(4)	PRC/Mainland China 4 April 2014	RMB500,000	—	70	*Sale of medical equipment and reagents*

* The total number of issued shares of Yestar BVI as at the date of this report is 10,172 which are without par value, and the total subscription price of these issued shares is USD1,100.

Notes:

(1) No audited financial statements have been prepared for this entity since its date of incorporation as the entity was not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

(2) Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

(3) Registered as wholly-foreign-owned enterprises under PRC law.

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Notes: (continued)

(4) During the year, the Group acquired Shanghai Emphasis Investment, 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 "Anbaida Group Companies"). Further details of this acquisition are introduced in note 29.

The English names of the subsidiaries registered in the PRC represent the best efforts made by management of the Company to translate their Chinese names as they do not have official English names.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with 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 ("IASB"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has the rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power on investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

2.1 BASIS OF PREPARATION (CONTINUED)

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year's financial statements.

Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*
Annual Improvements to IFRSs 2010–2012 Cycle
Annual Improvements to IFRSs 2011–2013 Cycle

The nature and the impact of each amendment is described below:

(a) Amendments to IAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. 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 of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(b) *The Annual Improvements to IFRSs 2010–2012 Cycle* issued in December 2013 sets out amendments to a number of IFRSs. Details of the amendments that are effective for the current year are as follows:

- IFRS 8 *Operating Segments:* Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

- IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets:* Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

- IAS 24 *Related Party Disclosures:* Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

(c) The *Annual Improvements to IFRSs 2011–2013 Cycle* issued in December 2013 sets out amendments to a number of IFRSs. Details of the amendments that are effective for the current year are as follows:

- IFRS 3 *Business Combinations:* Clarifies that joint arrangements but not joint ventures are outside the scope of IFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.

- IFRS 13 *Fair Value Measurement:* 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 amendment is applied prospectively from the beginning of the annual period in which IFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in IFRS 13.

- IAS 40 *Investment Property:* Clarifies that IFRS 3, instead of the description of ancillary services in IAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as the Group does not have any acquisition of investment properties during the year and so this amendment is not applicable.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

In addition, the Company has adopted the amendments to the Listing Rules issued by the Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

IFRS 9	*Financial Instruments*[3]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[6]
Amendments to IFRS 10, IFRS 12 and IAS 28	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to IFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
IFRS 14	*Regulatory Deferral Accounts*[5]
IFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to IAS 1	*Disclosure Initiative*[1]
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to IAS 16 and IAS 41	*Agriculture: Bearer Plants*[1]
Amendments to IAS 27	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012–2014 Cycle	Amendments to a number of IFRSs[1]
IFRS 16	*Lease*[4]
Amendments to IAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*[2]
Amendments to IAS 7	*Statement of Cash Flows*[2]

[1] Effective for annual periods beginning on or after 1 January 2016

[2] Effective for annual periods beginning on or after 1 January 2017

[3] Effective for annual periods beginning on or after 1 January 2018

[4] Effective for annual periods beginning on or after 1 January 2019

[5] Effective for an entity that first adopts IFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

[6] No mandatory effective date yet determined but is available for adoption

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Further information about those IFRSs that are expected to be applicable to the Group is as follows:

In July 2014, the IASB issued the final version of IFRS 9, bringing together all phases of the financial instruments project to replace IAS 39 and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt IFRS 9 from 1 January 2018. During 2015, the Group performed a high-level assessment of the impact of the adoption of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. The expected impacts arising from the adoption of IFRS 9 are summarised as follows:

(a) Classification and measurement

The Group does not expect that the adoption of IFRS 9 will have a significant impact on the classification and measurement of its financial assets. It expects to continue measuring at fair value all financial assets currently held at fair value. Equity investments currently held as available for sale will be measured at fair value through other comprehensive income as the investments are intended to be held for the foreseeable future and the Group expects to apply the option to present fair value changes in other comprehensive income. Gains and losses recorded in other comprehensive income for the equity investments cannot be recycled to profit or loss when the investments are derecognised.

(b) Impairment

IFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under IFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade and other receivables. The Group will perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements, for estimation of expected credit losses on its trade and other receivables upon the adoption of IFRS 9.

The amendments to IFRS 10 and IAS 28 (2011) address an inconsistency between the requirements in IFRS 10 and in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. No mandatory effective date yet determined but is available for adoption.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

The amendments to IFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in IFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

IFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under IFRSs. In July 2015, the IASB issued an amendment to IFRS 15 regarding a one-year deferral of the mandatory effective date of IFRS 15 to 1 January 2018. The Group expects to adopt IFRS 15 on 1 January 2018 and is currently assessing the impact of IFRS 15 upon adoption.

Amendments to IAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in IAS 1;

(ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;

(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

(iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The Group expects to adopt the amendments from 1 January 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Amendments to IAS 16 and IAS 38 clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations and goodwill (Continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its investment properties, derivative financial instruments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Put options in relation to non-controlling interests

During the process of acquiring the majority stake of a subsidiary, the Group provides the non-controlling shareholders with the right to dispose of the equity interests held by them to the Group ("Put Options"). The equity interests in such subsidiary held by the minority shareholders shall be recognised as non-controlling interests in the consolidated financial statements of the Group. At the same time, for Put Options, the Group shall assume the obligations to acquire in cash the equity interests in such subsidiary held by the non-controlling interests. The present value of the amount payable at the time of buying of the corresponding equity interests of such Put Options shall be deducted from non-controlling interests and shall be recognised as the financial liabilities of the Group. Such financial liabilities shall be re-measured at the present value of future exercise in the subsequent period, with changes charged to equity.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets (continued)

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person,

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are the members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties (continued)

(b) (continued)

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditures incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset or as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives of property, plant and equipment are as follows:

Buildings	20 years
Leasehold improvements	The shorter of the lease terms and their useful lives
Plant and machinery	5–10 years
Office equipment	5 years
Motor vehicles	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents buildings, plant and machinery under construction or installation and testing which are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as of the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software copyrights

Purchased software copyrights are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of five to ten years.

Distribution rights and customer relationship

Intangible assets including distribution rights and customer relationship are acquired through acquisitions of subsidiaries and are recognised according to their fair values on the acquisition date. Distribution rights and customer relationship are amortised over the estimated useful lives of 15 years based on management's estimates on how long the Group will maintain the distribution rights and customer relationship.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five to seven years, commencing from the date when the products are put into commercial production.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (Continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in other income and gains or finance costs in the statement of profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Financial assets designed upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IAS 39 are satisfied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (Continued)

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (Continued)

Financial assets carried at amortised cost (Continued)

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to other expenses in the statement of profit or loss.

Assets carried at cost

If there is objective evidence that an impairment loss has occurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (Continued)

Available-for-sale financial investments (Continued)

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss — is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, amounts due to non-controlling interests and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives also are classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IAS 39 are satisfied.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (Continued)

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference between respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Provisions for product warranties granted by the Group on certain products are recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liabilities arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses, deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect to deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from the rendering of services, in the period in which the services are rendered;

(c) rental income, on a time proportion basis over the lease terms; and

(d) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Pension scheme

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute 20% to 22% of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. In prior years, final dividends proposed by the directors were classified as a separate allocation of share premium within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. Following the implementation of the Hong Kong Companies Ordinance (Cap. 622), proposed final dividends are disclosed in the notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

These financial statements are presented in RMB, which is the Group's presentation currency. The functional currency of the Company is the Hong Kong dollar ("HKD"). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional rates of exchange ruling at the end of the reporting period. All differences arising on settlement or translation of monetary items are taken to the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on retranslation of a non-monetary item is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates ruling at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising from the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequent recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

(i) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2015 was RMB481,718,000 (2014: RMB87,315,000). Further details are given in note 16.

(ii) Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

(iii) Impairment of trade receivables

Impairment of trade receivables is made based on an assessment of the recoverability of trade receivables. The identification of doubtful debts requires management's judgement and estimates. Provision is made when there is objective evidence that the Group will not be able to collect the debts. Where the actual outcome or further expectation is different from the original estimate, the differences will impact the carrying value of the receivables, doubtful debt expenses and write-back of trade receivables in the period in which the estimate has been changed.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

(iv) Useful lives of property, plant and equipment

The Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations, competitor actions in response to severe industry cycles or unforeseeable change in legal enforcement rights in future. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

(v) Useful lives of intangible assets

The Group determines the estimated useful lives and related amortisation charges for its intangible assets. The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are amortised over the useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of the reporting period.

(vi) Net realisable value of inventories

Net realisable value of an inventory is the estimated selling price in the ordinary course of business, less estimated costs to be incurred to completion and disposal. These estimates are based on the current market condition and the historical experience of selling products of a similar nature which could change significantly as a result of changes in customer taste or competitor actions in response to severe consumer product industry cycles. Management reassesses these estimates at the end of the reporting period.

(vii) Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, and carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

4. 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, sale of medical equipment and reagents.

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.

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2015

	Imaging printing products RMB'000	Medical products and equipment RMB'000	Total RMB'000
Segment revenue:			
Sales to external customers	795,651	1,659,033	2,454,684
Segment results	46,085	238,845	284,930
Reconciliation:			
Corporate and other unallocated expenses			(5,004)
Profit before tax			279,926
Segment assets	676,385	2,465,718	3,142,103
Reconciliation:			
Corporate and other unallocated assets			21,406
Total assets			3,163,509
Segment liabilities	199,389	2,028,495	2,227,884
Reconciliation:			
Corporate and other unallocated liabilities			18,228
Total liabilities			2,246,112
Other segment information:			
Depreciation of items of property, plant and equipment	10,252	7,772	18,024
Amortisation of prepaid land lease payments	327	—	327
Amortisation of intangible assets	568	39,424	39,992
Gain on disposal of items of property, plant and equipment	2	20	22
Operating lease rentals	6,488	6,077	12,565
Capital expenditure*	15,556	2,989	18,545

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2014

	Imaging printing products RMB'000	Medical products and equipment RMB'000	Total RMB'000
Segment revenue:			
Sales to external customers	810,215	721,138	1,531,353
Segment results	66,389	81,529	147,918
Reconciliation:			
Corporate and other unallocated expenses			(870)
Profit before tax			147,048
Segment assets	343,699	742,234	1,085,933
Reconciliation:			
Corporate and other unallocated assets			31,986
Total assets			1,117,919
Segment liabilities	320,441	463,255	783,696
Reconciliation:			
Corporate and other unallocated liabilities			9,166
Total liabilities			792,862
Other segment information:			
Depreciation of items of property, plant and equipment	11,589	2,457	14,046
Amortisation of prepaid land lease payments	327	—	327
Amortisation of intangible assets	661	2,782	3,443
Loss on disposal of items of property, plant and equipment	1	—	1
Operating lease rentals	6,578	1,877	8,455
Capital expenditure*	8,914	2,270	11,184

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

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Information about major customers

During the year ended 31 December 2015, the Group had one customer from whom the revenue raised by selling medical imaging products and printing imaging products of RMB939,427,000 (2014: RMB801,068,000) accounted for more than 38% (2014: more than 50%) of the Group's total revenue during the year.

Details of the concentration of credit risk arising from the customers are set out in note 35 to the financial statements.

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, no geographical segment information is presented in accordance with IFRS 8 *Operating Segments*.

Seasonality of operations

The Group's operations are not subject to seasonality.

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold after allowances for returns, trade discounts and various types of government surcharges, where applicable; and gross rental income received during the year.

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

	2015 RMB'000	2014 RMB'000
Revenue		
Sale of goods	2,451,967	1,526,331
Gross rental income	2,717	5,022
	2,454,684	1,531,353
Other income and gains		
Government grants (note (a))	9,217	6,191
Interest income	3,196	4,335
Foreign exchange gains	8,021	—
Others	296	193
	20,730	10,719

Note (a): 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.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2015 RMB'000	2014 RMB'000
Finance costs		
Interest on bank loans, overdrafts and other loans	19,029	5,623
Cash discount	6,637	—
Interest arising from discounted bills	50	102
	25,716	5,725

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2015 RMB'000	2014 RMB'000
Cost of inventories sold	1,937,276	1,267,888
Depreciation of items of property, plant and equipment (note 13)	18,024	14,046
Amortisation of prepaid land lease payments (note 14)	327	327
Amortisation of other intangible assets (note 15)	39,992	3,443
Research and development costs	3,434	1,988
Minimum lease payments under operating leases	12,565	8,455
Auditors' remuneration	2,267	1,870
Employee benefit expense (including directors' remuneration as set out in note 8):		
— Wages and salaries	97,964	70,199
— Pension scheme contributions	8,841	6,979
	106,805	77,178

	2015 RMB'000	2014 RMB'000
Reversal of impairment of inventories (note 18)	(848)	—
Impairment of trade receivables (note 19)	2,715	—
(Gain)/loss on disposal of items of property, plant and equipment	(23)	1

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Group	
	2015 RMB'000	2014 RMB'000
Fees	612	600
Other emoluments:		
Salaries, allowances and benefits in kind	5,829	5,347
Discretionary bonuses	2,380	2,625
Pension scheme contributions	164	185
	8,373	8,157
	8,985	8,757

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2015 RMB'000	2014 RMB'000
Mr. Tirtamarta Karsono	204	200
Dr. Hu Yiming	204	200
Mr. Sutikno Liky	204	200
	612	600

There were no other emoluments payable to the independent non-executive directors during the year (2014: Nil).

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(b) Executive directors and the chief executive

	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Pension scheme contributions RMB'000	Total RMB'000
2015				
James Hartono*	2,298	739	—	3,037
Wang Ying	1,009	655	41	1,705
Chan To Cheung	1,075	480	—	1,555
Zhang Qi	528	160	41	729
Heng Yinmei	475	144	41	660
Wang Hong	444	202	41	687
	5,829	2,380	164	8,373
2014				
James Hartono*	2,150	1,093	—	3,243
Wang Ying	922	585	26	1,533
Chan To Cheung	960	409	—	1,369
Zhang Qi	480	215	53	748
Heng Yinmei	432	143	53	628
Wang Hong	403	180	53	636
	5,347	2,625	185	8,157

* Mr. James Hartono is also the chief executive of the Company.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four (2014: five) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining non-director, highest paid employee for the year are as follows:

	2015 RMB'000	2014 RMB'000
Salaries, allowances and benefits in kind	462	—
Discretionary bonuses	211	—
Pension scheme contributions	28	—
	701	—

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

	Number of employees	
	2015	2014
Nil to HKD1,000,000	1	—

10. INCOME TAX

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 year.

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.

10. INCOME TAX (CONTINUED)

The major components of income tax charge for the year are as follows:

	2015 RMB'000	2014 RMB'000
Current tax		
— Income tax in the PRC for the year	82,366	38,240
— Deferred tax (note 17)	(953)	5,262
Total tax charge for the year	81,413	43,502

A reconciliation of the income tax expense applicable to profit before tax at the statutory rate for the countries in which the Company and the majority of its subsidiaries are domiciled (i.e., in their respective countries of incorporation) to the tax expense at the effective tax rate for the year is as follows:

	2015 RMB'000	2014 RMB'000
Profit before tax	279,926	147,048
Tax at an applicable tax rate	69,982	36,762
Lower tax rate for certain loss making entities in different jurisdictions	1,251	218
Adjustments to current tax of previous periods	50	(190)
Expenses not deductible for tax	1,068	1,860
Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries (note 17)	9,062	4,852
Tax charge at the Group's effective rate	81,413	43,502

11. DIVIDENDS

	2015 RMB'000	2014 RMB'000
Proposed final — HK3.9 cents (2014: HK3.4 cents) per ordinary share	71,071	50,450

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,011,710,000 in issue during the year ended 31 December 2015 (2014: 1,867,500,000), upon completion of issuing 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.

The calculation of basic and diluted earnings per share is based on:

	2015 RMB'000	2014 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation:	162,756	100,900
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation (thousands)	2,011,710	1,867,500
Basic and diluted earnings per share (RMB cents)	8.1	5.4

The diluted earnings per share amount is equal to the basic earnings per share amount for the years ended 31 December 2015 and 2014, as there were no diluting events during the years ended 31 December 2015 and 2014.

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:							
At 1 January 2014	26,066	18,734	86,620	8,636	13,905	16,483	170,444
Additions	1,070	186	214	1,211	1,770	5,996	10,447
Transfers	6,425	1,323	369	230	—	(8,347)	—
Acquisition of a subsidiary	—	1,407	—	—	2,645	—	4,052
Disposals	—	—	—	(346)	(49)	—	(395)
At 31 December 2014 and 1 January 2015	33,561	21,650	87,203	9,731	18,271	14,132	184,548
Additions	3,441	653	49	1,854	1,379	11,169	18,545
Transfers	2,884	—	483	33	—	(3,400)	—
Acquisition of subsidiaries (note 29)	—	—	—	4,204	23,628	—	27,832
Disposals	—	—	—	(667)	(693)	—	(1,360)
At 31 December 2015	39,886	22,303	87,735	15,155	42,585	21,901	229,565
Accumulated depreciation:							
At 1 January 2014	1,205	13,544	42,000	4,182	5,161	—	66,092
Charge for the year (note 7)	1,373	1,193	7,768	1,425	2,287	—	14,046
Acquisition of a subsidiary	—	522	—	—	141	—	663
Disposals	—	—	—	(233)	(29)	—	(262)
At 31 December 2014 and 1 January 2015	2,578	15,259	49,768	5,374	7,560	—	80,539
Charge for the year (note 7)	2,164	1,766	6,097	2,008	5,989	—	18,024
Acquisition of subsidiaries (note 29)	—	—	—	2,611	12,042	—	14,653
Disposals	—	—	—	(161)	(429)	—	(590)
At 31 December 2015	4,742	17,025	55,865	9,832	25,162	—	112,626
Net book value:							
At 31 December 2015	35,144	5,278	31,870	5,323	17,423	21,901	116,939
At 31 December 2014	30,983	6,391	37,435	4,357	10,711	14,132	104,009

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

NOTES TO FINANCIAL STATEMENTS

31 December 2015

14. PREPAID LAND LEASE PAYMENTS

	2015 RMB'000	2014 RMB'000
Carrying amount at 1 January	15,279	15,606
Recognised during the year (note 7)	(327)	(327)
Carrying amount at 31 December	14,952	15,279

15. INTANGIBLE ASSETS

	Customer relationship RMB'000	Distribution rights RMB'000	Computer software RMB'000	Total RMB'000
Cost:				
At 1 January 2014	—	—	8,248	8,248
Additions	—	—	737	737
Acquisition of a subsidiary	93,100	156,800	—	249,900
At 31 December 2014 and 1 January 2015	93,100	156,800	8,985	258,885
Additions	—	—	362	362
Acquisition of subsidiaries (note 29)	276,000	542,600	—	818,600
At 31 December 2015	369,100	699,400	9,347	1,077,847
Accumulated amortisation and impairment:				
At 1 January 2014	—	—	5,724	5,724
Charge for the year (note 7)	1,034	1,742	667	3,443
At 31 December 2014 and 1 January 2015	1,034	1,742	6,391	9,167
Charge for the year (note 7)	13,873	25,526	593	39,992
At 31 December 2015	14,907	27,268	6,984	49,159
Net carrying amount:				
At 31 December 2014	92,066	155,058	2,594	249,718
At 31 December 2015	354,193	672,132	2,363	1,028,688

16. GOODWILL

	RMB'000
Cost:	
At 1 January 2014	—
Acquisition of a subsidiary	87,315
At 31 December 2014 and 1 January 2015	87,315
Acquisition of subsidiaries (note 29)	394,403
At 31 December 2015	481,718
Accumulated impairment:	
At 31 December 2014 and 2015	—
Net carrying amount:	
At 31 December 2014	87,315
At 31 December 2015	481,718

Impairment testing of goodwill

Goodwill acquired through business combinations has been primarily allocated to the following reportable cash-generating unit ("CGU") for impairment testing:

— sale of medical equipment and reagent of Jiangsu Uno.

— sale of medical equipment and reagent of Anbaida Group Companies.

The recoverable amount of the CGU is determined based on value-in-use calculation. The calculation uses cash flow projections based on financial budgets approved by management covering a fifteen-year period. The discount rates applied to the cash flow projections were 13% for Jiangsu Uno and 19% for Anbaida Group Companies. Cash flows beyond the fifteen-year period are extrapolated using the estimated growth rates. The growth rates do not exceed the projected long term average growth rates for the medical and health development industries in Mainland China.

Assumptions were used in the value-in-use calculation of the CGUs for 31 December 2015. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins — Management determined the budgeted gross margins based on past performance and its expectations for the development of the market.

Discount rates — The discount rates used are before tax and reflect specific risks relating to the respective industries.

16. GOODWILL (CONTINUED)

Raw materials price inflation — The basis used to determine the value assigned to raw materials price inflation is the forecast price indices during the budget year.

17. DEFERRED TAX

The movements in deferred tax assets during the year are as follows:

Deferred tax assets

	Elimination of unrealised profits RMB'000	Accruals and provisions RMB'000	Total RMB'000
Gross deferred tax assets at 1 January 2014	3,139	5,211	8,350
Acquisition of a subsidiary	—	231	231
Deferred tax credited/(charged) to the statement of profit or loss during the year	228	(1,332)	(1,104)
Gross deferred tax assets at 31 December 2014 and 1 January 2015	3,367	4,110	7,477
Deferred tax charged to the statement of profit or loss during the year (note 10)	(993)	(932)	(1,925)
At 31 December 2015	2,374	3,178	5,552

17. DEFERRED TAX (CONTINUED)

Deferred tax liabilities

	Fair value adjustments arising from acquisition of a subsidiary RMB'000	Undistributed profits of PRC subsidiaries RMB'000	Total RMB'000
Gross deferred tax liabilities at 1 January 2014	—	4,313	4,313
Acquisition of a subsidiary	63,899	—	63,899
Deferred tax charged/(credited) to the statement of profit or loss during the year	(694)	4,852	4,158
Gross deferred tax liabilities at 31 December 2014 and 1 January 2015	63,205	9,165	72,370
Acquisition of subsidiaries (note 29)	206,013	—	206,013
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 10)	(11,940)	9,062	(2,878)
At 31 December 2015	257,278	18,227	275,505

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding corporate income tax is levied on dividends declared to foreign investors from foreign investment enterprises established in Mainland China. The requirement became effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding corporate income tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable withholding rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

18. INVENTORIES

	2015 RMB'000	2014 RMB'000
Raw materials	112,616	109,618
Finished goods	302,151	218,431
	414,767	328,049
Less: provision for inventories	—	(848)
	414,767	327,201

18. INVENTORIES (CONTINUED)

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

	2015 RMB'000	2014 RMB'000
Trade and bills payables (note 24)	43,269	64,558

19. TRADE AND BILLS RECEIVABLES

	2015 RMB'000	2014 RMB'000
Trade receivables	533,145	92,914
Bills receivable	22,422	12,283
Impairment	(2,715)	—
	552,852	105,197

The Group grants different credit periods to customers. The Group generally requires its customers to make payments at various stages of a sale transaction. The credit period of individual customers is considered on a case-by-case basis and set out in the sales contracts, as appropriate. Certain customers are required to make partial payment before or upon delivery. The Group seeks to maintain strict control over its outstanding receivables and closely monitors them to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are unsecured and non-interest-bearing.

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

	2015 RMB'000	2014 RMB'000
Within 90 days	391,120	92,541
91 to 180 days	94,324	259
181 to 365 days	39,797	114
1 to 2 years	5,189	—
	530,430	92,914

19. TRADE AND BILLS RECEIVABLES (CONTINUED)

The movements in provision for impairment of trade receivables are as follows:

	2015 RMB'000	2014 RMB'000
At beginning of year	—	—
Impairment losses recognised (note 7)	2,715	—
	2,715	—

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB2,715,000 (2014: Nil) with a carrying amount before provision of RMB7,444,000 (2014: Nil).

The individually impaired trade receivables relate to customers that were in financial difficulties or were in default in interest and/or principal payments and all of the receivables is expected to be unrecovered.

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

	2015 RMB'000	2014 RMB'000
Neither past due nor impaired	465,751	92,914
Past due but not impaired:		
Less than 90 days	45,650	—
91 to 180 days	14,300	—
	525,701	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.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015 RMB'000	2014 RMB'000
Prepayments	23,970	4,200
Value added tax input	8,033	13,456
Deposits and other receivables	9,551	5,243
	41,554	22,899

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

21. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2015 RMB'000	2014 RMB'000
Cash and bank balances	500,487	153,824
Time deposits	6,000	45,000
	506,487	198,824
Less: Pledged deposits		
Pledged for issuance of bank acceptance notes	(500)	(4,100)
Cash and cash equivalents	505,987	194,724

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to RMB432,470,000 (2014: RMB165,965,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between three months and one year depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

22. AMOUNTS DUE TO NON-CONTROLLING INTERESTS

	2015 RMB'000	2014 RMB'000
Amounts due to non-controlling interests (note 29)	182,000	98,000

23. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2015			2014		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans — unsecured	4.35–7.1	2016	115,000	2.1-7.28	2015	81,713
Bank loans — secured	5.22–6.12	2016	52,912	—	—	—
Current portion of long term bank loans — secured	7.59–7.8	2016	80,000	7.8	2015	20,000
			247,912			101,713
Non-current						
Other secured bank loans	7.59–7.8	2017	172,500	7.8	2016	4,500
			420,412			106,213
Analysed into:						
Bank loans repayable:						
Within one year or on demand			247,912			101,713
In the second year			172,500			4,500
			420,412			106,213

Notes:

(1) Certain of the Group's bank loans are secured by the pledge of 70% of equity interests of Jiangsu Uno, 70% of equity interests of Anbaida Group Companies and 100% of equity interests of Yestar Imaging.

(2) All borrowings are in RMB.

24. TRADE AND BILLS PAYABLES

	2015 RMB'000	2014 RMB'000
Trade payables	406,706	218,220
Bills payable	43,269	64,558
	449,975	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:

	2015 RMB'000	2014 RMB'000
Within 90 days	405,524	218,137
91 to 180 days	983	68
181 to 365 days	13	15
1 to 2 years	186	—
	406,706	218,220

The trade payables are non-interest-bearing and are normally settled within 180 days.

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 as set out in note 18.

25. OTHER PAYABLES AND ACCRUALS

	2015 RMB'000	2014 RMB'000
Current portion:		
Advances from customers	19,626	10,128
Other payables	89,739	19,120
Value added tax payable	18,642	536
Accrued expenses	108	249
Payroll and welfare payable	15,339	9,782
	143,454	39,815
Non-current portion:		
Other payables (Note 1)	8,456	8,644
Put options in relation to non-controlling interests (Note 2)	647,566	155,633
	656,022	164,277

Note 1: In January 2012, Yestar Imaging received a government grant for the land lease located in 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 31 December 2015, the deferred government grant is included in other payables in the consolidated statement of financial position.

Note 2: Put options in relation to non-controlling interests represent the rights granted to the non-controlling shareholders to dispose the 30% interests in Jiangsu Uno and Anbaida Group Companies to the Group during the acquisition of 70% interests by the Company in Jiangsu Uno and Anbaida Group Companies as set in note 29. 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 31 December 2015, it was measured at its fair value.

26. SHARE CAPITAL

Shares

		2015 RMB'000	2014 RMB'000
Authorised: ordinary shares of HKD0.025 each (2014: HKD0.025 each)	(i)	100,000	100,000
Issued and fully paid: 2,175,200,000 (2014: 1,867,500,000) ordinary shares of HKD0.025 each		43,116	37,044

A summary of movements in the Company's issued share capital is as follows:

		Number of shares in issue ('000)	Share capital RMB'000	Share premium account RMB'000	Total RMB'000
At 1 January 2014		466,875	37,044	118,355	155,399
Stock split		1,400,625	—	—	—
Final 2013 dividend declared		—	—	(32,826)	(32,826)
At 31 December 2014 and 1 January 2015		1,867,500	37,044	85,529	122,573
New issue of shares		307,700	6,072	722,554	728,626
Share issue expenses	(a)	—	—	(14,755)	(14,755)
Final 2014 dividend declared		—	—	(50,185)	(50,185)
As at 31 December 2015		2,175,200	43,116	743,143	786,259

Note:

(a) 113,700,000 shares and 194,000,000 shares were issued for cash at a subscription price of HK$3.00 per 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.

27. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 59 of the financial statements.

Share premium

The application of the share premium account of the Company is governed by the Company Law (Revised) of the Cayman Islands. Under the constitutional documents and Companies Law (Revised) of the Cayman Islands, the share premium is distributable as a dividend on the condition that the Company is able to pay its debts when they fall due in the ordinary course of business at the time the proposed dividend is to be paid.

Contributed surplus

The Group's contributed surplus represents the difference between the nominal value of shares of the subsidiaries acquired over the nominal value of the Company's shares issued in exchange therefor.

Put-option written on non-controlling interests reserve

The put option written on non-controlling interests reserve represents the difference between the non-controlling interests that the non-controlling shareholders hold at each financial year end but have the right to dispose of the equity interests to the Group and the present value of the amount payable by the Group to the non-controlling shareholders at the time of buying of the corresponding equity interests.

Statutory reserve fund

In accordance with the relevant PRC regulations applicable to wholly-foreign-owned companies, certain entities within the Group are required to allocate a certain portion (not less than 10%), as determined by their boards of directors, of their profit after tax in accordance with PRC GAAP to the statutory reserve fund (the "SRF") until the reserve reaches 50% of the registered capital.

The SRF is non-distributable other than in the event of liquidation and, subject to certain restrictions set out in the relevant PRC regulations, can be used to offset accumulated losses or be capitalised as issued capital.

In accordance with relevant regulations and the articles of association, a subsidiary registered in the PRC as a domestic company is required to appropriate 10% of its net profit (after offsetting accumulated losses from prior years) to the statutory surplus reserve. After the balance of this reserve reaches 50% of the entity's capital, any further appropriation is at the discretion of the company. The statutory surplus reserve can be utilised to offset accumulated losses or increase capital. However, the balance of the statutory surplus reserve must be maintained at a minimum of 25% of the capital after these usages.

Distributable reserves

For dividend purposes, the amounts which the PRC companies can legally distribute by way of a dividend are determined by reference to the distributable profits as reflected in their PRC statutory financial statements which are prepared in accordance with PRC GAAP. These profits differ from those that are reflected in these financial statements which are prepared in accordance with IFRSs.

In accordance with the Company Law of the PRC, profits after tax of the PRC companies can be distributed as dividends after the appropriation to the SRF as set out above.

28. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2015	2014
Percentage of equity interest held by non-controlling interests:		
Jiangsu Uno	30%	30%
Anbaida Group Companies	30%	—

	2015 RMB'000	2014 RMB'000
Profit for the year allocated to non-controlling interests:		
Jiangsu Uno	11,498	2,460
Anbaida Group Companies	23,673	—
Accumulated balances of non-controlling interests at the reporting dates (note):		
Jiangsu Uno	81,539	70,040
Anbaida Group Companies	244,644	—

Note:

The accumulated balances were reclassified to other payables-put option in relation to non-controlling interests as set out in note 25.

28. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

2015	Anbaida Group Companies RMB'000	Jiangsu Uno RMB'000
Revenue	382,404	504,255
Total expenses	284,365	449,235
Profit for the year	98,039	55,020
Total comprehensive income for the year	98,039	55,020
Current assets	516,710	314,101
Non-current assets	7,199	3,234
Current liabilities	307,341	220,547
Net cash flows from/(used in) operating activities	91,158	(60,908)
Net cash flows from/(used in) investing activities	240	(1,230)
Net cash flows from in financing activities	—	61,190
Net increase/(decrease) in cash and cash equivalents	91,398	(948)

2014	Jiangsu Uno RMB'000
Revenue	68,259
Total expenses	60,059
Profit for the year	8,200
Total comprehensive income for the year	8,200
Current assets	140,570
Non-current assets	3,336
Current liabilities	102,138
Net cash flows from operating activities	4,579
Net cash flows from investing activities	5
Net increase in cash and cash equivalents	4,584

29. BUSINESS COMBINATION

On 9 April 2015, Yestar (Guangxi) Medical System Co,. Ltd., a subsidiary of the Company, entered into a share transfer agreement with Mr. Li Bin, Mr. Li Changgui, Mr. Li Changkuan, Ms. Yu Liping and Ms. Liu Hong, to acquire a 70% equity interest of Anbaida Group Companies at an aggregate consideration of RMB910 million. Anbaida Group Companies is engaged in the distribution of medical equipment and reagents. The acquisition was undertaken under the Company's strategy to develop the medical consumable business and enhance the Group's profitability by introducing a wider range of consumable products to its customers. After completion of this acquisition, Yestar Medical held a 70% equity interest of Anbaida Group Companies, and Mr. Li held a 30% equity interest of Anbaida Group Companies. Mr. Li shall have the right to require Yestar Medical to acquire the remaining 30% equity interest in Anbaida Group Companies if the net profit of Anbaida Group Companies in the coming three years ending 31 December 2017 would be able to reach the annual guarantee profit. On 10 August 2015, the business acquisition was completed.

The Group has elected to measure the non-controlling interests in Anbaida Group Companies at the non-controlling interest's proportionate share of Anbaida Group Companies' identifiable net assets.

29. BUSINESS COMBINATION (CONTINUED)

The fair values of the identifiable assets and liabilities of Anbaida Group Companies as at the date of acquisition were as follows:

	Fair value recognised on acquisition RMB'000
Property, plant and equipment (note 13)	13,180
Intangible assets (note 15)	818,600
Cash and bank balances	35,463
Trade and bills receivables	212,278
Prepayments, deposits and other receivables	21,083
Inventories	73,899
Trade and bills payables	(97,304)
Other payables and accruals	(67,703)
Tax payable	(66,916)
Deferred tax liabilities (note 17)	(206,013)
Total identifiable net assets at fair value	736,567
Non-controlling interests	(220,970)
Goodwill on acquisition (note 16)	394,403
	910,000
Satisfied by:	
Cash	728,000
Cash consideration unpaid (note 22)	182,000
	910,000

The fair value of the trade receivables and other receivables as at the date of acquisition amounted to RMB212,278,000 and RMB21,083,000, respectively. The gross contractual amounts of trade receivables and other receivables were RMB212,278,000 and RMB21,083,000, respectively. However, none of the trade receivables and other receivables has been impaired and it is expected that the full contractual amounts can be collected.

The Group incurred transaction costs of RMB2,058,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss.

None of the goodwill recognised is expected to be deductible for income tax purposes.

29. BUSINESS COMBINATION (CONTINUED)

Since the acquisition, the acquired subsidiaries contributed RMB382,404,000 to the Group's revenue and RMB99,951,000 to the consolidated profit for the year ended 31 December 2015.

Had the combination taken place at the beginning of the year, the revenue of the Group and the net profit of the Group for the year ended 31 December 2015 would have been RMB2,849,326,000 and RMB260,477,000, respectively.

An analysis of the cash flows in respect of the acquisition of subsidiaries is as follows:

	RMB'000
In respect of Anbaida Group Companies acquired during the year	
Consideration settled by cash	(728,000)
Cash and bank balances acquired	35,463
Net outflow of cash and cash equivalents included in cash flows from investing activities	(692,537)
In respect of the remaining payment for the acquisition of Jiangsu Uno	(98,000)
Net outflow of cash and cash equivalents included in cash flows from investing activities	(790,537)
Transaction costs of the acquisition included in cash flows from operating activities	(2,058)
	(792,595)

30. OPERATING LEASE ARRANGEMENTS

As a lessee

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

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

	2015 RMB'000	2014 RMB'000
Within a year	5,475	5,260
In the second to fifth years, inclusive	362	1,981
	5,837	7,241

31. COMMITMENTS

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

	2015 RMB'000	2014 RMB'000
Contracted, but not provided for:		
Plant and machinery	2,382	1,726

32. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with a related party during the year:

	Notes	2015 RMB'000	2014 RMB'000
Nature of transactions			
Loans received from a fellow subsidiary Shanghai MG	(i)	12,699	—

(i) The loans received from a related party were unsecured, interest-free and repayable on demand. The loans were settled prior to the year end.

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

	2015 RMB'000	2014 RMB'000
Basic salaries and other benefits	6,291	6,151
Discretionary bonuses	2,591	2,901
Pension scheme contributions	192	216
	9,074	9,268

Further details of directors' and the chief executive's emoluments are included in note 8 to the financial statements.

33. 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:

2015

Financial assets

	Loans and receivables RMB'000
Trade and bills receivables	552,852
Financial assets included in prepayments, deposits and other receivables	9,551
Pledged deposits	500
Cash and cash equivalents	505,987
	1,068,890

Financial liabilities

	Financial liabilities at fair value RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade and bills payables	—	449,975	449,975
Financial liabilities included in other payables and accruals	—	89,739	89,739
Other long-term payables (note 25)	647,566	—	647,566
Amounts due to non-controlling interests	—	182,000	182,000
Interest-bearing bank and other borrowings	—	420,412	420,412
	647,566	1,142,126	1,789,692

33. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

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

Financial liabilities

	Financial liabilities at fair value 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 (note 25)	155,633	—	155,633
Amounts due to non-controlling interests	—	98,000	98,000
Interest-bearing bank and other borrowings	—	106,213	106,213
	155,633	506,111	661,744

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amounts		Fair values	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Financial liabilities				
Interest-bearing bank and other borrowings	420,412	106,213	420,412	106,213
Financial liabilities included in other long-term payables	647,566	155,633	647,566	155,633
	1,067,978	261,846	1,067,978	261,846

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

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 Group's corporate finance team is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. 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 31 December 2015 was assessed to be insignificant.

Below is a summary of significant unobservable inputs to the valuation of financial instruments as at 31 December 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 and for the year ended 31 December 2016 and Anbaida Group Companies for the year ended 31 December 2017 subsequent to the acquisition. The amount recognised as at 31 December 2015 was RMB647,566,000 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.

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
Projected profit after tax of Anbaida Group Companies	RMB225,000,000 in 2017
Equity interest	30%
Projection	10 times
Discount rate for Jiangsu Uno	13%
Discount rate for Anbaida Group Companies	19%
Discount for own non-performance risk	—

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

A significant decrease in the profit after tax of Jiangsu Uno and Anbaida Group Companies would result in a significant decrease in the fair value of the financial liability arising from the put option in relation to non-controlling interest.

Fair value hierarchy

Liabilities measured at fair value:

As at 31 December 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	—	—	647,566	647,566

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

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

	2015 RMB'000	2014 RMB'000
Amounts included in other long-term payables		
At 1 January	155,633	—
Addition	491,933	155,663
At 31 December	647,566	155,663

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (Continued)

Liabilities for which fair values are disclosed:

As at 31 December 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	—	420,412	—	420,412
Financial liabilities included in other long-term payables	—	—	647,566	647,566
	—	420,412	647,566	1,067,978

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

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank and overdrafts and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets and liabilities such as trade and bills receivables and trade and bills payables as well as other receivables and payables, which arise directly from its operations.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments should be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group does not hold or issue derivative financial instruments either for hedging or for trading purposes. The board of directors reviews and agrees policies for managing each of the risks which are summarised below:

Interest rate risk

The Group's exposure to market risk of changes in interest rates relates primarily to its interest-bearing loans. The Group does not use derivative financial instruments to hedge its interest rate risk. Since 84.5% of the Company's interest-bearing loans bear fixed interest, its exposure to the risk of changes in market interest rates is low.

Foreign currency risk

The Group has transactional currency exposures. These exposures arise from purchases denominated in USD.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the USD exchange rate, with all other variables held constant, of the Group's profit before tax.

	Increase/ (decrease) in USD %	Increase/ (decrease) in profit before tax RMB'000
Year ended 31 December 2015		
If USD weakens against RMB	5	(7,478)
If USD strengthens against RMB	(5)	7,478
Year ended 31 December 2014		
If USD weakens against RMB	5	(5,765)
If USD strengthens against RMB	(5)	5,765

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis, and therefore, the Group's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Concentrations of credit risk are managed by customer, by geographical region and by industry sector. At the end of the reporting period, the Group had certain concentrations of credit risk as 4% (31 December 2014: 3%) of the Group's trade receivables were due from the Group's largest customer within the medical imaging products and printing imaging products segments.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g, trade and bills receivables), and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other borrowings. In addition, banking facilities have been put in place for contingency purposes.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

31 December 2015	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	More than 5 years RMB'000	Total RMB'000
Interest-bearing loans	—	101,596	163,656	191,459	—	456,711
Trade and bills payables	1,182	448,793	—	—	—	449,975
Other payables and accruals	89,739	—	—	—	—	89,739
Due to non-controlling interests	182,000	—	—	—	—	182,000
Other long-term payables	—	—	—	647,566	—	647,566
	272,921	550,389	163,656	839,025	—	1,825,991

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

31 December 2014	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	More than 5 years RMB'000	Total RMB'000
Interest-bearing loans	—	46,918	57,576	4,822	—	109,316
Trade and bills payables	83	282,695	—	—	—	282,778
Other payables and accruals	19,120	—	—	—	—	19,120
Due to non-controlling interests	98,000	—	—	—	—	98,000
Other long-term payables	—	—	—	155,633	—	155,633
	117,203	329,613	57,576	160,455	—	664,847

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and a healthy capital ratio in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2015 and 31 December 2014.

The Group monitors capital using a gearing ratio, which is total debt divided by capital. The Group's total debt consists of interest-bearing bank and other borrowings. Capital represents total equity.

At the end of the reporting periods, the Group's strategy was to maintain the net borrowings to equity ratio at a healthy capital level in order to support its businesses. The principal strategies adopted by the Group include, without limitation, reviewing future cash flow requirements and the ability to meet debt repayment schedules when they fall due, maintaining a reasonable level of available banking facilities and adjusting investment plans and financing plans, if necessary, to ensure that the Group has a reasonable level of capital to support its business. The gearing ratios at the end of the reporting periods were as follows:

	2015 RMB'000	2014 RMB'000
Interest-bearing bank and other borrowings	420,412	106,213
Total equity	917,397	325,057
Gearing ratio	46%	33%

36. COMPARATIVE AMOUNTS

As further explained in note 2.2 to the financial statements, due to the implementation of the Hong Kong Companies Ordinance (Cap. 622) during the current year, the presentation and disclosures of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been restated to conform with the current year's presentation and disclosures.

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	Note	2015 RMB'000	2014 RMB'000 (Restated)
NON-CURRENT ASSETS			
Investments in subsidiaries		28,276	26,624
Total non-current assets		28,276	26,624
CURRENT ASSETS			
Amounts due from subsidiaries		788,401	62,425
Cash and cash equivalents		10,843	31,628
Total current assets		799,244	94,053
NET CURRENT ASSETS		799,244	94,053
TOTAL ASSETS LESS CURRENT LIABILITIES		827,520	120,677
NET ASSETS		827,520	120,677
EQUITY			
Issued capital		43,116	37,044
Reserves	(a)	784,404	83,633
TOTAL EQUITY		827,520	120,677

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

(a) A summary of the Company's reserves is as follows:

	Share premium RMB'000	Accumulated losses RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000
Balance at 1 January 2014	118,355	(354)	(1,268)	116,733
Total comprehensive Income/(loss) for the year	—	(836)	562	(274)
Final 2013 dividends declared	(32,826)	—	—	(32,826)
At 31 December 2014	85,529	(1,190)	(706)	83,633
Total comprehensive income/(loss) for the year	—	(5,008)	48,165	43,157
New issue of shares	722,554	—	—	722,554
Share issue expenses	(14,755)	—	—	(14,755)
Final 2014 dividends declared	(50,185)	—	—	(50,185)
At 31 December 2015	743,143	(6,198)	47,459	784,404

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 14 March 2016.

FIVE YEARS FINANCIAL SUMMARY

For the year ended 31 December 2015

	2015 RMB'000	2014 RMB'000	2013 RMB'000	2012 RMB'000	2011 RMB'000
RESULTS					
Revenue	2,454,684	1,531,353	1,173,334	955,818	977,098
Profit for the year	198,513	103,546	65,335	58,033	48,295
Attributable to:					
Owners of parent	162,756	100,900	65,072	56,517	47,312
Non-controlling interests	35,757	2,646	263	1,516	983
ASSETS AND LIABILITIES					
Total assets	3,163,509	1,117,919	735,986	587,201	475,861
Total Liabilities	2,246,112	792,862	393,801	438,098	294,274
Net assets	917,397	325,057	342,185	149,103	181,587

Yes!Star

www.yestarcorp.com