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

Interim Report 2016 中期報告

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

Rooms 802–804, 8/F
Kin Wing Commercial Building
24–30 Kin Wing Street
Tuen Mun
New Territories
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN SHANGHAI

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

LEGAL ADVISERS

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

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

PRINCIPAL BANKERS

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

2393

COMPANY WEBSITE

http://www.yestarcorp.com

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of Yestar International Holdings Company Limited (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2016 (the "Period") prepared in accordance with the relevant requirements of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), together with the comparative figures for the corresponding period of 2015.

BUSINESS REVIEW

The Group is a high-margin medical consumables manufacturer and distributor in the PRC. Targeting the booming domestic healthcare industry, Yestar's core business 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. Since its establishment in 2001, the Group has earned the trust from and formed strategic partnerships with global leaders, namely Fujifilm, Roche Diagnostic ("Roche"), Becton Dickinson ("BD") and Thermo Fisher Technology ("Thermo Fisher"). Currently, the Group manufactures medical film for Fujifilm and distributes Roche, Thermo Fisher 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 in the PRC. In addition, the Group also manufactures and sells dental films under the house brand "Yes!Star".

DEVELOPING ALONG WITH THE BOOMING MEDICAL CONSUMABLE INDUSTRY IN THE PRC WITH ENORMOUS POTENTIALS

The medical consumable industry has been developing rapidly under the supportive government policies, such as the policy on building a "Healthy China" (推進健康中國建設). The PRC Government has made healthcare reform as a major priority in the 13th Five-year Plan (2016–2020), aiming at increasing investment in hospitals and providing universal healthcare access for both urban and rural citizens. As a result, the demand for medical consumables will definitely be stimulated.

On the other hand, according to the research conducted by Renub, the market share of Roche is estimated to reach 27.9% by 2018, increasing from 24.2% in 2015. Roche is also planning to expand its business in the PRC and build a diagnostics manufacturing facility in Suzhou.

By 2018, the plant is designed to produce about 180 different reagents, calibrators and controls for clinical chemistry and immunodiagnostics. The increasing investments signify Roche's bullish view on the PRC's business prospects. The Group, being one of Roche's largest IVD distributors in the PRC, will continue to ride on Roche's expansion plan and solidify our position in the medical consumable industry.

In view of the flourishing market, the Group has strategically acquired Yestar Biotech (Jiangsu) Company Limited ("Yestar Biotech (Jiangsu)", formerly known as Jiangsu Uno Technology Development Company Limited) and Anbaida Group Companies in November 2014 and August 2015 respectively to capture the enormous growth potentials. The acquired companies owned the distribution rights of the renowned IVD product and medical devices brands, such as Roche, BD and Thermo Fisher and extended the Group's distribution network to Anhui, Jiangsu and Shanghai, some of the most affluent regions in China. The above acquisitions have made the Group be one of the largest Roche IVD product distributors in the PRC and successfully transformed the Group into a medical consumable and equipment company.

IVD BUSINESS CONTRIBUTED TO THE SUBSTANTIAL PROFIT GROWTH

For the Period, the Group has once again achieved an outstanding result. With the contributions from Yestar Biotech (Jiangsu) and Anbaida Group Companies as well as the satisfactory performance of the medical imaging products, the Group's total revenue has greatly increased by approximately 43.8% year-on-year ("yoy") to approximately RMB1,436.8 million (six months ended 30 June 2015: approximately RMB999.5 million). Gross profit amounted to approximately RMB356.2 million (six months ended 30 June 2015: approximately RMB179.5 million), representing an increment of approximately 98.4%. As the IVD business is significantly higher in gross profit margin, therefore, driving the Group's overall gross profit margin to increase by approximately 6.8 percentage points to approximately 24.8% (six months ended 30 June 2015: approximately 18.0%). With the increasing contribution from the medical consumable segment, the Group's profit for the Period substantially increased by 109.1% to RMB140.9 million (six months ended 30 June 2015: RMB67.4 million). Profit attributable to the owners of the parents surged by approximately 91.2% to approximately RMB106.3 million for the Period as compared with that of approximately RMB55.6 million for the six months ended 30 June 2015. Net profit margin was also enhanced by approximately 3.1 percentage points to approximately 9.8% for the Period (six months ended 30 June 2015: approximately 6.7%). Earnings per share for the Period was approximately RMB5.0 cents (six months ended 30 June 2015: approximately RMB3.0 cents). The Board does not recommend the payment of an interim dividend in respect of the Period (six months ended 30 June 2015: Nil).

Medical Consumable Business — 77.3% 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".

Benefited from the favourable government policies and prosperous development of the medical consumable industry in the PRC, the Group's medical consumable business continued to become the biggest revenue contributor and profit generator for the Period, in which accounted for approximately 77.3% of the Group's total revenue. During the Period, the segment has generated revenue of approximately RMB1,110.2 million, representing an approximately of 76.5% yoy increment (six months ended 30 June 2015: approximately RMB629.1 million). The excellent result was mainly due to the outstanding performance from Yestar Biotech (Jiangsu), as well as the financial contribution from Anbaida Group Companies. In term of distribution channels, the Group has further expanded its network comprising hospitals, clinics and secondary distributors to 258, 260 and 70 in Shanghai, Jiangsu and Anhui respectively. As of 30 June 2016, the Group established business relationships with 236 hospitals and clinics, as well as 352 secondary distributors in the above mentioned regions.

Generally, the IVD business has a higher gross profit margin at approximately 36.7% as compared with that in the traditional medical imaging business, the gross profit margin of the medical consumable business increased by approximately 7.6 percentage points yoy to approximately 26.9% (six months ended 30 June 2015: approximately 19.3%).

Distribution network of the IVD business

For the six months ended 30 June	2016	2015	Year-on-year change
Shanghai	258	—	—
Jiangsu Province	260	206	+26.2%
Anhui Province	70	64	+9.4%
Overall	588	270	+117.8%

Imaging Printing Products — 22.7% of Overall Revenue

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

Revenue of this segment accounted for approximately 22.7% of the overall revenue, decreased by approximately 11.8% from approximately RMB370.4 million for the six months ended 30 June 2015 to approximately RMB326.6 million for the Period. The decrease in revenue was attributable to the keen competition in the imaging printing market. The segment's gross profit margin improved by 1.8 percentage points to 17.6% for the Period (six months ended 30 June 2015: approximately 15.8%).

PROSPECTS

With our successful past track record in the medical consumable segment, the Group is optimistic towards its future development. The demand for medical consumables stimulated by the termination of the one-child policy and the ageing population subsequently creates abundant opportunities for Yestar to explore in the PRC. According to the estimation from UNICEF, the population over 65 in the PRC will exceed 240 million by 2030, increasing by 93.0% compared to the population in 2014. Ageing population will relatively raise the demand for body checkups and disease-related diagnosis, which requires more medical consumables products and the Group believes the demand for IVD products will surge under such circumstances. At the same time, the termination of the one-child policy will bring in an additional 2.1 million newborns to the total population in the PRC. The larger population contributed by the two-child policy believes to be another business opportunity to the Chinese IVD industry, thus benefited the Group's medical consumable segment as a whole.

Over the past three years, the Group has strived its best and succeeded in transforming into a fast-moving high-margin medical consumable company. The outstanding financial results achieved in the past have been a strong proof for the Group's global vision and strong execution capability. Rooting in the most affluent regions in the PRC, the extensive sales network also formed a strong foundation for the Group to pursuit the long-term goal as a key player in the medical consumable industry. The Group is ready to propel forward and excel in the coming years through market consolidation, network and product portfolio expansion, as well as possible acquisitions.

The IVD market has been fragmented with numerous distributors in the PRC and possible consolidation can be seen in the upcoming years. The Group as a sizable distributor with strong execution capability and experienced management team, believes to be capable in capturing more market shares. Moreover, leveraging on our expertise in manufacturing medical films, the Group will continue to manufacture and sell the medical dry films under the house brand "Yes!star", while exploring and discovering other products with our existing technological knowhow, so as to broaden the Group's product offerings. At the same time, the Group will also thrive in seeking potential merger and acquisition opportunities to accelerate its sales network expansion.

Looking forward, the Group will deepen our development in the medical consumable industry in the PRC with the cooperation with Roche. At the same time, the Group will dedicate in nurturing the relationship with Fujifilm and other trusted global industry giants, so as to create a strong marketing and distribution alliance. With these strong partnerships, the Group believes we can achieve fruitful results together for our shareholders in the coming years.

FINANCIAL REVIEW

LIQUIDITY AND FINANCIAL RESOURCES

The Group still maintained a strong and sound financial position during the Period. As at 30 June 2016, the Group had a cash and cash equivalents of approximately RMB385.3 million (31 December 2015: approximately RMB506.0 million). The decrease in cash and cash equivalents was mainly attributable to the last instalment payment of RMB182 million during the Period for acquiring Anbaida Group Companies.

The total interest-bearing bank loans and other borrowings of the Group as at 30 June 2016 was approximately RMB516.2 million (31 December 2015: approximately RMB420.4 million), out of which approximately RMB49.6 million are denominated in HK$. The current ratio was approximately 1.26, based on current assets of approximately RMB1,508.4 million and current liabilities of approximately RMB1,193.8 million (31 December 2015: approximately 1.33).

The Group has a secured bank loan of approximately RMB422.1 million and an unsecured bank loan of approximately RMB94.1 million. Save as disclosed above, all other borrowings and bank balances of the Group are principally denominated in Chinese Yuan which is also the presentation currency of the Group. The Board considers that there is no significant exposure to foreign exchange rate fluctuations.

GEARING RATIO

The gearing ratio of the Group as at 30 June 2016 was approximately 55.9% (31 December 2015: approximately 45.8%. The increase in gearing ratio was mainly attributable to the increase in new interest bearing loan during the Period to enhance our liquidity and cash flow after the settlement of consideration for acquiring Anbaida Group Companies.

The gearing ratio is calculated as the total interest-bearing bank loans and other borrowings divided by the total equity as at 30 June 2016.

SELLING AND DISTRIBUTION COSTS

The Group's selling and distribution costs increased by about 43.2% from approximately RMB37.7 million for the six months ended 30 June 2015 to approximately RMB54.0 million for the Period, both accounted for approximately 3.8% of the Group's revenue for the respective reporting periods. Such increase was mainly attributable to the consolidation of selling and distribution expenses generated from Anbaida Group Companies to the Group during the Period after the completion of the acquisition in August 2015.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses increased by about 145.4% from approximately RMB39.0 million for the six months ended 30 June 2015 to approximately RMB95.7 million for the Period, and accounted for approximately 3.9% and approximately 6.7%, respectively, of the Group's revenue for the respective reporting periods. This was mainly attributable to the amortisation expenses of intangible assets arising from the acquisition of Anbaida Group Companies and the expenses generated from Anbaida Group Companies after the completion of the acquisition since its financial results has been consolidated to the Group.

FINANCE COSTS

Finance costs of the Group increased by about 221.3%, from approximately RMB6.1 million for the six months ended 30 June 2015 to approximately RMB19.6 million for the Period. This was mainly attributable to the increase in new interest bearing loan for the Period to enhance our liquidity and cash flow after the full settlement of consideration for acquiring Anbaida Group Companies.

For the Period, interest rates of the interest-bearing loans ranged from 2.03% to 7.80%, compared with 4.35% to 7.80% for the year ended 31 December 2015.

FOREIGN EXCHANGE EXPOSURE

Most of the revenue-generating operations and borrowings of the Group were transacted in Chinese Yuan which is the presentation currency of the Group. For the Period, the Group was exposed to the foreign currency risk arising from the purchasing in US Dollars. The management used foreign exchange options to hedge significant currency exposure during the Period and will continue to closely monitor its foreign exchange exposure.

CAPITAL STRUCTURE

During the Period, there has been no change in capital structure of the Company. The capital of the Company comprises ordinary shares and capital reserves. The Group finances its working capital requirements through a combination of funds generated from operations and bank borrowings.

CAPITAL COMMITMENTS

Except for the operating lease arrangements for certain of its office properties for an aggregate amount of approximately RMB5.9 million, as at 30 June 2016, the Group did not have any capital commitments contracted but not provided for in the financial statement (31 December 2015: approximately RMB2.4 million). The reduction of capital commitments was mainly due to the completion of construction project in progress during the Period.

INFORMATION ON EMPLOYEES

As at 30 June 2016, the Group had a total of 937 employees (six months ended 30 June 2015: 809 employees), including Directors. Total staff costs (including Directors' emoluments) were approximately RMB59.8 million for the Period (six months ended 30 June 2015: approximately RMB42.9 million). Remuneration is determined with reference to market norms and individual employees' performance, qualification and experience.

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

SIGNIFICANT INVESTMENTS HELD

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the announcement of the Company dated 30 May 2016 in relation to the possible acquisition of equity interest in a medical device company in the PRC, the Group did not have any other plans for material investments and capital assets as at 30 June 2016.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

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

CHARGES OF ASSETS

As at 30 June 2016, none of the Group's property, plant and equipment was pledged (31 December 2015: Nil). Bank loans of approximately RMB337.5 million (31 December 2015: approximately RMB252.5 million) were secured by the pledge of 70% of equity interest in Yestar Biotech (Jiangsu) and 70% of equity interest in Anbaida Group Companies, both of which are indirect non wholly-owned subsidiaries of the Company and 100% of equity interest in Yestar (Guangxi) Imaging Technology Co. Ltd.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2016 (31 December 2015: Nil).

USE OF PROCEEDS FROM GLOBAL OFFERING

The net proceeds of the global offering in 2013 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 30 June 2016, the net proceeds of global offering had been applied as follows:

Use of Net 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 during the Period	(84.5)	(5.7)	(6.3)	(13.0)	(109.5)
Unused net proceeds as at 30 June 2016	0	13.8	6.7	0	20.5

USE OF PROCEEDS FROM SUBSCRIPTION

The net proceeds from the subscription of shares of the Company in 2015 amounted to approximately HK$904.4 million. As at 30 June 2016, the net proceeds from subscription of the Company's shares had been applied as follows:

Use of Net 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 during the Period	(741.6)	0	0	(741.6)
Unused net proceeds as at 30 June 2016	0	135.7	27.1	162.8

The Directors had evaluated our business plan and do not aware of any 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.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend in respect of the Period (six months ended 30 June 2015: Nil).

SHARE OPTION SCHEME

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

Purpose of the Scheme 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

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.

Principal terms of the Share Option Scheme

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

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

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

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

(c) the nominal value of a Share.

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

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

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

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

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

As at 30 June 2016, no option has been granted by the Company to subscribe for shares of the Company.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the aforesaid Share Option Scheme, at no time during the Period 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.

Equity-linked Agreements

Other than the Share Option Scheme, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the Period or subsisted at the end of the Period.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

No transactions, arrangements or contracts that is significant in relation to the Group's business 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 at the end of the Period or at any time during the Period.

COMPETITION AND CONFLICT OF INTERESTS

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

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

As at 30 June 2016, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such director or chief executive is taken or deemed to have under such provision of the SFO) or which were required pursuant to Section 352 of the SFO, to be entered in the register of members of the Company, or which were required, pursuant to standard of dealings by Directors as referred to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

	Interests in ordinary shares						
Name of director	Personal interests	Family interests	Corporate interests	Total interests in ordinary shares	Total interests in underlying shares	Aggregate interests	Approximate percentage of shareholding in the Company
Hartono James	275,472,500	—	20,000,000 (Note)	295,472,500	—	295,472,500	13.58%

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 30 June 2016, none of the Directors and chief executive of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Listing Rules relating to the required standard of dealings by the directors to be notified to the Company and the Stock Exchange.

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

So far as is known to the Directors, as at 30 June 2016, the following persons (not being a Director or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who is directly or indirectly interested in 5% or more of any class of issued voting shares carrying rights to vote in all circumstances at general meetings of any member of the Group:

Long positions in the shares of the Company

Name of shareholders	Capacity	Number of shares held	Approximate percentage of shareholding in the Company
Hartono Jeane	Beneficial owner	676,890,000	31.12%
Hartono Rico	Beneficial owner	265,410,000	12.20%
Hartono Chen Chen Irene	Beneficial owner	119,475,000	5.49%
Li Bin	Beneficial owner	164,600,600	7.56%

Save as disclosed under the sections headed "Directors' and chief executives' interests or short positions in shares, underlying shares and debentures" and "Substantial shareholders' interest and/or short position in shares and underlying shares of the Company" which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholding" above, as at 30 June 2016, 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.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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

CORPORATE GOVERNANCE PRACTICES

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

During the Period, the Board consider that the Company has complied with all the corporate governance codes (the "CG Code") as set out in Appendix 14 to the Listing Rules, save for the following:

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

AUDIT COMMITTEE

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

The responsibility of the audit committee is to assist the Board in fulfilling its audit duties through the review and supervision of the Company's financial reporting system, risk management and internal control systems, 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 systems and ensure that the management has discharged its duty to have an effective internal control systems.

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

The interim results of the Group for the Period are unaudited but have been reviewed by the Company's auditor, Ernst & Young, and the audit committee of the Company, which are of the opinion that the preparation of the interim financial information of the Group complied with the applicable accounting principles and standard, practices adopted by the Group, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

EY 安永

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

INTRODUCTION

We have reviewed the interim financial information set out on page 17 to 50, which comprises the condensed consolidated statement of financial position of Yestar International Holdings Company Limited (the "Company") and its subsidiaries (the "Group") as at 30 June 2016 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34").

The directors of the Group are responsible for the preparation and presentation of this financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants

22/F, Citic Tower
1 Tim Mei Avenue
Central
Hong Kong

15 August 2016

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2016

	Notes	For the six months ended 30 June 2016 Unaudited RMB'000	2015 Unaudited RMB'000
Revenue	4	1,436,756	999,537
Cost of sales		(1,080,548)	(820,036)
Gross profit		356,208	179,501
Other income and gains	4	17,869	3,252
Selling and distribution costs		(53,950)	(37,672)
Administrative expenses		(95,718)	(38,993)
Other expenses		(7,020)	(4,719)
Finance costs	5	(19,575)	(6,137)
PROFIT BEFORE TAX	6	197,814	95,232
Income tax expense	7	(56,894)	(27,854)
PROFIT FOR THE PERIOD		140,920	67,378
Attributable to:			
Owners of the parent		106,318	55,617
Non-controlling interests		34,602	11,761
		140,920	67,378
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB cents)	9	5	3

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	For the six months ended 30 June	
	2016 Unaudited RMB'000	2015 Unaudited RMB'000
PROFIT FOR THE PERIOD	140,920	67,378
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	348	141
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	348	141
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	348	141
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	141,268	67,519
Attributable to:		
Owners of the parent	106,666	55,758
Non-controlling interests	34,602	11,761
	141,268	67,519

	Notes	30 June 2016 Unaudited RMB'000	31 December 2015 Audited RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	109,138	116,939
Prepaid land lease payments		14,789	14,952
Intangible assets		992,827	1,028,688
Goodwill		481,718	481,718
Deferred tax assets		5,710	5,552
Total non-current assets		1,604,182	1,647,849
CURRENT ASSETS			
Inventories	11	380,784	414,767
Trade and bills receivables	12	680,457	552,852
Prepayments, deposits and other receivables		43,180	41,554
Derivative financial instruments		1,706	—
Pledged deposits		17,000	500
Cash and cash equivalents		385,296	505,987
Total current assets		1,508,423	1,515,660
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	13	319,973	247,912
Trade and bills payables	14	388,542	449,975
Other payables and accruals	15	381,188	143,454
Tax payable		104,118	118,744
Amounts due to non-controlling interests		—	182,000
Total current liabilities		1,193,821	1,142,085
NET CURRENT ASSETS		314,602	373,575
TOTAL ASSETS LESS CURRENT LIABILITIES		1,918,784	2,021,424

	Notes	30 June 2016 Unaudited RMB'000	31 December 2015 Audited RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	13	196,250	172,500
Deferred tax liabilities		271,123	275,505
Other long term payables	15	528,337	656,022
Total non-current liabilities		995,710	1,104,027
NET ASSETS		923,074	917,397
EQUITY			
Equity attributable to owners of the parent			
Issued capital		43,116	43,116
Reserves		869,824	864,298
		912,940	907,414
Non-controlling interests		10,134	9,983
TOTAL EQUITY		923,074	917,397

James Hartono
Director

Wang Hong
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Attributable to owners of the parent									
	Issued capital RMB'000	Share premium account* RMB'000	Contributed surplus* RMB'000	Put-option written on non-controlling interests reserve* RMB'000	Statutory reserve fund* RMB'000	Retained earnings* RMB'000	Exchange fluctuation reserve* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2016 (audited)	43,116	743,143	84,991	(321,384)	48,534	308,821	193	907,414	9,983	917,397
Profit for the period	—	—	—	—	—	106,318	—	106,318	34,602	140,920
Other comprehensive income for the period: Exchange differences on translation of foreign operations	—	—	—	—	—	—	348	348	—	348
Total comprehensive income for the period	—	—	—	—	—	106,318	348	106,666	34,602	141,268
Final 2015 dividend declared	—	(72,507)	—	—	—	—	—	(72,507)	—	(72,507)
Dividend paid to non-controlling interest	—	—	—	—	—	—	—	—	(9,000)	(9,000)
Transfer from retained earnings	—	—	—	—	10,387	(10,387)	—	—	—	—
Put options in relation to non-controlling interests	—	—	—	(28,633)	—	—	—	(28,633)	(25,451)	(54,084)
At 30 June 2016 (unaudited)	43,116	670,636	84,991	(350,017)	58,921	404,752	541	912,940	10,134	923,074

* These reserve accounts comprise the consolidated reserves of RMB869,824,000 (31 December 2015: RMB864,298,000) in the interim condensed consolidated statement of financial position.

	Attributable to owners of the parent									
	Issued capital RMB'000	Share premium account** RMB'000	Contributed surplus RMB'000	Put-option written on non-controlling interests reserve RMB'000	Statutory reserve fund RMB'000	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2015 (audited)	37,044	85,529	84,991	(85,593)	23,863	170,736	(911)	315,659	9,398	325,057
Profit for the period	—	—	—	—	—	55,617	—	55,617	11,761	67,378
Other comprehensive income for the period: Exchange differences on translation of foreign operations	—	—	—	—	—	—	141	141	—	141
Total comprehensive income for the period	—	—	—	—	—	55,617	141	55,758	11,761	67,519
Final 2014 dividend declared	—	(50,185)	—	—	—	—	—	(50,185)	—	(50,185)
Transfer from retained earnings	—	—	—	—	3,992	(3,992)	—	—	—	—
Put options in relation to non-controlling interests	—	—	—	6,447	—	—	—	6,447	(11,588)	(5,141)
At 30 June 2015 (unaudited)	37,044	35,344	84,991	(79,146)	27,855	222,361	(770)	327,679	9,571	337,250

** Share capital has been adjusted for the proposed final 2014 dividend in accordance with the current year's presentation.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	Notes	For the six months ended 30 June 2016 Unaudited RMB'000	2015 Unaudited RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		197,814	95,232
Adjustments for:			
Finance costs	5	19,575	6,137
Interest income		(31)	(1,438)
Impairment of trade receivables	6	1,799	—
Reversal of impairment of inventories	6	—	(430)
Depreciation of items of property, plant and equipment	6	10,480	7,461
Amortisation of prepaid land lease payments	6	163	163
Amortisation of other intangible assets	6	35,946	8,622
Fair value gains, net: derivative financial instruments	6	(1,706)	—
Recognition of deferred income		(95)	—
Gain on disposal of items of property, plant and equipment	6	(10)	(13)
		263,935	115,734
Increase in trade and bills receivables		(129,404)	(183,794)
(Increase)/decrease in prepayments, deposits and other receivables		(1,626)	3,557
Decrease/(increase) in inventories		33,983	(812)
(Decrease)/increase in trade and bills payables		(61,433)	28,424
(Decrease)/increase in other payables and accruals		(16,447)	9,422
Increase in pledged deposits		(16,500)	(11,900)
		72,508	(39,369)
Income tax paid		(76,060)	(30,976)
NET CASH FLOWS USED IN OPERATING ACTIVITIES		(3,552)	(70,345)

	For the six months ended 30 June	
	2016 Unaudited RMB'000	2015 Unaudited RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(2,771)	(14,561)
Purchases of intangible assets	(85)	—
Proceeds from disposal of items of property, plant and equipment	102	142
Interest received from term deposits	31	825
Acquisition of subsidiaries	(182,000)	(98,000)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(184,723)	(111,594)
CASH FLOWS FROM FINANCING ACTIVITIES		
New interest-bearing loans	330,184	278,367
Repayment of bank loans	(234,373)	(103,737)
Dividend paid	(9,000)	(48,729)
Interest paid	(19,575)	(6,137)
NET CASH FLOWS FROM FINANCING ACTIVITIES	67,236	119,764
NET DECREASE IN CASH AND CASH EQUIVALENTS	(121,039)	(62,175)
Cash and cash equivalents at beginning of period	505,987	194,724
Effect of foreign exchange rate changes, net	348	141
CASH AND CASH EQUIVALENTS AT END OF PERIOD	385,296	132,690

	For the six months ended 30 June	
	2016 Unaudited RMB'000	2015 Unaudited RMB'000
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and non-pledged bank balances	369,296	112,690
Non-pledged time deposits	16,000	20,000
CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENT OF FINANCIAL POSITION	385,296	132,690

1. CORPORATE INFORMATION

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 six months ended 30 June 2016 (the "Period"), the Company's subsidiaries were involved in the following principal activities:

- manufacture and sale of color photographic paper, industrial NDT x-ray films and PWB films, and trading of imaging equipment; and

- manufacture and sale of medical dry films, medical wet films and dental films, and distribution of medical equipment and diagnostic reagents.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1 Basis of preparation

The unaudited interim condensed consolidated financial statements, which comprise the interim condensed consolidated statement of financial position of the Group as at 30 June 2016 and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the Period, have been prepared in accordance with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board (the "IASB").

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2015.

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015, except for the adoption of new standards and interpretations effective as of 1 January 2016. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments apply for the first time in 2016, they do not have a material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (CONTINUED)

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

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

IFRS 14 Regulatory Deferral Accounts

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and the statement of comprehensive income. The standard requires disclosure of the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Group is an existing IFRS preparer and is not involved in any rate-regulated activities, this standard does not apply.

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 *Business Combinations* principles for business combination accounting. 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 if 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 and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Group as there has been no interest acquired in a joint operation during the Period.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through 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 effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (CONTINUED)

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

Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in their separate financial statements will have to apply that change retrospectively. First-time adopters of IFRS electing to use the equity method in their separate financial statements will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Group's consolidated financial statements.

Annual Improvements 2012–2014 Cycle

These improvements are effective for annual periods beginning on or after 1 January 2016. They include:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment must be applied prospectively.

IFRS 7 Financial Instruments: Disclosures

(i) Servicing contracts

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

(ii) Applicability of the amendments to IFRS 7 to interim condensed financial statements

The amendment clarifies that the offsetting disclosure requirements do not apply to interim condensed financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively.

IAS 19 Employee Benefits

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied prospectively.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (CONTINUED)

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

Annual Improvements 2012–2014 Cycle (continued)

IAS 34 Interim Financial Reporting

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively.

These amendments do not have any impact on the Group.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement of profit or loss and the statement of comprehensive income and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- 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 statements of profit or loss and the statement of comprehensive income. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Group.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10 *Consolidated Financial Statements*. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (CONTINUED)

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

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception (continued)

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 *Investments in Associates and Joint Ventures* allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Group as the Group does not apply the consolidation exception.

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) for the year ended 31 December 2015. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

3. OPERATING SEGMENT INFORMATION

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

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

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

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.

3. OPERATING SEGMENT INFORMATION (CONTINUED)

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

The following tables present revenue and profit information regarding the Group's operating segments for the six months ended 30 June 2016 and 2015, respectively:

Six months ended 30 June 2016 (unaudited)	Imaging printing products RMB'000	Medical products and equipment RMB'000	Total RMB'000
Segment revenue:			
Sales to external customers	326,556	1,110,200	1,436,756
Segment results	18,842	180,398	199,240
Reconciliation:			
Corporate and other unallocated expenses			(1,426)
Profit before tax			197,814
Other segment information:			
Depreciation of items of property, plant and equipment	5,627	4,853	10,480
Amortisation of prepaid land lease payments	163	—	163
Amortisation of intangible assets	290	35,656	35,946
Gain on disposal of items of property, plant and equipment	(10)	—	(10)
Operating lease rentals	2,892	4,912	7,804
Capital expenditure*	436	2,335	2,771

3. OPERATING SEGMENT INFORMATION (CONTINUED)

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

Total segment assets and liabilities as at 30 June 2016 and 31 December 2015 are as follows:

	30 June 2016 Unaudited RMB'000	31 December 2015 Audited RMB'000
Segment assets		
Imaging printing products	502,469	676,385
Medical products and equipment	2,521,267	2,465,718
Total	3,023,736	3,142,103
Reconciliation:		
Corporate and other unallocated assets	88,869	21,406
Total assets	3,112,605	3,163,509

3. OPERATING SEGMENT INFORMATION (CONTINUED)

	30 June 2016 Unaudited RMB'000	31 December 2015 Audited RMB'000
Segment liabilities		
Imaging printing products	244,382	199,389
Medical products and equipment	1,799,988	2,028,495
Total	2,044,370	2,227,884
Reconciliation:		
Corporate and other unallocated liabilities	145,161	18,228
Total liabilities	2,189,531	2,246,112

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

Information about major customers

During the six months ended 30 June 2016, the Group had one customer from whom the revenue raised by selling medical imaging products and imaging printing products of RMB500,531,000 individually accounted for about 35% of the Group's total revenue during the period.

During the six months ended 30 June 2015, the Group had one customer from whom the revenue raised by selling medical imaging products and imaging printing products of RMB473,083,000 individually accounted for about 47% of the Group's total revenue during the period.

Geographical information

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

Seasonality of operations

The Group's operations are not subject to seasonality.

4. REVENUE, OTHER INCOME AND GAINS

Revenue 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 Period.

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

	For the six months ended 30 June	
	2016 Unaudited RMB'000	2015 Unaudited RMB'000
Revenue		
Sale of goods	1,435,445	997,143
Rental income	1,311	2,394
	1,436,756	999,537
Other income and gains		
Government grants (Note)	14,078	225
Interest income	1,774	1,847
Fair value gains on derivative financial instruments	1,706	—
Foreign exchange gain	60	54
Others	251	1,126
	17,869	3,252

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

5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2016 Unaudited RMB'000	2015 Unaudited RMB'000
Finance costs		
Interest on bank loans, overdraft and other loans	16,831	6,028
Cash discount	2,696	—
Interest arising from discounted bills	48	109
Total finance costs	19,575	6,137

6. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2016 Unaudited RMB'000	2015 Unaudited RMB'000
Cost of inventories sold	1,080,548	820,036
Employee benefit expense including:		
— Wages and salaries	54,946	38,636
— Pension scheme contributions	4,882	4,236
	59,828	42,872
Research and development costs	409	487
Depreciation of items of property, plant and equipment	10,480	7,461
Amortisation of prepaid land lease payments	163	163
Amortisation of other intangible assets	35,946	8,622
Impairment of trade receivables (Note 12)	1,799	—
Reversal of impairment of inventories	—	(430)
Fair value gains on derivative financial instruments	(1,706)	—
Minimum lease payments under operating leases	7,804	3,855
Gain on disposal of items of property, plant and equipment	(10)	(13)

7. INCOME TAX EXPENSE

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

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

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

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

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

	For the six months ended 30 June	
	2016 Unaudited RMB'000	2015 Unaudited RMB'000
Current charged for the period	59,328	28,735
Withholding tax paid	2,106	—
Deferred	(4,540)	(881)
Total tax charge	56,894	27,854

8. DIVIDEND

The directors do not recommend the payment of an interim dividend in respect of the Period (six months ended 30 June 2015: Nil).

The proposed final dividend of HK3.9 cents per ordinary share for the year ended 31 December 2015 was declared, payable and approved by the shareholders at the annual general meeting of the Company on 16 May 2016.

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

The calculation of basic earnings per share is based on the profit for the Period attributable to ordinary equity holders of the parent of RMB106,318,000 (six months ended 30 June 2015: RMB55,617,000) and the weighted average number of ordinary shares of 2,175,200,000 in issue during the Period (six months ended 30 June 2015: 1,867,500,000 ordinary shares).

The diluted earnings per share amounts are equal to the basic earnings per share amounts for the Period and the six months ended 30 June 2015 as no diluting events occurred.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, the Group acquired property, plant and equipment with a cost of RMB2,771,000 (the six months ended 30 June 2015: RMB14,561,000).

During the six months ended 30 June 2016, depreciation for property, plant and equipment was RMB10,480,000 (the six months ended 30 June 2015: RMB7,461,000).

During the six months ended 30 June 2016, property, plant and equipment with a net book value of RMB92,000 (the six months ended 30 June 2015: RMB129,000) were disposed of by the Group resulting in a net gain on disposal of RMB10,000 (the six months ended 30 June 2015: net gain of RMB13,000).

As at 30 June 2016, none of the Group's property, plant and equipment was pledged (31 December 2015: none).

11. INVENTORIES

	30 June 2016 Unaudited RMB'000	31 December 2015 Audited RMB'000
Raw materials	106,309	112,616
Finished goods	274,475	302,151
	380,784	414,767
Less: Provision for inventories	—	—
	380,784	414,767

12. TRADE AND BILLS RECEIVABLES

	30 June 2016 Unaudited RMB'000	31 December 2015 Audited RMB'000
Trade receivables	661,673	533,145
Bills receivable	23,298	22,422
Impairment	(4,514)	(2,715)
	680,457	552,852

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

	30 June 2016 Unaudited RMB'000	31 December 2015 Audited RMB'000
Within 90 days	405,392	391,120
91 to 180 days	154,127	94,324
181 to 365 days	83,635	39,797
1 to 2 years	14,005	5,189
	657,159	530,430

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

	30 June 2016 Unaudited RMB'000	31 December 2015 Audited RMB'000
At beginning of year	2,715	—
Impairment loss recognised (Note 6)	1,799	2,715
	4,514	2,715

12. TRADE AND BILLS RECEIVABLES (CONTINUED)

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB4,514,000 (31 December 2015: RMB2,715,000), with a carrying amount before provision of RMB12,887,000 (31 December 2015: RMB7,444,000).

The individually impaired trade receivables relate to customers that were in financial difficulties or were in default in interest and/or principal payments and only a portion of the receivables are expected to be recovered.

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

	30 June 2016 Unaudited RMB'000	31 December 2015 Audited RMB'000
Neither past due nor impaired	571,545	465,751
Past due but not impaired:		
Less than 90 days	59,796	45,650
91 to 180 days	12,884	14,300
181 to 365 days	4,561	—
	648,786	525,701

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.

13. INTEREST-BEARING LOANS

	30 June 2016 Unaudited RMB'000	31 December 2015 Audited RMB'000
Current		
Bank loans — secured	84,610	52,912
Bank loans — unsecured	94,113	115,000
Current portion of long term bank loans — secured	141,250	80,000
	319,973	247,912
Non-current		
Other secured bank loans	196,250	172,500
	516,223	420,412
The bank loans bear interest at rates per annum in the range of	2.03% to 7.80%	4.35% to 7.80%
Analysed into:		
Interest-bearing loans repayable:		
Within one year or on demand	319,973	247,912
In the second year	126,250	172,500
In the third year	70,000	—
	516,223	420,412

Notes:

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

(2) As at 30 June 2016, the total of interest-bearing bank and other borrowing of the Group denominated in HK$ amounted to RMB49,573,000 (31 December 2015: Nil), and the rest were in RMB.

14. TRADE AND BILLS PAYABLES

	30 June 2016 Unaudited RMB'000	31 December 2015 Audited RMB'000
Trade payables	357,530	406,706
Bills payable	31,012	43,269
	388,542	449,975

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

	30 June 2016 Unaudited RMB'000	31 December 2015 Audited RMB'000
Within 90 days	355,211	405,524
91 to 180 days	2,189	983
181 to 365 days	35	13
1 to 2 years	20	186
Over 2 years	75	—
	357,530	406,706

The outstanding bills payable were issued to FUJIFILM (China) Investment Co., Ltd., a major supplier of the Group, for the purchase of raw materials.

15. OTHER PAYABLES AND ACCRUALS

	30 June 2016 Unaudited RMB'000	31 December 2015 Audited RMB'000
Current portion:		
Advances from customers	15,786	19,626
Other payables and accrued expenses	77,287	89,847
Value-added tax payable	22,415	18,642
Dividend payables	72,507	—
Payroll and welfare payable	11,519	15,339
Put options in relation to non-controlling interests (Note b)	181,674	—
	381,188	143,454

	30 June 2016 Unaudited RMB'000	31 December 2015 Audited RMB'000
Non-current portion:		
Other payables (Note a)	8,361	8,456
Put options in relation to non-controlling interests (Note b)	519,976	647,566
	528,337	656,022

Note a: In January 2012, Yestar Imaging received a government grant for the land lease located at Guangxi Province, China. This government grant is conditional upon the payment of a certain amount of tax by Yestar Imaging within 18 months from the commencement of the operation. Yestar Imaging has met the condition and started to recognise the deferred government grant in 2014. As at 30 June 2016, the deferred government grant is included in other payables in the interim condensed consolidated statement of financial position.

Note b: The current portion in relation to non-controlling interests represents the rights granted to the minority shareholders to dispose of the 30% interests in Yestar Biotech (Jiangsu) to the Group during the acquisition of 70% interests by the Company in Yestar Biotech (Jiangsu) in November 2014. The present value of the amount required to be paid at the time of exercise in the future deducted from non-controlling interests was recognised as a financial liability of the Group. On 30 June 2016, it was measured by its fair value.

The non-current portion in relation to non-controlling interests represents the rights granted to the minority shareholders to dispose of the 30% interests in Anbaida Group Companies to the Group during the acquisition of 70% interests by the Company in Anbaida Group Companies in August 2015. The present value of the amount required to be paid at the time of exercise in the future deducted from non-controlling interests was recognised as a financial liability of the Group. On 30 June 2016, it was measured by its fair value.

16. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2016 Unaudited RMB'000	2015 Unaudited RMB'000
Short-term employee benefits	3,661	3,146
Pension scheme contributions	66	95
	3,727	3,241

17. OPERATING LEASE ARRANGEMENTS

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

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

	30 June 2016 Unaudited RMB'000	31 December 2015 Audited RMB'000
Within a year	5,649	5,475
In the second year, inclusive	296	362
	5,945	5,837

18. COMMITMENTS

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

	30 June 2016 Unaudited RMB'000	31 December 2015 Audited RMB'000
Contracted, but not provided for:		
— Plant and machinery	—	2,382

19. FINANCIAL INSTRUMENTS BY CATEGORY

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

30 June 2016

Financial assets

	Financial assets at fair value through profit or loss RMB'000	Loans and receivables RMB'000	Total RMB'000
Trade and bills receivables	—	680,457	680,457
Financial assets included in prepayments deposits and other receivables	—	7,400	7,400
Derivative financial instruments	1,706	—	1,706
Pledged deposits	—	17,000	17,000
Cash and cash equivalents	—	385,296	385,296
	1,706	1,090,153	1,091,859

19. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

30 June 2016

Financial liabilities

	Financial liabilities at fair value RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade and bills payables	—	388,542	388,542
Financial liabilities included in other payables and accruals (note 15)	181,674	149,606	331,280
Other long-term payables (note 15)	519,976	—	519,976
Interest-bearing bank and other borrowings	—	516,223	516,223
	701,650	1,054,371	1,756,021

31 December 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

19. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

31 December 2015

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	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

20. FAIR VALUE AND FAIR VALUE HIERARCHY

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

	Carrying amounts		Fair values	
	30 June 2016 RMB'000	31 December 2015 RMB'000	30 June 2016 RMB'000	31 December 2015 RMB'000
Financial Assets				
Derivative financial instruments	1,706	—	1,706	—
Financial liabilities				
Interest-bearing bank and other borrowings	516,223	420,412	504,294	410,425
Put options in relation to non-controlling interests	701,650	647,566	701,650	647,566
	1,217,873	1,067,978	1,205,944	1,057,991

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

20. FAIR VALUE AND FAIR VALUE HIERARCHY (CONTINUED)

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

The fair values of the non-current portion of financial liabilities included in other long term payables and the non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for the non-current portion of financial liabilities included in other long-term payables and the non-current portion of interest-bearing bank and other borrowings as at 30 June 2016 was assessed to be insignificant.

Below is a summary of significant unobservable inputs to the valuation of financial instruments as at 30 June 2016:

As part of the purchase agreement, a put option included in other current liabilities and other long-term liabilities is payable, which is dependent on the amount of audited profit after tax of Yestar Biotech (Jiangsu) for the year ending 31 December 2016 and Anbaida Group Companies for the year ending 31 December 2017 subsequent to the acquisition. The amount recognised as at 30 June 2016 was RMB701,650,000 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 Yestar Biotech (Jiangsu)	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 Yestar Biotech (Jiangsu)	13%
Discount rate for Anbaida Group Companies	19%
Discount for own non-performance risk	—

A significant decrease in the profit after tax of Yestar Biotech (Jiangsu) 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.

20. FAIR VALUE AND FAIR VALUE HIERARCHY (CONTINUED)

Fair value hierarchy

Assets measured at fair value:

As at 30 June 2016

	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
Derivative financial instruments	—	1,706	—	1,706

Liabilities measured at fair value:

As at 30 June 2016

	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
Put options in relation to non-controlling interests	—	—	701,650	701,650

20. FAIR VALUE AND FAIR VALUE HIERARCHY (CONTINUED)

Fair value hierarchy (continued)

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
Put options in relation to non-controlling interests	—	—	647,566	647,566

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

	2016 RMB'000
Amounts included in other long-term payables	
At 1 January	647,566
Remeasurement recognised in equity	54,084
At 30 June	701,650

20. FAIR VALUE AND FAIR VALUE HIERARCHY (CONTINUED)

Fair value hierarchy (continued)

Assets for which fair values are disclosed:

As at 30 June 2016

	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
Derivative financial instruments	—	1,706	—	1,706

Liabilities for which fair values are disclosed:

As at 30 June 2016

	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	—	504,294	—	504,294
Put options in relation to non-controlling interests	—	—	701,650	701,650
	—	504,294	701,650	1,205,944

20. FAIR VALUE AND FAIR VALUE HIERARCHY (CONTINUED)

Fair value hierarchy (continued)

Liabilities for which fair values are disclosed: (continued)

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	—	410,425	—	410,425
Put options in relation to non-controlling interests	—	—	647,566	647,566
	—	410,425	647,566	1,057,991

21. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 15 August 2016.

Yes!Star

www.yestarcorp.com