Yes!Star

YESTAR HEALTHCARE HOLDINGS COMPANY LIMITED
巨星醫療控股有限公司

(Incorporated in the Cayman Islands with limited liability 於開曼群島註冊成立的有限公司)
Stock Code 股份代號：2393

2021 ANNUAL REPORT
年度報告

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Hartono James
(Chairman and Chief Executive Officer)
Ms. Wang Hong *(Chief Financial Officer)*
Ms. Liao Changxiang
Mr. Liang Junxiong *(appointed on 31 December 2021)*
Ms. Wang Ying
(resigned on 24 December 2021)
Mr. Li Bin *(appointed on 18 June 2021 and resigned on 31 December 2021)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Hu Yiming
Mr. Sutikno Liky
Mr. Zeng Jinsong *(appointed on 28 May 2021)*
Mr. Tirtamarta Karsono (Kwee Yoe Chiang)
(resigned on 28 May 2021)

AUDIT COMMITTEE

Dr. Hu Yiming *(Chairman)*
Mr. Sutikno Liky
Mr. Zeng Jinsong *(appointed on 28 May 2021)*
Mr. Tirtamarta Karsono (Kwee Yoe Chiang)
(resigned on 28 May 2021)

NOMINATION COMMITTEE

Mr. Sutikno Liky *(Chairman)*
Dr. Hu Yiming
Mr. Zeng Jinsong *(appointed on 28 May 2021)*
Mr. Tirtamarta Karsono (Kwee Yoe Chiang)
(resigned on 28 May 2021)

REMUNERATION COMMITTEE

Mr. Zeng Jinsong *(Chairman)*
(appointed on 28 May 2021)
Dr. Hu Yiming
Mr. Sutikno Liky
Mr. Tirtamarta Karsono (Kwee Yoe Chiang) *(Chairman)*
(resigned on 28 May 2021)

COMPANY SECRETARY

Mr. Ngai Tsz Him Michael
(appointed on 31 December 2021)
Mr. Ng Chit Sing
(resigned on 31 December 2021)

AUTHORIZED REPRESENTATIVES

Ms. Wang Hong
Mr. Ngai Tsz Him Michael
(appointed on 31 December 2021)
Mr. Ng Chit Sing
(resigned on 31 December 2021)

INDEPENDENT AUDITORS

Ernst & Young
Certified Public Accountants
27/F, One Taikoo Place
979 King's Road
Quarry Bay
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

Conyers 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

Link Market Services (Hong Kong) Pty Limited
Suite 1601, 16/F, Central Tower
28 Queen's Road Central
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 Healthcare Holdings Company Limited (the "Company" or "Yestar", and, together with its subsidiaries, the "Group"), I am pleased to present you the annual report for the year ended 31 December 2021 (the "Year") to our shareholders.

After a rather dreadful 2020, 2021 offered much more optimism, as economic activities have slowly recovered, supported by the effective COVID-19 control measures in the PRC. As hospitals slowly resumed their services, this also laid a solid foundation for our financials, with the resumption of medical check-ups leading to a growing demand of consumables and other associated products. As a result, we delivered a set of strong results, recovering from a net loss to a net profit of RMB12.7 million for the Year.

However, despite that positivity, there are also lingering risks and concerns. During the Year, the Central Government continued to accelerate the Healthcare System Reform by introducing various policies, such as expanding the coverage of the National Reimbursement Drug List, as well as offering support to the development domestic brands etc. Such initiatives inevitably brought challenges to Yestar in terms of both market and margins. In addition, the new COVID-19 variants have led to new spikes in the number of confirmed cases, and the global supply chain continued to be in chaos, leading to problems in raw material supply and order fulfillment. Not to mention that the growing geopolitical conflict among major economies have led to much bigger problems in commodity prices, currency exchange, and interest rates.

CHAIRMAN'S STATEMENT

From the above, we may come to a conclusion that the world has changed, in a way that extraordinary events may no longer be that extraordinary, and continuous disruptions could be the new normal for all industries and companies. To navigate such unpredictability, I believe it is our responsibility to focus on ourselves, instead of predicting the future, and it is our task to create the maximum efficiency and flexibility, so that the Company can sustain even in the darkest hours.

Hence, one of the first things we looked at was capital mobility and flexibility. During the Year, we are pleased to announce that Yestar's senior note, originally due September 2021, was successfully extended to 2026 at a competitive coupon rate. The rate, the terms, as well as the approval from the majority of our existing noteholders, not only highlighted their utmost confidence in our robust business, the flourishing China IVD market, as well as our ability to excel at the most challenging times, but also provided us with the necessary capital to further explore various market opportunities and execute our business plans.

On top of the short-term financial improvement, we believe it is important to boost our cash flow and make our revenue more sustainable and predictable. One of the key ways to do so is to introduce more brands and more products. During the Year, we actively promoted various imported brands with sophisticated and advanced technologies, such as Roche's latest 'i-Manager' standardized management system, and 'weDesign' consultancy service, in order to satisfy the growing needs of top-tier medical institutions. To diversify our coverage and hence revenue stream, we also put a strong emphasis on domestic brands that are complementary to Roche's existing offering, catering the needs of lower-tier hospitals and medical institutions with more standardized and competitive products.

To become more sustainable, we also look at the possibility of playing a bigger role in the value chain. With the Central Government actively promoting domestic brand development, we have applied for IVD manufacturing license during the Year, extending our presence to upstream production, aiming to further establish our house brand and capture more market shares with better margins. It is expected that we will obtain an approval in the first half of 2022, and will start producing and marketing our house brand IVD products by 2023, essentially transforming us from a distribution and servicing company, to one that encompasses R&D, production, distribution, and after-sales services.

Looking ahead, by leveraging our manufacturing capability and the growing product mix of our house brand, we believe we will be in a good position for overseas expansion. By collaborating with local partners who have channel resources in the Southeast Asian market, we target to launch the sales of our house brand products in the region in the near future. This would allow us to tap into new countries with new customers, diversify our geographical risks, as well as boost our margin in the long run, further solidifying our position in the value chain.

The transformation journey may not end there, and it will be up to us to observe, innovate, and provide regardless of the challenges ahead.

APPRECIATION

I would like to take this opportunity to thank the Board, the management team and all of our staff for their dedication and commitment, as well as our business partners, noteholders, shareholders and customers for their unfailing support and confidence in the Group during the Year. Together, we shall hit new height, and bring Yestar to the global market.

Hartono James
Chairman

30 March 2022

COMPANY ACTIVITIES

Team Building

12 March 2021

Tree planting team activity of Yestar (Guangxi)

28 August 2021

"Yestar Cup"

Team-building Volleyball Games

Outdoor fun sports games organised by Hongen in the spring when the nature revived

2021

Lantern riddle solving contest at the Mid-autumn Festival

COMPANY ACTIVITIES

Team Building

2021

Tea break and distribution of headbands during Christmas

2021

On Derunlijia's eco-trip to Chaozhou and Shantou, the team learned the history of the classic and stunning cities by visiting a thousand-year-old fortress.

Annual Dinner

2022

Guangzhou Hongen

The group photo at the annual dinner named "Best Wishes and Fortune to Hongen for the Year of Tiger"

Social Responsibility

Guangzhou Hongen sponsored the free thrombosis clinic organised by the Southern Medical University

Social Responsibility

Kaihongda

Date of donation: 2021.11.2

Donee: Central Primary School of Qimafang Village, Dongcheng Township, Yangyuan County, Hebei Province

Donated items: 190 sets of 3-piece school uniforms, 95 sets of cotton school uniforms and 190 pairs of sneakers

Awards

Yestar (Guangxi) Medical System Co., Ltd. was named one of the Top 30 Manufacturing Enterprises of Nanning 2021

Hongen received the POC Best Myocardial Sales Award for 2021

COMPANY ACTIVITIES

Training

6 July 2021

Fire Extinguisher Safety Training

6 July 2021

Breaking and Entering Safety Training

Sharing of sales skills by outstanding frontline staff members

On 27 December 2021, the Group invited Ernst & Young, Certified Public Accountants, to provide IFRS standards training to all financial staff of the Company. The course was provided online due to the pandemic.

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

ABOUT YESTAR

Yestar is one of the largest distributors and service providers of In Vitro Diagnostic ("IVD") products in the Peoples Republic of China (the "PRC"). The Group principally engages in the distribution of IVD products in cities of Beijing, Shanghai, Guangzhou and Shenzhen and in provinces of Anhui, Fujian, Guangdong, Guangxi, Hainan, Hunan, Jiangsu, Hebei and the autonomous region Inner Mongolia. The Group also manufactures medical films (used in X-Ray, Magnetic Resonance Imaging (MRI) and Computer Tomography (CT-scan) etc.) for Fujifilm in the PRC and manufactures, markets and sells dental film and medical dry film products under the house brand "Yes!Star".

MARKET OVERVIEW

2021 represents a year of both halves as we enjoyed the positivity from market recovery, as well as the uncertainties from the Delta and Omicron variants. In the case of the PRC, it continued to battle COVID-19 through mass vaccination programs and pandemic control measures. Economic activities were able to gradually resume, and most hospitals and clinics were able to return to normal operation. As a result, the demand of IVD testing and other medical check-ups services was on the rise, benefiting key distributors and service providers of IVD products, such as Yestar.

While the Central Government continued to prioritize economic recovery, it did not slow its effort on national healthcare reform, showing determination by accelerating the construction of a 'Healthy China' in spite of macro uncertainties. Under the latest policies, there is a growing emphasis on disease detection and prevention instead of treatment, and the trend has led to a growing demand of IVD products, especially since the COVID-19 outbreak. Many local companies have launched their own testing kits for COVID-19 and other diseases in an attempt to capture the vast opportunities in the market. The increasing variety of products as well as the growing number of market participants, have all pointed to the fact that the industry is heading towards a prosperous and sustainable development.

Meanwhile, under the hierarchical medical treatment system, more resources were also allocated to lower-tier medical institutions in order to expand patient and treatment coverage. This has led to a growing adoption of digital technologies in an attempt to drive resources utilization and operational efficiency. At the same time, the Central Government also expanded the coverage of the National Reimbursement Drug List, improving the basic healthcare coverage for the public. The changing policies and needs present new opportunities in the IVD market, and as a leading IVD distributors in the PRC, Yestar strives to provide the best solutions and products to facilitate its customers.

BUSINESS OVERVIEW

Further Expansion of Product Portfolio to Satisfy Customers' Need

Due to the aforesaid policies, the Group has taken a two-folded approach to satisfy the growing yet different needs among different tiers of medical institutions. For top-tier institutions which are performance driven and less price sensitive, the Group has been actively promoting various imported products to ease their operational bottleneck, including Roche's cobas e801 analytical unit, which is a high throughput immunochemistry module that performs a broad range of heterogeneous immunoassay tests using the highly innovative and patented ElectroChemiLuminescence (ECL) technology. To further improve the efficiency, the Group also introduced Roche's latest 'i-Manager' standardized management system, which has obtained ISO15189 certificate; and 'weDesign' consultancy service, which can maximize testing area and reduce the management needs of laboratories. Such products not only allow Yestar to strengthen its market position as the one-stop solutions provider, but also greatly enhance its customer stickiness, laying a solid foundation for future orders and cash flow.

On the other hand, the Group has introduced a number of domestic IVD brands (complementary to Roche's existing product offering), catering the needs of lower-tier hospitals and medical institutions. So far, market feedback for the products were positive, with the domestic brands also contributing decent profit margin. This provides great encouragement for Yestar to actively expand its domestic brands' product portfolio in the future. In short, riding on its extensive market knowledge and industry experience, the Group will continue to identify promising IVD products, and create value by distributing them through its well-established network across all tiers of medical institutions.

Extending its Value Chain Coverage to Manufacturing of IVD Products

Over the past decade, China has been improving its capability in the biopharmaceutical sector. According to the '2021-2022 China Healthcare sector investment report' published by ITJUZI.COM, the investment amount in the industry has been increasing, reaching RMB157.7 billion in 2021. With the Central Government actively promoting domestic brand development, Yestar has also submitted an application for IVD manufacturing license, in order to extend its value chain position to upstream production, create more values for medical institutions, and capture more market shares with better margins. Currently, the Group is in the final stage of the application process, and the approval will grant the Group the rights to manufacture IVD reagents under its house brand, essentially transforming it from a distribution and servicing company, to one that encompasses R&D, production, distribution, and after-sales services. To prepare for the eventual approval, the Group has also further upgraded its plant facilities in Guangxi province, and recruited qualified and experienced IVD R&D talents to support its future development. Riding on the growing demand of IVD consumables from lower-tier hospitals under the hierarchical policy, the Group will adopt a cost-driven strategy to provide quality and affordable house brand IVD products to cater their needs, capturing more market shares.

Successful Offshore Debt Restructuring to Pave the Way for Sustainable Development

Reference is made to "Management Discussion and Analysis — Action Plan to Address the Going Concern" of the annual report 2020 of the Company, announcement and supplemental announcement of the Company dated 20 July 2021 and 23 July 2021, respectively, in relation to the Company's proposed offshore debt restructuring ("Debt Restructuring") of the USD200,000,000 6.9% senior notes due 2021 (the "Senior Notes"). The Company had entered into with holders of the Senior Notes the Restructuring Support Agreement ("RSA") to support the Debt Restructuring, which was expected to be implemented through a scheme of arrangement in the Cayman Islands (the "Cayman Scheme"). Details of the terms of the Debt Restructuring and the RSA are set forth in the Company's announcements dated 20 July 2021 and 23 July 2021, respectively.

On 3 December 2021, the Grand Court of the Cayman Islands (the "Court") directed that a meeting of Cayman Scheme creditors ("Cayman Scheme Meeting") be convened for the purposes of considering and, if thought fit, approving the Cayman Scheme (with or without modification, addition or condition approved or imposed by the Court). The Cayman Scheme was approved by the Cayman Scheme creditors and the Court made an order to sanction the Scheme ("Scheme Sanction Order") both on 10 December 2021. For further details, please refer to the Company's announcements dated 8 November 2021, 3 December 2021, 12 December 2021, 14 December 2021, 29 December 2021, respectively.

Pursuant to the RSA, the new senior notes have been issued by the Company and listed on the Singapore Exchange Securities Trading Limited on 31 December 2021. The Senior Note had been delisted from the Stock Exchange with effect from 15 September 2021. As at 31 December 2021, there were USD197,864,523 new senior notes due 2026 in issue.

As mentioned above, with the USD$200 million 6.9% senior notes issued in 2016 approaching its maturity, the Group has been actively exploring various proposals for its extension or restructuring. After rounds of discussion, the majority of notes holders agreed to support the Group's restructuring, as a result of its solid business model, the prosperity of the China IVD market and its five years strategic development plan to drive future growth. The senior notes on 31 December 2021 is restructured for a 5-year term, at a coupon rate of 9.5%. From the Group's perspective, not only the 5-year extension provides it with a good window and buffer to continue its transition, the improving liquidity that comes with it also allows the Group to further explore the market and execute its business plans. After the restructuring, the Group's financial position is significantly enhanced, with current ratio improved from 0.86 to 1.31 year over year ("yoy"), and current liabilities decreased from RMB3,288.4 million to RMB2,161.0 million. The boost in financial market should also provide sufficient flexibility for the Group to navigate the unpredictable market.

Profit Guarantee in relation to Derunlijia

Reference is made to (i) the announcement of Yestar Healthcare Holdings Company Limited (the "Company") dated 27 October 2016 in relation to, among others, the acquisition of 70% equity interest in Shenzhen De Run Li Jia Company Ltd ("Derunlijia"); (ii) the annual report of the Company for the years ended 31 December 2019 and 2020; and (iii) the announcements of the Company (collectively, the "Announcements") dated 27 March 2020, 24 April 2020, 26 August 2020, 7 April 2021 and 30 August 2021, respectively in relation to, among others, the non-fulfilment of the annual guarantee profit of Derunlijia for the year ended 31 December 2019 and the related Compensation Amount. Unless otherwise stated herein, capitalized terms used herein shall have the same meanings as those defined in the Announcements.

As disclosed in the Announcements, as the actual net profit achieved by Derunlijia for the year ended 31 December 2019 was less than the annual guarantee profit, the Vendors of Derunlijia are obliged to compensate and settle the Compensation Amount of approximately RMB9.76 million to the purchaser pursuant to the share transfer agreement.

Despite the previous mutual agreement among parties to settle the Compensation Amount by deduction of accumulated dividend payable or to be paid by Vendors, the Vendors did not honor their commitment. The Group has already commenced an arbitration procedure in the Court of International Arbitration in September 2021.

Since September 2021, there were 2 arbitration hearings among parties held and further statements of fact as well as supporting documents for reasoning have been submitted to Court of International Arbitration for consideration. Up to the date of this announcement, there was no conclusion made by the Court of International Arbitration. The arbitration award is estimated to be entered in April 2022.

The Company will keep the shareholders and potential investors of the Company informed of any further significant development in relation to the progress and amount, if any, of the payment of the Compensation Amount by the Vendors of Derunlijia as and when appropriate.

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

Impairment of Goodwill and Other Intangible Assets

As at 31 December 2021, the Group performed a year end annual impairment test on goodwill and other intangible assets (which included distribution rights and customer relationship) by performing discounted free cash flow forecasts for each of the following acquired subsidiaries in previous years:

— Yestar Biotech (Jiangsu) Co., Ltd.

— Shanghai Anbaida Group Companies

— Guangzhou Hongen Medical Diagnostic Technologies Co., Ltd.

— Guangzhou Shengshiyuan Trading Co., Ltd.

— Beijing Kaihongda Technologies Co., Ltd.

— Shenzhen Derunlijia Co., Ltd.

The impairment test is based on the recoverable amount of each cash-generating unit to which the goodwill is allocated and each intangible asset. The recoverable amount of each cash-generating unit and individual asset is the higher of its fair value less costs of disposal and its value in use using a cash flow projection based on a financial budget covering a five-year period.

Taking into consideration their respective projection on future results of cash-generating performance and financial results, no impairment loss (2020: RMB447,450,000) was recognised for the year ended 31 December 2021 in respect of the goodwill resulted from the acquisition of above subsidiaries of the Group with reference to the budgeted gross margin and estimated growth rate of different product mixture.

In addition, an impairment loss of other intangible assets (which included distribution rights and customer relationship) of RMB41.6 million (2020: 342.9 million) was recognised in the consolidated statement of profit or loss as other expense in 2021.

FINANCIAL REVIEW

The unrelenting government efforts in combating COVID-19 has allowed hospitals and medical clinics in the PRC to resume their non-emergency services in 2021. This led to a bottom-out in demand for IVD and other testing kit products. And despite the lingering threat from COVID-19, the public has shown an increasing level of health awareness, which was translated to a growing demand for IVD reagents and consumables. As a result, the Group's overall revenue for the Year increased by 20.1% yoy to RMB4,930.7 million (2020: RMB4,106.9 million). Gross profit rose by 5.2% yoy to RMB848.7 million (2020: RMB806.9 million) while gross profit margin slightly decreased from 19.6% to 17.2%, mainly attributable to the decrease in gross profit margin from the Group's non-medical business. In line with the increase in revenue, selling and distribution expenses increased by 17.3% yoy to RMB336.3 million (2020: RMB286.7 million). Administrative expenses recorded a decrease of 4.8% yoy to RMB320.7 million (2020: RMB336.8 million due to the less amortisation of the other intangible assets during the Year. Non operating expenses comprise impairment of assets, amortisation of intangible assets and costs in relation to restructuring of senior notes recorded during the year amounted to RMB178.2 million, out of which RMB136.8 million is non cash item. Riding on the market recovery, profit attributable to the owners of the Company rebounded to approximately RMB3.3 million in 2021 (2020: a loss of RMB590.5 million). Basic earnings per share was amounted to RMB0.1 cent (2020: loss per share of RMB25.0 cents). The board of directors (the "Board") has resolved not to declare any dividend for the year ended 31 December 2021 (2020: Nil).

Medical Business — 92.0% of Overall Revenue

In 2021, the Group experienced an increase in demand in IVD consumables, primarily due to the resumption of hospital services. Segment revenue reached RMB4,535.1 million (2020: RMB3,758.0 million), representing a yoy increase of 20.7%.

Segment gross profit was RMB851.6 million (2020: RMB758.5 million), with gross profit margin decreased by 1.4 p.p. to approximately 18.8% (2020: 20.2%), mainly due to the change of product mix among lower-tier hospitals. Although facing such policy headwinds, Yestar continued to expand its product portfolio and distribution network to turn the risks into opportunities.

Numbers of Hospitals and Clinics Covered

For the year ended 31 December	2020	2021	YOY change
Provinces			
Anhui	70	**61**	−12.9%
Fujian	72	**81**	+12.5%
Guangdong	355	**417**	+17.5%
Guangxi	29	**60**	+106.9%
Hainan	59	**61**	+3.4%
Hebei	39	**45**	+15.4%
Hunan	20	**22**	+10.0%
Jiangsu	260	**260**	—
Autonomous region			
Inner Mongolia	10	**10**	—
Tier-1 cities			
Beijing	201	**209**	+4.0%
Guangzhou	110	**116**	+5.5%
Shanghai	315	**315**	—
Shenzhen	69	**69**	—
Overall	1,609	**1,726**	+7.3%

Non-medical Business — 8% of Overall Revenue

Apart from the medical business segment, non-medical business of the Group mainly consists of the manufacturing, marketing, distribution and sale of Fujifilm color photographic paper (professional and minilab), as well as 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". This segment faces relatively stable demand, and has generated stable cash flow for the Group in the previous years. As economic activities resumed in 2021, there was also a recovery in demand for industrial imaging products. This drove revenue of non-medical business to RMB395.6 million, representing a 13.4% yoy increase (2020: RMB348.9 million). However, segment gross profit margin decreased by 14.6 p.p to −0.7% (2020: 13.9%) mainly due to the impairment loss of inventory recognised and reduction of price of products during the Year. Given the growth in revenue, the Group remains confident to further grow its market and streamline its cost structure, paving the way for more sustainable financial performance in the future.

Liquidity and Financial Resources

The Group has cash and cash equivalents of approximately RMB585.2 million as at 31 December 2021 (2020: approximately RMB572.3 million). The slight increase in cash was due to the growth in revenue with prudent credit and receivable policy in force effectively. During the Year, the expected credit loss for bills receivable of the Group, which are all bank acceptance notes, is approximate to zero. Those banks who issue bank acceptance notes are creditworthy banks with no recent history of default.

As at 31 December 2021, the Group's gearing ratio was approximately 57% (2020: approximately 59%), calculated as the net debt which includes the interest-bearing bank loans and other borrowings less cash and cash equivalents dividend by equity attributable to owners of the parent plus net debt at the end of 31 December 2021.

The total interest-bearing loans and other borrowings of the Group as at 31 December 2021 was approximately RMB1,576.8 million (2020: approximately RMB1,646.4 million). Except for the senior notes issued during the Year and secured bank loans of RMB19.1 million which are denominated in USD, all borrowings of the Group are principally denominated in Chinese Yuan (RMB), which is also the presentation currency of the Group.

The current ratio as at the end of December 2021 was approximately 1.31 (2020: approximately 0.86), based on current assets of approximately RMB2,823.8 million and current liabilities of approximately RMB2,161.0 million.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by approximately 17.3% from approximately RMB286.7 million in 2020 to approximately RMB336.3 million in 2021, and accounted for about 7.0% and about 6.8%, respectively, of the Group's revenue for the respective reporting years. Such increase was in line with the increase in revenue for the Year.

Administrative Expenses

The Group's administrative expenses recorded a decrease of about 4.8% from approximately RMB336.8 million in 2020 to approximately RMB320.7 million in 2021, and accounted for about 8.2% and about 6.5%, respectively, of the Group's revenue for the respective reporting years. Such decrease was attribute to the decrease in amortisation of intangible assets.

Finance Costs

The Group's finance costs consisted mainly of interest expenses on Senior Notes, bank loan and other borrowings and the related expenses on Senior Notes. The aggregate amount of interest incurred was approximately RMB127.8 million (2020: approximately RMB124.1 million) as well as the related expenses on Senior Notes was approximately RMB41.4 million (2020: Nil) for the Year.

For the Year, interest rates of the interest-bearing loans ranged from 2.3% to 12.13%, while those for the year ended 31 December 2020 ranged from 3.6% to 7.43%.

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 foreign currency risk arising from the purchase of US dollars, Senior Notes in US dollars and secured bank loans in US dollars. The Group will monitor its foreign currency exposure closely to minimize the exchange risk.

Share Capital and Capital structure

Except for the cancellation of shares following the repurchase of shares of the Company during the Year, 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

As at 31 December 2021, the Group had 1,019 (2020: 1,060) employees, including Directors. Total staff costs (including Directors' emoluments) were approximately RMB248.1 million for the Year as compared to approximately RMB198.1 million for the year ended 31 December 2020. 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 and central pension scheme.

Since the contribution to the pension schemes and for the Year, there was no contributions forfeited by the Group (31 December 2020: Nil) on behalf of its employees who leave the plan prior to vesting fully in such contribution, nor had there been any utilization of such forfeited contributions to reduce future contributions.

As at 31 December 2021, no forfeited contributions were available for utilization by the Group to reduce the existing level of contributions as described in paragraph 26(2) of Appendix 16 to the Listing Rules.

Significant investments held

Except for investment in subsidiaries and associate during the Year, the Group did not hold any significant investment in equity interest in any other company.

Securities Investments

The Group did not have any securities investment in any investee company with a value of 5% or more of the total assets of the Group as at 31 December 2021, which is required to be disclosed under the Listing Rules.

Future plans for material investments and capital assets

The Group did not have any other plans for material investments and capital assets as at the date of this announcement.

Material acquisitions and disposals of subsidiaries and affiliated companies

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

Guarantee Performance in relation to the Acquisitions

Save as disclosed above, the Group did not enter into any acquisition, which is required to be disclosed under the Listing Rules, that the party in contract required to commit or guarantee on the financial performance in any kinds for the year ended 31 December 2021.

Charges of assets

As at 31 December 2021, certain of the Group's buildings with a net carrying amount of approximately RMB85,506,000 (2020: Nil) were pledged to secure banking loans granted to the Group. The shares of Yestar Asia Company Limited and Yestar International (HK) Company Limited, two wholly-owned subsidiaries of the Company, were pledged to the holders of all senior notes issued by the Company.

In addition, the following was the pledge of assets as at 31 December 2021:

(i) the Group's bank loans of RMB100,000 were secured by the pledged deposits of RMB120,000.

(ii) the Group's bank loans of RMB100,000,000 were secured by the pledge of the Group's building.

(iii) the Group's bank loans of RMB104,128,000 were guaranteed by a non-controlling shareholder and the Company's subsidiaries.

(iv) As at 31 December 2021, the Group's bank loans of RMB10,000,000 were guaranteed by local government.

Contingent liabilities

During the Year, the Group had no material contingent liabilities as at 31 December 2021.

PROSPECT

According to a report titled 'China in Vitro Diagnostics Market, Size, Forecast 2022–2027, Industry Trends, Growth, Share, Impact of COVID-19, Company Analysis' by Renub Research, it is estimated that China's IVD Industry will grow from USD7.4 billion in 2021, to USD18.9 billion in 2027, at a CAGR of 16.9% during the period. Supported by an expanding aging population as well as the rising living standard, the demand for early prevention and family health management is also expected to increase. The rise in volume, along with the new and changing diagnostic requirements, would also drive the demand of a greater variety of IVD products. The Group will capture these market opportunities by adopting the following strategies.

Continuous Product Expansion and Upstream Extension in the PRC

Equipped with an extensive hospital network, Yestar will continue diversifying its product portfolio and introduce the most suitable solutions and products to its customers. The Group will continue its strategic long-term partnership with Roche, and introduce innovative and advanced products to its customers, satisfying their needs in efficiency and latest testing technologies. In addition, the Group will also actively look for collaborations with other domestic brands, catering the expanding needs of lower-tier medical institutions under the hierarchical policy.

To capture the opportunities brought by the support on domestic brands, Yestar put a strong emphasis on its house brand development, which offers higher flexibility in operations and margins in financials. The Group expects to obtain the IVD manufacturing license in the first half of 2022. Leveraging its extensive network and product know-how, the Group is confident to expand its house brand contribution in the near future.

Explore Overseas Opportunities in the Mid-to-long-run

Given the impeding launch of house brand IVD products, the Group will gradually transform from a distribution and servicing company to a company that has an extensive in-house product portfolio supported by in-house R&D and manufacturing capability. With China being one of the leading countries in the IVD industry, and has demonstrated its capabilities in IVD production during the pandemic, the Group is confident to leverage its foothold in China, and expand its house brand business to overseas markets in the coming 5 years.

To begin with, the Group plans to tap into the Southeast Asian market given its increasing demand in medical healthcare. For example, Vietnam's healthcare expenditure was approximately US$17 billion in 2019, and is expected to reach US$23 billion in 2022 at a CAGR of 10.7%, according to Fitch Solution. In Indonesia, the government's healthcare budget has been growing at a CAGR of 8.6% from 2017 to 2022. Specifically, Rp255.3 trillion has been allocated to healthcare in 2022, of which Rp139.4 trillion is on regular healthcare services, an increase of 22.9% as compared to the pre-COVID level in 2019. These indicators show that the Southeast Asia region would represent a good starting point.

Yestar healthcare will actively seek for partnership with enterprises that equipped with extensive channel resources in the Southeast Asian market, and to promote its house brand products in the region. The move is expected to further diversify its revenue streams, reduce its country concentration risks, and boost its margins in the long-run.

The coming year will be full of challenges and opportunities. With our improved financial position and new business initiatives, the Group is confident that it will continue to be competitive in the PRC. To support its mid-to-long term strategies, Yestar is also open up to any collaboration opportunities to penetrate new regional markets, delivering greater value to its stakeholders.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Hartono James, aged 46, 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 appointed as a director of all members of our Group. He 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 21 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 Yestar (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 Yestar (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. In addition, Mr. Hartono completed the 21st session of the General Management Program in Harvard Business School in November 2016.

Ms. Wang Hong, aged 46, 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 a director and financial controller of Yestar Asia Company Limited ("Yestar BVI"), Yestar International (HK) Company Limited ("Yestar HK") and Yestar Biotech (Jiangsu) Company Limited, all of which are wholly-owned subsidiaries of the Company.

Ms. Wang is also a director of Shanghai Anbaida Group Companies, which is 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 24 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.

Ms. Liao Changxiang, aged 48, joined the Group in June 2007 and is appointed as executive director in November 2020. Ms. Liao is primarily responsible for overseeing our finance, accounting and logistics of operations in subsidiary of the Company. She is also general manager of various indirect subsidiaries of the Company.

Ms. Liao has over 22 years of experience in finance. Prior to joining the 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. Liang Junxiong, aged 49, joined the Group in March 2011 and is the financial controller of various subsidiaries of the Company. He is primarily responsible for overseeing the financial and accounting matters of Yestar (Guangxi) Technology Co., Ltd., a wholly-owned subsidiary of the Company.

Mr. Liang has over 25 years of experience in accounting, auditing and financial management. Prior to joining our Group, Mr. Liang worked for 廣西博科藥業公司 as a cost accountant from March 2004 to February 2008 and for 高立工貿公司 as the financial manager from March 2008 to February 2011.

Mr. Liang graduated from Guangxi University in 1998, majoring in financial management. He passed the examination for Certified Public Accountant (CPA) qualification in China in 2009 and is certified as a CPA in China. He is currently a non-practicing member of the Chinese Institute of Certified Public Accountants. He also passed the examination for Certified Management Accountant (CMA) qualification in the United States in 2018.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Hu Yiming, aged 58, 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 28 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. Sutikno Liky, aged 47, 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 17 years of experience in management and global supply chain services. He has been the chief operating officer of Seglian Manufacturing Group 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 Seglian (Shanghai) Ltd., overseeing its factories and joint ventures in the PRC. Seglian 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.

Mr. Zeng Jinsong, aged 62, joined the Group on 28 May 2021. He is the chairman of remuneration committee, and member for each of the audit committee and the nomination committee of the Company.

Mr. Zeng has over 31 years of experience in project management as well as research and development. Since 2007, Mr. Zeng has been the vice president of CP Group and is primarily responsible for the research of digital agriculture and agricultural modernisation, the management of new agricultural projects, the cooperation between enterprises and universities, government relations and the cooperation of international industry projects. In addition, he is also the chairman of 正大能源有限公司 (Zhengda Energy Co. Ltd.) and is responsible for the review of the company's operation plans.

Since 2013, Mr. Zeng has been appointed as the Secretary General of the Steering Committee under the China Institute of Rural Studies, Tsinghua University. Since 2016, Mr. Zeng has been appointed as the Secretary General of the Institute of Global Development, Tsinghua University (and the Deputy Director and Secretary General of 醫療與健康研究中心 (the Medical and Healthcare Research Centre) under the Institute of Global Development) and the Chief Consultant to the Center for Development of Sports Industry, Tsinghua University. Since 2019, Mr. Zeng has been appointed as the Deputy Director and Secretary General of 世界文化發展研究中心 (the Research Centre for World Cultural Development), Tsinghua University and the Secretary General of the Institute for Global Industry, Tsinghua University since 2020.

Mr. Zeng obtained a bachelor's degree in mechanics from the Southeast University (formerly known as the Nanjing Institute of Technology) in 1982, a master's degree in vehicle vibration from the Beijing Institute of Technology in 1984, and a doctoral degree in vehicle dynamics from Tsinghua University in 1988.

SENIOR MANAGEMENT

Mr. Ngai Tsz Hin Michael was appointed as the Company Secretary of the Company on 31 December 2021. He has over nine years of experience in legal industry and had obtained his Bachelor of Laws and postgraduate certificate in laws from City University of Hong Kong in 2011 and 2012, respectively. He is a practicing solicitor in Hong Kong, and currently a partner of Khoo & Co. and a consultant of O Tse & Co. He also serves as a company secretary of various companies listed on the Main Board and GEM of the Stock Exchange.

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 (the "Financial Statements") of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2021 (the "Year").

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.

There were no significant changes in the nature of the Group's principal business during the Year.

A fair review of the Group's business, particulars of important events affecting the Group that have occurred during the Year (if any), and indication of likely future development in the Group's business are provided in the "Chairman's Statement", "Management Discussion and Analysis" and "Notes to Financial Statements" sections of this annual report. An analysis using key financial performance indicators is set out in "Management Discussion and Analysis" section while the principal risks and uncertainties are contained in the "Notes to Financial Statements" section of this annual report and the paragraphs below. Compliance with relevant laws and regulations that have a significant impact on the Group can be found throughout the annual report, in particular, the "Corporate Governance Report". Discussions on the Group's environmental policies/performance and our relationship with key stakeholders are covered by "Environmental, Social and Governance (ESG) Report" section of this annual report. The above sections form part of this Report of the Directors.

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE COMPANY'S BUSINESS

The business operations and results of the Group may be affected by various factors, some of which are external causes and some are inherent to the business. The Board is aware that the Group is exposed to the following principal risks and uncertainties in the market in which the Group operates:

(a) Issue of New Senior Notes

During the Year, the Company had issued USD197,864,523 9.5% new senior notes due 2026 for the purpose of offshore debt restructuring purpose and financing general working capital of the Group. The interest burden to the Group arising from the new issue of senior notes would be challenging given the existence Pandemic and the progress of economic recovery in the PRC. Provided that the IVD market share of the Company could be maintained and the sales boost up and restore to the pre-Pandemic situation, there will be a tight cash flow of the Company and affect the strategic expansion of the Group.

(b) Continuous Impact of COVID-19

The continuous COVID-19 pandemic (the "Pandemic") over the last 3 years had brought unprecedented challenges and added uncertainties to the global economy, which contributed negative impact on our business operation, namely the sales and profitability of the Group, and hence adverse our business performance, financial condition, results of operations and prospect.

(c) Financial Management and Liquidity Risk

Yestar generates solid cash flows from its operations. However, cash conversion cycle has lengthened with increase in inventory and account receivables turnover days, which weighed on operating cash flow of the Group. There would be increasing working capital required along with the expansion of our IVD business as payment terms with hospitals are longer than that with imaging customers. Payments (working capital, interest on issuance of senior notes, dividends and further acquisition) will keep its free cash flow in the negative for the next couple of years.

(d) Supplier Concentration Risk

Yestar is a small company relative to its rated global healthcare peers and it is heavily dependent on two supplier relationships — with Fujifilm and Roche. Yestar entered the IVD market in 2014 after its first acquisition of a medical device company in Jiangsu and had established partnerships with Roche Diagnostics. Since then, Yestar has acquired five more distributors in the PRC. Sales of Roche's diagnostic and IVD products contributed significant amount of our total revenue during the Year, which suggests that any change in strategic investment policies of Roche Diagnostics or potential conflict with Roche or loss of Roche's competitive positioning in IVD products could result in risk to our IVD revenue and profit of the Group as a whole.

RELATIONSHIP WITH KEY PARTIES

The success of the Group also depends on the support from key parties which comprise customers, suppliers, employees and shareholders.

Customers

The principal customers of the Group are distributors, hospitals and clinics in Shenzhen, Fujian, Guangdong, Hainan, Hunan, Shanghai, Jiangsu, Anhui and Beijing. We have been devoted to providing excellent customer services (including after-sale services) with the purpose of maintaining long term co-operation relationship, increasing sales volume and improving profitability.

IVD manufacturers' distribution agreements are generally non-exclusive and need to be renewed annually. However, we entered into contracts with hospitals and clinics lasting from one to eight years, and our contracts with local distributors can last from one to four years. Such long-term contracts provide stability and give suppliers an incentive to maintain the relationship with their distributor.

We have established relationships with hospital administrators. Through regular visits, our non-exclusive Roche Diagnostics Products are directly marketed to hospitals and clinics. We have also maintained strong ties with several leading hospitals through our subsidiaries in the PRC.

Suppliers

Good relationship with suppliers constitutes one of the essential elements of the Group's success. To achieve positive business growth, the Group maintains close relationship with Roche, its principal supplier of in-vitro diagnostic products, to enable adequate quantity of Roche Diagnostics Products for distribution to hospitals and clinics.

Employees

The Group focuses on the talents of our employees as our most valuable asset and provides a harmonious and safety working environment to all employees. The key objective of our human resource management is to recognize and reward performing staff by providing competitive remuneration packages and implementing an effective performance appraisal system with appropriate incentives, namely equal promotion opportunity.

Shareholders

The Company considers that effective communication with shareholders is essential for enhancing investor relations. Apart from transparent and timely disclosure of corporate information in the websites of the Company and the Stock Exchange, the Chairman and senior management will meet investors at least once a year in Hong Kong so that investors can have a better understanding of the business performance and strategies of the Group.

The principal goal of the Group is to maximize the return to the shareholders of the Company. The Group will focus on our core business for achieving sustainable profit growth and rewarding the shareholders with stable dividend payouts taking into account the business development needs and financial health of the Group so that potential shareholders will invest to the Company and contribute to the success of the Group.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is highly aware of the importance of environment protection and has not noted any material incompliance with all relevant laws and regulations in relation to its business including health and safety, workplace conditions, employment and the environment. During the production process, the Group has implemented environmental protection measures, including procedures related to noise control, energy use control and waste water and waste air discharge management. The Group has also encouraged staff to be environmental friendly at work by consuming the electricity and paper according to actual needs, so as to reduce energy consumption and minimize unnecessary waste.

Discussion on the environmental policies and performance is set out in the section headed "Environmental, Social and Governance Report" on pages 56 to 72 in this report. This discussion forms part of the report of the Directors.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company recognizes the importance of compliance with legal and regulatory requirements, as well as the risk of non-compliance. Sufficient resources and training have been allocated and provided to ensure the on-going compliance with applicable laws and regulations. During the Year, we have strived to conduct business in accordance with all applicable laws, rules and regulations in all material respects. To the best of Directors' knowledge, information and belief, the Board is not aware of any incidence of non-compliance with the relevant laws and regulations that have a significant impact on the Group's business where the Group is operating. In particular, we did not record any non-compliance with applicable environmental regulations.

RESULTS AND DIVIDEND

The results of the Group for the Year and the financial position of the Group as at 31 December 2021 are set out in the Financial Statements on pages 79 to 167.

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.

The Board did not recommend the payment of any final cash dividend for the year ended 31 December 2021 (2020: Nil).

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 168. This summary does not form part of the audited Financial Statements.

SHARE CAPITAL IN THE YEAR

Details of movement in share capital of the Company during the Year are set out in note 27 to the Financial Statements.

ISSUE OF SENIOR NOTES

On 31 December 2021, the Company had issued USD197,864,523 9.5% new senior notes due 2026 for the purpose of offshore debt restructuring purpose and financing general working capital of the Group during the Year, such senior notes were listed on the Singapore Exchange Securities Trading Limited.

Save as disclosed above, the Group has not issued any debenture and senior notes during the Year.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment during the Year are set out in note 13 to the Financial Statements.

EQUITY-LINKED AGREEMENT

Other than the Share Option Scheme of the Company, 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 year ended 31 December 2021 or subsisted at the end of the year.

ARRANGEMENT TO PURCHASE SHARES

Save as disclosed in the section headed "Share Option Scheme" below, at no time during the Year was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in the Company or any other body corporate.

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

The Company was authorized by its shareholders at the annual general meeting held on 22 May 2020 (the "2020 AGM") and 28 May 2021 (the "2021 AGM"), respectively, to repurchase its shares not exceeding 10% of the issued shares of the Company at the date of the 2020 AGM and the 2021 AGM until the conclusion of next annual general meeting or the revocation of the resolution for repurchase of shares, whichever is earlier. During the Year, the Company repurchased its shares on the Stock Exchange in order to reflect the confidence of the Board and the management team in the long-term strategy and growth of the Company as well as to enhance value of the shareholders.

Details of the share repurchased of the Company on the Stock Exchange during the Year are set out as follows:

Month/Year of repurchase	No. of repurchased shares	Consideration per share Highest HK$	Lowest HK$	Aggregate consideration paid HK$
April 2021	3,720,000	1.21	1.13	4,312,500
May 2021	3,727,500	1.18	1.12	4,324,000
June 2021	3,187,500	1.15	1.11	3,631,700
July 2021	760,000	1.16	1.12	861,500
September 2021	3,137,500	1.10	1.04	3,334,000
October 2021	5,565,000	1.06	0.98	5,788,000
November 2021	4,635,000	1.09	1.03	4,811,500
	24,732,500			27,063,200

All the repurchased shares were cancelled as at the date of this announcement and the issued share capital of the Company was reduced by the nominal value thereof.

Save as disclosed above, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Year.

RESERVES

As at 31 December 2021, 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 RMB309.9 million (2020: approximately RMB433.8 million). Details of the movement in reserve of the Company during the Year are set out in note 37 to the Financial Statements.

CHARITABLE DONATIONS

During the Year, charitable and other donations made by the Group amounted to approximately RMB2.48 million (2020: RMB5.22 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	60.1%
— five largest suppliers in aggregate	89.6%

Sales

— the largest customer	18.4%
— five largest customers in aggregate	37.1%

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 2021 are set out in note 23 to the Financial Statements. As at 31 December 2021, certain of the Group's buildings with a net carrying amount of approximately RMB85,506,000 (2020: Nil) were pledged to secure banking loans granted to the Group. The shares of Yestar Asia Company Limited and Yestar International (HK) Company Limited, two wholly-owned subsidiaries of the Company, were pledged to the holders of the Senior Notes.

In addition, the following was the pledge of assets as at 31 December 2021:

(i) the Group's bank loans of RMB100,000 were secured by the pledged deposits of RMB120,000.

(ii) the Group's bank loans of RMB100,000,000 were secured by the pledge of the Group's building.

(iii) the Group's bank loans of RMB104,128,000 were guaranteed by a non-controlling shareholder and the Company's subsidiaries.

(iv) As at 31 December 2021, the Group's bank loans of RMB10,000,000 were guaranteed by local government.

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 Hong *(Chief Financial Officer)*
Ms. Liao Changxing
Mr. Liang Junxiong *(appointed on 31 December 2021)*
Ms. Wang Ying *(resigned on 24 December 2021)*
Mr. Li Bin *(appointed on 18 June 2021 and resigned on 31 December 2021)*

Independent Non-Executive Directors:

Dr. Hu Yiming
Mr. Sutikno Liky
Mr. Zeng Jinsong *(appointed on 28 May 2021)*
Mr. Tirtamarta Karsono (Kwee Yoe Chiang) *(resigned on 28 May 2021)*

Each of the executive Directors has entered into a service contract with the Company for a term of three years commencing from their date of appointment/date of renewal of service agreement, 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.

Ms. Liao Changxiang and Mr. Liang Junxiong, both are newly appointed executive Directors, has also entered into a service contract with the Company for a term of three years commencing from 2 November 2020 and 31 December 2021, respectively, 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 commencing from their date of appointment/date of renewal of letter of appointment 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.

Mr. Zeng Jinsong, a newly appointed independent non-executive Director, has also sign a letter of appointment with the Company for a term of three years commencing from 28 May 2021, 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.

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, Mr. Liang Junxiong, Mr. Zeng Jinsong and Mr. Sutikno Liky shall retire from office at the forthcoming annual general meeting to be held on 31 May 2022 (Tuesday) (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 (including his/her immediately family members under rule 14A.12(1)(a) of the Listing Rules) has made an annual confirmation of independence pursuant to Rule 3.13 of the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited (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.

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 21 to 23 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

Pursuant to Article 164 of the Articles of Association of the Company, the Directors, secretary and other officers and every Auditor for the time being of the Company and the liquidator or trustees (if any) for the time being acting in relation to any of the affairs of the Company and everyone of them, and everyone of their heirs, executors and administrators, shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts; and none of them shall be answerable for the acts, receipts, neglects or defaults of the other or others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto; provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons.

Such provision was in force during the Year. In addition, the Company has also maintained Directors and officers liability insurance during the Year and up to the date of this report.

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 the recommendations of the remuneration committee of the Company, 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 AND CONTRACTS

Save for the transactions as disclosed in the section headed "Connected Transaction and Continuing Connected Transaction" below and the related party transactions as disclosed in note 32 to the Financial Statements, 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 31 December 2021 or at any time during the Year.

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION

During the Year, the Group entered into the following connected transactions and/or continuing connected transactions which were required to be disclosed under the Listing Rules.

TENANCY AGREEMENTS

On 30 September 2021, Mr. Li Bin ("Landlord"), an executive director of the Company, entered into the following tenancy agreements with various non wholly-owned subsidiaries of the Company ("Tenant") for the purpose of provision of the business unit with enhanced and necessary office and warehouse facilities in the same building for operational efficiency and effectiveness as well as the expansion of business operation in our medical business of the Group:

Date of Agreement	Subsidiary	Term	Monthly Rental
30 September 2021	Shanghai Emphasis Investment Management Consulting Co., Ltd.	Three years from 1 October 2021 to 30 September 2024	RMB204,884
30 September 2021	Shanghai Dingpei Industrial Co., Ltd.	Three years from 1 October 2021 to 30 September 2024	RMB155,478
30 September 2021	Shanghai Chaolian Trading Co., Ltd.	Three years from 1 October 2021 to 30 September 2024	RMB218,745
30 September 2021	Shanghai Jianchu Medical Co., Ltd.	Three years from 1 October 2021 to 30 September 2024	RMB164,284

The monthly rental payable for each of the 12 months ended 30 September 2022, 30 September 2023 and 30 September 2024 amount to RMB2,458,608, RMB1,865,736, RMB2,624,940 and 1,971,408, respectively.

As at 30 September 2021, Mr. Li Bin is an executive director of the Company, and therefore constitutes a connected person of the Company under the Listing Rules. Accordingly, the entering into of the above tenancy agreements constitute an one-off connected transaction of the Company under Chapter 14A of the Listing Rules. Mr. Li Bin has ceased to be an executive director of the Company since 31 December 2021.

RELATED PARTY TRANSACTIONS

Details of the significant related-party transactions undertaken in the normal course of business are set out in note 32 to the Financial Statements. None constitutes a discloseable connected transaction as defined under the Listing Rules.

NON-COMPETITION UNDERTAKING FROM CONTROLLING SHAREHOLDERS

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 Board comprising all 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 share options are exercisable at any time during period of not more than 10 years from the date of grant, subject to the terms and conditions of the Share Option Scheme, or any conditions stipulated by the Board of Directors.

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.

An offer must be made on a business day and shall remain open for acceptance by the participant to whom an offer is made for a period from the date of the offer to such date as our Board may determine and specify in the offer Letter (both days inclusive), provided that no such offer shall be open for acceptance after the 10th anniversary from the adoption date or after the Share Option Scheme has been terminated in accordance with the provisions hereof, whichever is earlier.

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.

As at the date of this annual report, the number of issued Shares of the Company is 2,331,590,000 Shares and total number of shares issued or to be issued under the Share Option Scheme of the Company is 186,750,000 representing about 8.0% of the existing issued Shares if all the options under the Share Option Scheme have been granted to and duly exercised by eligible persons.

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.

Any grant of options to a participant who is a director, chief executive or substantial shareholder of the Company or their respective associates must be approved by the independent non-executive directors of our Company (excluding an independent non-executive director who is the Grantee).

Where options are proposed to be granted to a substantial Shareholder or an independent non-executive Director or any of their respective associates, and the proposed grant of options will result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the twelve-month period up to and including the date of such grant representing in aggregate over 0.1% of the issued share capital of our Company and having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK$5 million, such grant of options must be subject to the approval of the Shareholders at general meeting. The grantee involved in such proposed grant of options, his associates and all core connected persons of our

Company must abstain from voting in such general meeting (except that any such persons may vote against the proposed grant provided that his intention to do so has been stated in the relevant circular to the Shareholders).

As at 31 December 2021, 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 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 2021, 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	Family interests	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	598,662,500	—	20,000,000 (Note 1)	618,662,500	—	618,662,500 (Note 2)	26.53%

Notes:

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

2. Out of 618,662,500 shares, 217,520,000 shares are beneficially owned by Mr. Hartono James and had been pledged to a financial institution as pledgee to secure a loan granted to Mr. Hartono James.

Save as disclosed above, as at 31 December 2021, 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 2021, 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	391,870,000	16.80%
Hartono Rico	Beneficial owner	265,810,000	11.40%
FUJIFILM Corporation*	Beneficial owner	230,000,000	9.86%
Li Bin	Beneficial owner	164,600,600	7.06%

* FUJIFILM Corporation is a wholly-owned subsidiary of FUJIFILM Holdings Corporation, which is therefore deemed to be interested in the 230,000,000 Shares held by FUJIFILM Corporation under the SFO.

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 2021, 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.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors is or was interested in any business apart from the Group's business, that competes or competed or is or was likely compete, either directly or indirectly, with the Group's business at any time during the year ended 31 December 2021.

UPDATE ON DIRECTORS' INFORMATION

There is no change of Directors' information which is 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.

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.

CORPORATE GOVERNANCE REPORT

Details of the Group's corporate governance practices can be found in the Corporate Governance Report contained on pages 38 to 55 in this annual report.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "AGM") will be held on 31 May 2022 (Tuesday). The notice of the AGM will be published on the website of the Stock Exchange at http://www.hkexnews.hk and the Company's website at http://www.yestarcorp.com. and sent to the shareholders of the Company, together with the Company's annual report, in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 26 May 2022 (Thursday) to 31 May 2022 (Tuesday) (both days inclusive), during which period no transfers of shares will be registered, for the purpose of ascertaining the shareholders entitled to attend and vote at the AGM. In order to qualify for attending and voting 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, Link Market Services (Hong Kong) Pty Limited at Suite 1601, 16/F., Central Tower, 28 Queen's Road Central, Hong Kong for registration not later than 4:30 p.m. on 25 May 2022 (Wednesday).

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 HEALTHCARE HOLDINGS COMPANY LIMITED

Hartono James
Chairman, CEO and Executive Director

30 March 2022

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 ended 31 December 2021 (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 Listing Rules, which have been applied in our corporate governance structure, save for the following:

Deviations from Code Provision A.2.1 of the CG Code

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 Company does not have a separate position of Chief Executive Officer ("CEO"), the positions of Chairman of the Board and 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 has taken actions and measures to make sure that the Company is in all aspects in strict compliance with the Listing Rules and the CG Code. The current practices are reviewed and updated regularly to be in line with the local and international corporate governance practices.

BUSINESS MODEL AND STRATEGY

The Group has the mission to expand and consolidate its market share making itself being one of the largest distributors and service providers of IVD products in the PRC and manufacturing IVD reagents under its house brand, whilst maintaining long-term profitability and assets growth with adoption of pre-determined business model and strategy and prudential risk and capital management framework. The Board and the management have played and will continue to play a proactive role in the Group's development of business model to preserve the culture of the Group; the Group's business strategic drive for business expansion; and the Group's strategic goals to motivate staff to achieve business and financial targets.

During the meetings of the Boards and the management held by the Group during the Year, business options were discussed and followed up on the implementation status. Details of the Group's business and financial review for the Year are set out in the "Management Discussion and Analysis" section of this annual report.

THE BOARD OF DIRECTORS

Composition and Responsibilities

As at 31 December 2021, the Board comprises seven Directors, of which four 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 and Chief Executive Officer)
Ms. Wang Hong *(Chief Financial Officer)*
Ms. Liao Changxiang
Mr. Liang Junxiong *(appointed on 31 December 2021)*
Ms. Wang Ying *(resigned on 24 December 2021)*
Mr. Li Bin *(appointed on 18 June 2021 and resigned on 31 December 2021)*

Independent Non-executive Directors:

Dr. Hu Yiming
Mr. Sutikno Liky
Mr. Zeng Jinsong *(appointed on 28 May 2021)*
Mr. Tirtamarta Karsono (Kwee Yoe Chiang)
(resigned on 28 May 2021)

During the Year, Ms. Wang Ying and Mr. Li Bin both resigned as an executive Director of the Company on 24 December 2021 and 31 December 2021, respectively. Ms. Wang retired as she has reached the age of 61 in November 2021; while Mr. Li resigned due to his health problem. Mr. Liang Junxiong has been appointed as an executive director to fill up the causal vacancy of Mr. Li on 31 December 2021.

In addition, Mr. Karsono Tirtamarta (Kwee Yoe Chiang) has resigned as an independent non-executive Director of the Company on 28 May 2021 due to his retirement upon his age of 74. On the same day, Mr. Zeng Jinsong has been appointed as an independent non-executive Director of the Company.

Save as disclosed, there was no change in the composition of the Board.

All independent non-executive Directors are persons of high calibre with a wide range of expertise and knowledge in the accounting and business sectors. They also possess with academic and professional qualifications in the fields of accounting and business management. With their experience gained from senior positions held in other companies, they provide strong support towards the effective discharge of the duties and responsibilities of the Board. All independent non-executive Directors do not participate in the day-to-day management of the Company and do not involve themselves in business transactions or relationships with the Company, in order not to compromise their objectivity. In staying clear of any potential conflict of interest, the independent non-executive Directors remain in a position to fulfill their responsibility to provide check and balance to the Board of the Company. The independent non-executive Directors have given annual confirmations of their independence to the Company, and the Company considers all of them are independent under Rule 3.13 of the Listing Rules for the Year.

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 21 to 23.

The updated list of Directors of the Company identifying their roles and functions is available on the websites of the Company and of the Stock Exchange. Independent non-executive Directors are also identified as such in all corporate communications that disclose the names of Directors of the Company.

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 with reference to the factors stated in the Listing Rules as at the date of this report pursuant to their respective signed independence letter.

Chairman and Chief Executive Officer

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, not less than four 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	2021 Annual General Meeting
Total number of meeting held	6	3	2	2	1
			Number of Meetings Attended		
Executive Directors:					
Mr. Hartono James *(Chairman and Chief Executive Officer)*	5	N/A	N/A	N/A	1
Ms. Wang Hong *(Chief Financial Officer)*	6	3	2	2	1
Ms. Liao Changxiang	6	N/A	N/A	N/A	1
Mr. Liang Junxiong *(appointed on 31 December 2021)*	0	N/A	N/A	N/A	0
Ms. Wang Ying *(resigned on 24 December 2021)*	3	N/A	N/A	N/A	1
Mr. Li Bin *(appointed on 18 June 2021 and resigned on 31 December 2021)*	0	N/A	N/A	N/A	0
Independent non-executive Directors:					
Dr. Hu Yiming	6	3	2	2	1
Mr. Sutikno Liky	6	3	2	2	1
Mr. Zeng Jinsong *(appointed on 28 May 2021)*	4	1	1	1	0
Mr. Tirtamarta Karsono (Kwee Yoe Chiang) *(resigned on 28 May 2021)*	2	1	0	0	1

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 a 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 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.

The Board has also adopted the Model Code to regulate all dealings by relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of securities in the Company under the CG Code. No incident of non-compliance with the Model Code by the Company's relevant employees has been noted during the Year after making reasonable enquiry.

Induction and Continuous Professional Trainings and Development of Directors

Arrangements have been made to provide each new director a comprehensive, formal and tailored induction on the first occasion of his appointment and continuing briefing and professional development when necessary.

Each newly appointed Director 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 A.6.5 of the CG Code regarding continuous professional development and they may join institutes and attend relevant training seminars or informative talk from time to time to enable them to better discharge their duties. The Company encourages the directors to attend courses in areas of directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading and any industry-related matters, to develop themselves professionally, at the Company's expense.

For the Year, regulatory updates and a series of training materials have been provided and sent to all the Directors, include:

— briefing by the external auditor on changes or amendments to accounting standards at the audit committees;

— attended training provided by the legal advisor and professional party on the Listing Rules and related compliance issues; and

— updated by the Company Secretary on the amendments to the Listing Rules, directors' duties, risk management and directors' responsibilities from time to time.

The Company shall from time to time, if necessary, arrange for relevant and appropriate continuous professional training to all Directors to develop and refresh their knowledge and skills to enable them to be better discharge their duties as a Director of the Company.

During the Year, the Directors were also provided with monthly commentaries on the Group's business, operations, and financial matters (including offshore debt restructuring) as well as regular updates on applicable legal and regulatory requirements.

Indemnification of Directors and Officers

The Directors and officers are indemnified under a directors' and officers' liability insurance against any liability incurred by them in the discharge of their duties while holding the office as the Directors and officers of the Company. The Directors and officers shall not be indemnified where there is any negligence, fraud, breach of duty or breach of trust proven against them.

BOARD COMMITTEES

Audit Committee

The Company established an audit committee on 18 September 2013 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code as set out in Appendix 14 to the Listing Rules. The latest written terms of reference of audit committee in compliance with the Listing Rules 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. Sutikno Liky
Mr. Zeng Jinsong

All of the members of the audit committee are independent non-executive Directors. None of them (including their respective immediate family member) is a former partner of the Company's existing auditing firm within 2 years immediately prior to their respective date of appointment. All of them (including their respective immediate family member) do not have material interest in any principal business activity of nor is or was involved in any material business dealings with the Group or with any core connected persons (as defined in the Listing Rules) of the Group within one year immediately prior to their respective date of appointment.

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 three 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:

— reviewed the relevance and consistency of the accounting standards, the significant financial reporting issues, recommendations and judgments made by the external auditors so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;

— 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 (including their independence) and remuneration;

— reviewed the terms of engagement and recommended to the Board for the re-appointment of Ernst & Young as auditors, subject to the Shareholders' approval at the annual general meeting;

— 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 latest written terms of reference of the remuneration committee in compliance with the Listing Rules 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. Zeng Jinsong *(Chairman)*
Dr. Hu Yiming
Mr. Sutikno Liky

During the Year, the remuneration committee held two meetings. 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 for the next year;

— reviewed and recommended to the Board the Directors' fees of the independent non-executive Directors remain unchanged for the next year; and

— reviewed the policy and general framework of remuneration for the Board and the senior management for the establishment of a formal and transparent procedures for developing remuneration policy, and the specific remuneration packages.

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 latest written terms of reference of the nomination committee in compliance with the Listing Rules 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. Zeng Jinsong

During the Year, the nomination committee held two meetings. 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 the board diversity policy;

— reviewed and assess the new candidate for the Board;

— reviewed the nomination policy;

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

— made recommendations on the re-election of the retiring Directors at the 2021 AGM of the Company with reference to the adopted nomination policy and diversity policy.

Board Nomination Policy

The Company adopted a nomination policy on 30 November 2018 in compliance with the latest CG Code, which establishes written guidelines to nomination committee to identify individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorships with reference to the formulated criteria. The Board is ultimately responsible for selection and appointment of new Directors.

The Board, through the delegation of its authority to the nomination committee, has used its best efforts to ensure that Directors appointed to the Board possess the relevant background, experience and knowledge in business, finance and management skills critical to the Group's business to enable the Board to make sound and well considered decisions. Collectively, they have competencies in areas which are relevant and valuable to the Group.

Nomination Process

The nomination committee shall assess whether any vacancy on the Board has been created or is expected on a regular basis or as required.

The nomination committee utilizes various methods for identifying director candidates, including recommendations from Board members, management, and professional search firms. All director candidates, including incumbents and candidates nominated by Shareholders are evaluated by the nomination committee based upon the director qualifications. While director candidates will be evaluated on the same criteria through review of resume, personal interview and performance of background checks. The nomination committee retains the discretion to establish the relative weighting of such criteria, which may vary based on the composition, skill sets, age, gender and experiences of the collective Board rather than on the individual candidate for the purpose of diversity perspectives appropriate to the requirement of the Company's business.

The process of electing Directors is as follows:

— The nomination committee would assess the performance of each of the Director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour) and in accordance with the performance criteria set by the Board and consider the current needs of the Board;

— NC would review the size and composition of the Board, including the Board's policy to ensure an appropriate mix of members with complementary skills, core competencies, and experience for the Group, and diversity of skills, gender, experience and knowledge to the Company; and

— Subject to the satisfactory assessment of nomination committee, the nomination committee would recommend the proposed Director to the Board for its consideration and approval.

Selection Criteria

The nomination committee will take into account whether a candidate has the qualifications, skills, experience and gender diversity that add to and complement the range of skills, experience and background of existing Directors by considering the highest personal and professional ethics and integrity of the director candidates, proven achievement and competence in the nominee's field and the ability to exercise sound business judgment, skills that are complementary to those of the existing Board, the ability to assist and support management and make significant contributions to the Company's success and such other factors as it may deem are in the best interests of the Company and its Shareholders.

The Company shall review and reassess the nomination policy and its effectiveness on a regular basis or as required.

Board Diversity Policy

The composition of the Board is reviewed on an annual basis by the nomination committee to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competence for informed decision-making and effective functioning. The Company adopted its own board diversity policy and recognises the benefits of having diversity in the composition of the Board.

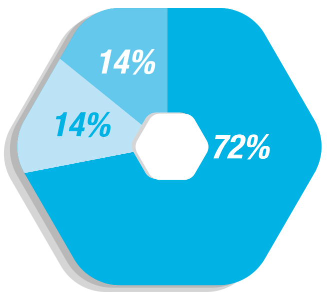
The Company noted that people from different backgrounds and with different professional and life experience are likely to approach problems in different ways and accordingly, members of the Board with diverse backgrounds will bring different concerns and questions to the table, and allow the Board to 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

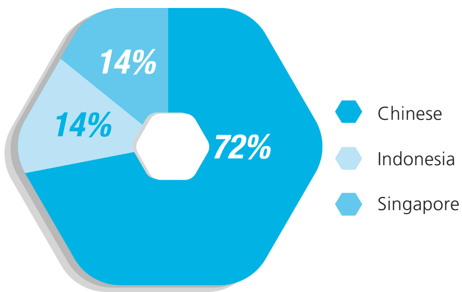
As at the date of this annual report, the Board comprises seven Directors, four of which are female. The following diagram and/or table further illustrate the composition and diversity of the Board in terms of age, nationality, educational background and professional experience as of the date of this annual report:

	Age group			Ethnicity		
Name of Director	40 to 49	50 to 59	60 or above	Chinese	Indonesian	Singaporean
Mr. Hartono James	✓				✓	
Ms. Wang Hong	✓			✓		
Ms. Liao Changxiang	✓			✓		
Mr. Liang Junxing	✓			✓		
Dr. Hu Yiming		✓		✓		
Mr. Sutikno Liky	✓					✓
Mr. Zeng Jinsong			✓	✓		

AGE



ETHNICITY



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

	Educational background				Professional experience	
Name of Director	Management	Engineering	Accountancy	Other	Audit, accounting and finance	Management
Mr. Hartono James	✓					✓
Ms. Wang Hong			✓		✓	
Ms. Liao Changxiang	✓					✓
Mr. Liang Junxing			✓		✓	
Dr. Hu Yiming			✓		✓	
Mr. Sutikno Liky				✓		✓
Mr. Zeng Jinsong		✓				✓

The nomination committee considers the existing size and composition of the Board are adequate and diversified for effective decision-making, taking into account the nature and scope of the Group's operations. The nomination committee has also 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 73 to 78 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 amounted to RMB4.1 million, while there is no fee paid in respect of non-audit services provided by Messrs. Ernst & Young for the Year.

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 acknowledges that it is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and ensuring that the Group has established and maintained appropriate and effective risk management and internal control systems, overseeing such systems on an ongoing basis, and ensuring that a review of the effectiveness of such systems has been conducted at least annually. The Board also understands that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

During the Year, the Board has overseen the management in the design, implementation and monitoring of the risk management and internal control systems, and has reviewed the effectiveness of the Group's and its subsidiaries' risk management and internal control systems. Such review covered all material controls, including financial, operational and compliance controls, of the Group. The Group's risk management and internal control systems are distributed amongst the operations to ensure that the Group is able to effectively manage major factors affecting the Group in achieving its strategic objectives, such as events, contingencies or actions that may have material effect on the reputation, assets, capitals, profitability or liquidity of the Group.

The Board and the audit committee of the Company also authorized the management to conduct review on the risk management and internal controls systems of the Group. The current control status and possible improvement of the risk management systems were noted in the discussions with the core risk management departments and review of the systems, standards and relevant documents in order to mitigate related risks arising from the existing operation after evaluating its risk management and internal controls systems.

The key risk management and internal control procedures of the Company are as follows:

1) determine the scope, identify the risks and compile a list of such risks;

2) evaluate and prioritise the risks based on the probability of, the attention from the management drawn by, and the possible financial loss and impact on operating efficiency, sustainability and reputation resulting from, each potential risk;

3) identify the risk control measures against major risks, conduct internal control assessments of the design and implementation of such measures, and formulate measures to improve any defect;

4) review and evaluate the risk management and internal control systems regularly and ensure the effectiveness and constant improvement of the risk management system through internal control assessments of major risks and improvements implemented by the management;

5) report the findings of the regular internal review and evaluation of the risk management and internal control systems conducted during the period, major risk factors and response to the audit committee by the management.

Effectiveness

The Board acknowledges that it 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 on its key subsidiaries, including financial, operational, risk management and compliance controls.

Audit committee reported all findings and recommendations for the improvement of the risk management and internal control systems to the Board and the Board considered that all recommendations should be properly followed to ensure the sound and effectiveness of the risk management and internal control systems of the Group can be maintained on an ongoing basis.

The Group reviewed the effectiveness of its risk management and internal control systems on its key subsidiaries at least annually and confirmation from the management on its effectiveness was received during the Year. 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 audit committee relies on reports from the management, external and internal auditors on any material non-compliance and internal control weaknesses. Thereafter, the audit committee oversees and monitors the implementations thereto.

During the Year, the Group has outsourced its internal audit function and engage an independent internal control consultant to assess our overall internal control systems and give recommendations to make enhancement. The internal audit has an administrative reporting function to management where planning, co-ordinating, managing and implementing internal audit work cycle are concerned, and will report their findings and recommendations directly to the audit committee. The internal audit can access to all the Group's documents, records and properties for performing its duties.

During the Year, audit committee has reviewed and approved the internal audit plan to ensure the adequacy of the scope of audit, the proposed follow-up actions which required necessary co-operation from the management has been addressed. In addition, the internal audit has the appropriate assistance and standing in the Company to discharge its duties effectively. As such, the Board including members of the audit committee is of the view that the internal audit function of the Company is independent, effectively and adequately monitoring our business operation for the Year.

It was also reported that there were no material deficiencies in relation to the Group's internal controls.

Inside Information

The Group has adopted and implemented its own 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 Listing Rules and Securities and Futures Ordinance ("SFO").

The disclosure policy provides the procedures and internal controls for the handling and dissemination of inside information by publication of the announcement to the websites of the Stock Exchange and the Company 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, unless such information falls within the safe harbors under the SFO. Briefing and training on the implementation of the disclosure policy have been provided to Directors and senior management of the Group. The Board emphasises that only the authorised representatives registered in the Stock Exchange are authorised to speak on behalf of the Company.

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 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 Board comprising all 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.

COMPANY SECRETARY

The Company has appointed Mr. Ngai Tze Hin Michael ("Mr. Ngai"), an external service provider, as its company secretary on 31 December 2021 following the resignation of Mr. Ng Chit Sing as company secretary on the same day. Ms. Wang Hong, an executive Director and chief financial officer, is the primary contact person to Mr. Ngai at the Company in respect of any compliance and company secretarial matters of the Company.

The company secretary plays an important role in supporting the Board by ensuring good information flow within the Board and the Board Committees, and ensure that the Board policies and procedures are followed by business units, various departments and employees of the Group. They are also responsible for ensuring that the relevant rules and regulations issued by the regulatory authorities as well as the Company's Memorandum of Association and Bye-laws are complied with.

The biographical details of Mr. Ngai are set out under the section headed "Biographical Details of Directors and Senior Management" of this annual report. During the Year, Mr. Ngai, undertook over 15 hours' professional training to update his skill and knowledge in compliance with the CG 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.

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 31 May 2022 (Tuesday). 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.

Policy on Payment of Dividends

The Company adopted a policy on payment of dividends (the "Dividend Policy") on 30 November 2018 in compliance with E.1.5 of the CG Code with effect from 1 January 2019, which establishes an appropriate procedure on declaring and recommending the dividend payment of the Company.

The Company will declare and/or recommend the payment of dividends to Shareholders after considering the Company's ability to pay dividends, which will depend upon, among other things, its actual and expected financial results, cash flow, general business conditions and strategies, current and future operations, statutory, contractual and regulatory restrictions and so on. The Board has complete discretion on whether to pay a dividend, subject to Shareholders' approval, where applicable. Even if the Board decides to recommend and pay dividends, the form, frequency and amount will depend upon the operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors of and affecting the Group. The Board may also consider declaring special dividends from time to time, in addition to the interim and/or final dividends.

The Company shall review and reassess the Dividend Policy and its effectiveness on a regular basis or as required.

30 March 2022

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

This report is the sixth Environmental, Social and Governance Report ("Report") released by Yestar Healthcare Holdings Company Limited and its subsidiaries (collectively known as "Group" or "We") to provide an overview of the Group's environmental, social and governance ("ESG") strategies, commitments and approaches. This Report is prepared in accordance with the "Comply or Explain" provisions laid down in the ESG Reporting Guide set out in Appendix 27 of the Rules Governing the Listing of securities on The Stock Exchange of Hong Kong Limited ("HKEX"). All the information in this Report reflects the Group's sustainability performance and initiatives for the year ended 31 December 2021 (the "Reporting Period").

SCOPE OF THE REPORT

This Report covers the Group's ESG management and performance for principal business activities with operational control, including Yestar (Guangxi) Technology Co., Ltd., Yestar (Guangxi) Medical System Co., Ltd., Yestar (Guangxi) Imaging Technology Co., Ltd. and Yestar Biotech (Jiangsu) Company Limited, unless otherwise specified.

REPORTING PRINCIPLES

This Report is prepared by applying the four key principles.

- o Materiality: sustainability topics exerting significant and material impacts are identified through materiality assessment, and these topics are addressed in this Report.
- o Consistency: this Report discloses information on a consistent basis for year-on-year comparison.
- o Quantitative: applicable Key Performance Indicators ("KPIs") are disclosed in quantitative terms.
- o Balance: this Report states the positive achievements and areas for improvement.

SUSTAINABILITY GOVERNANCE AND APPROACH

The Group understands the wellness of people, the environment and its business are interconnected, and thus the Group's sustainability approach is formulated by taking the Group's strategy and materiality assessment into considerations, aiming at integrating sustainability into major aspects of the Group. The Board of Directors has designated a Director to oversee the Group's ESG issues, management approach and strategy.

Topics in the Report have been articulated by incorporating issues which are deemed most relevant and material to the Group and its stakeholders. These topics could be categorised in the following six major strategic areas, intending for creating values for stakeholders and bolstering the Group's corporate values, and injecting innovation into operation:

Quality and Supply Chain Management
- Quality Assurance
- Supply Chain Management
- Client Services

Environment and Climate Change
- Air Emissions
- Greenhouse Gas Emissions and Energy Consumption
- Packaging Materials and Waste Management
- Natural Resources
- Climate Change

Talent Development
- Development and Training
- Employee Welfare
- Recruitment and Performance Review
- Labour Standards

Health and Safety
- Safety Production
- Safety Training
- Response to COVID-19

Integrity
- Anti-corruption
- Intellectual Property Rights
- Data Protection

Community Investment

MATERIALITY ASSESSMENT

Materiality assessment is a process for gauging the expectations of stakeholders and identifying any industry specific sustainability topics, so that the Group could prioritise initiatives and devise strategies to properly address these issues. This Report focuses on sustainability issues material to the Group's business and those issues of prime importance. We identify these issues by

- analysing environmental and social impacts of our business activities
- reviewing concerns identified by stakeholders
- identifying material issues from peers
- framing our approach to reporting adherence to the ESG Guide

Given the burgeoning interests and concerns from the stakeholders, the Group is exploring opportunities to embrace sustainability across the business to achieve success over the long term.

STAKEHOLDER ENGAGEMENT

The Group understands that addressing issues of interest to stakeholders is intrinsically linked to its abilities to establish a strong operating foundation, which is in turn vital to ensure the sustainability of its business activities and sustainable growth. We strive to maintain open communication with a wide range of stakeholders. We regularly communicate with stakeholders to gain a fuller understanding of their anticipations and priorities for sustainable development, where key stakeholders' groups including employees, clients, suppliers and investors.

With an understanding of the expectations of different stakeholders, the Group can reshape its sustainability strategy to respond to their needs, address their concerns, enhance relationships with the key stakeholders and foster harmonious development.

KEY SUSTAINABILITY DATA

SOCIAL

Employment and Development		
o	Total number of employees	593
o	By gender	
	Female	265
	Male	328
o	By employee category	
	Senior Management	27
	Middle Management	106
	General Employees	460
o	By age group	
	Below 30	133
	30 to 50	433
	Over 50	27
o	By employment type	
	Full-time	590
	Part-time	3
o	Employee turnover rate	21.92%
o	By gender	
	Female	22.26%
	Male	21.64%
	By age group	
	Below 30	30.08%
	30 to 50	20.32%
	Over 50	7.41%
Training Hours		
o	Average training hours per employee	22.47
o	By gender	
	Female	21.26
	Male	23.42
o	By employee category	
	Senior Management	16.19
	Middle Management	22.37
	General Employees	22.91
Health and Safety		
o	Number of work-related fatalities	0
o	Number of lost days due to work injury	224

Environment

Emissions

o Air Emissions[1]	
Particulate Matter (PM) (kg)	238.44
Nitrogen Oxides (NOx) (kg)	3,943.96
Sulphur Oxides (SOx) (kg)	5.30
o Total Greenhouse Gas Emissions (Scope 1 Direct Emissions and Scope 2 Indirect Emissions) (tonnes of CO2e)	3,294.88
Total Greenhouse Gas Emissions (Scope 1 Direct Emissions) (tonnes of CO2e)	828.20
Total Greenhouse Gas Emissions (Scope 2 Indirect Emissions) (tonnes of CO2e)	2,466.69
o Total Greenhouse Gas Emissions per million RMB$ Revenue (Scope 1 Direct Emissions and Scope 2 Indirect Emissions) (tonnes of CO2e/RMB$'000,000)	0.67
o Total Hazardous Waste (tonnes)[3]	485.61
o Hazardous Waste Produced per million RMB$ revenue (tonnes/RMB$'000,000)	0.10
o Total Non-Hazardous Waste (tonnes)[4]	120.56
o Non-Hazardous Waste Produced per million RMB$ revenue (tonnes/RMB$'000,000)	0.02

Use of Resources

o Total Energy Consumption (MegaWatt-hours)	4,043.09
o Energy Consumption per million RMB$ Revenue (MegaWatt-hours/RMB$'000,000)	0.82
o Total Water Consumption (cubic meters)	21,940.87
o Water Consumption per million RMB$ revenue (m^3/RMB$'000,000)	4.45
o Total Packaging Materials (tonnes)	3,198.42

1 Air emissions were prepared with reference to "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" published by the HKEX.

2 Greenhouse Gas emissions were prepared with reference to "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" published by the HKEX.

3 The boundary of total hazardous waste was confined to Yestar (Guangxi) Technology Co., Ltd., Yestar (Guangxi) Medical System Co., Ltd. and Yestar (Guangxi) Imaging Technology Co., Ltd because of their material contributions.

4 The boundary of total non-hazardous waste was confined to Yestar (Guangxi) Technology Co., Ltd., Yestar (Guangxi) Medical System Co., Ltd. and Yestar (Guangxi) Imaging Technology Co., Ltd because of their material contributions.

We sincerely welcome your comments and suggestions with regard to this Report and our sustainability performance. Please send your feedback to us at michelleshi@dlkadvisory.com.

QUALITY

Product quality is deemed to be of paramount vitality. Clients' trusts are built on the quality, safety and performance of our products. The Group is fully committed to providing high quality products and complying with the highest applicable product quality and safety standards.

Quality management system, supply chain management and client relationship management are implemented. The quality management system, defining the roles, responsibilities and authority of those responsible for product quality and listing out the relevant procedures clearly, provides unambiguous guidance to consistently offer superior products. We not only pay additional attention to production process, but also other areas including equipment calibration, research & development and supply chain management. All parts, semi-finished or finished products have to undergo rigorous quality inspection procedures. The Group provides after-sales support services to its customers, aiming at protecting the health of end-users.

Quality Assurance

The Group manages chemical and medical consumable products, encountering evolving regulatory requirements. With the cooperation of all departments, the Group endeavours at delivering quality products and strengthening customer confidence in every possible way. Quality Management System acts as one of the core components of the Group's strategy for sake of the continual improvement, ascertaining product compliance with quality standards and creating values for clients. The Quality Management System of the Group is audited and verified by independent certification bodies to prove conformity to the internal standards on a regular basis. The Group has operated in accordance with ISO 9001:2015[5], ISO 13485:2016[6], ISO 14971:2007[7] and applicable European Union Directives.

Manufacturing sites and offices under the Group operate based on the ISO 9001 system, including Yestar (Guangxi) Technology Co., Ltd, Yestar (Guangxi) Imaging Technology Co., Ltd., Yestar (Guangxi) Medical System Co., Ltd. and Shanghai Yestar Co., Ltd.

Medical device regulations are undergoing continuous changes, and specific requirements do exist in the medical consumable industry. Yestar (Guangxi) Medical System Co., Ltd, production site of the medical imaging film, dental x-ray film and medical sensitive film, has attained the certification according to ISO 13485:2016 as well as ISO 14971:2007. By adopting these international standards, it provides a foundation for the Group to respond to the evolving Medical Device Directives, incorporating risk management for identifying different risks quantitatively, responding to these risks as well as demonstrating a commitment to the safety and quality of medical devices.

5 ISO 9001, published by International Organisation for Standardisation (ISO), specifies the criteria for a quality management system.

6 ISO 13485, published by International Organisation for Standardisation (ISO), specifies requirements for a quality management system where an organisation needs to demonstrate its ability to provide medical devices and related services that consistently meet clients' requirements and regulatory requirements applicable to medical devices.

7 ISO 14971, published by International Organisation for Standardisation (ISO), specifies a process for a manufacturer to identify the hazards associated with medical devices, including in vitro diagnostic (IVD) medical devices, to estimate and evaluate the associated risks, to control these risks, and to monitor the effectiveness of the controls.

Additionally, Yestar (Guangxi) Medical System Co., Ltd. has been certified under the Annex V for the Dental X-ray Film, Directive 93/42/EEC of the European Union, and has been awarded a valid EC type examination certificate according to the Annex III. Under the Annex V EC Declaration of Conformity concerning production quality assurance, it laid down the requirements pertinent to quality system, surveillance as well as administrative provisions, while under the Annex III EC type-examination, it stipulates procedures that a notified body certifies the production satisfying the requirements of the Directive 93/42/EEC[8], covering documentation conformity, performances of products, methods of manufacture envisaged as well as technical test results.

The Group sets quality target and setup procedures for calibration. In order to closely monitor the quality performance in a quantitative manner, the Group sets relevant targets on product passing rates, namely, 100% for Yestar (Guangxi) Technology Co., Ltd. and over 99% for Yestar (Guangxi) Medical System Co., Ltd. Moreover, Management Practice for Measuring Instrument is established to ascertain measuring instruments function properly and correctly, consisting of inspection to the measuring instruction, calibration programme and maintenance. During the Reporting Period, there were no recall cases.

Supply Chain Management

The Group is committed to building enhanced partnerships with its suppliers, contributing to sustainable development of the industry and the society, as well as meeting clients' expectations. We engage our suppliers through long-term agreements and regular communication to help them better understand and meet our latest requirements. During the Reporting Period, there were 37 suppliers, all of them were located in Mainland China.

The Group has established and implemented standard procurement procedures covering procurement control and supplier management to ensure effectiveness. Our purchasing engineers review potential suppliers and all suppliers shall satisfy the qualification requirements as per policy and purchasing procedures.

A robust supplier management control program has been well established to review and continuously improve the performance of our suppliers. The Group evaluates their performance through periodic performance reviews. Suppliers are evaluated by a set of criteria including ISO certification, regulatory compliance, service quality, information management, hygiene and health conditions, and environmental protection, enhancing the environmental and social risk identification along the supply chain and promoting suppliers taking more proactive and heightened efforts in sustainability. This further help identifying and resolving vulnerabilities in the sustainability of our suppliers. An internal audit team, which is formed by the representatives from the Procurement Department, the Technical Department and the Quality Assurance Department, would evaluate the performance of the existing suppliers from a variety of aspects including quality and technical competency. The Group conducts statistics on the monthly performance of existing suppliers and evaluates their annual performance. Only qualified suppliers could stay in the supplier list. If the Group discovers that a supplier has breached or potentially breached our requirements, we ascertain that sufficient remedial action is taken. The unqualified supplier is limited to rectification within three months. Evaluation will be conducted after rectification to resume the status of qualified supplier upon meeting the prescribed requirements.

8 Directive 93/42/EEC of the European Union details the essential requirements that manufacturers shall meet to apply the CE mark and legally market or sell their devices in the EU.

Client Services

The Group attaches great importance to the quality of our customer service, and always takes every complaint seriously. Resolving client complaints effectively and promptly is one of our ultimate responsibilities. Our employees are required to follow a standard procedure to handle clients' complaints. Once we received any complaint, we will engage with the clients and tackle the problem in a timely manner. Where applicable, the Quality Assurance Department could conduct investigation, analyse customer requests to determine the most common inconveniences and share them with relevant departments, formulate corrective and preventive actions to improve performance, as well as document these actions. We conduct analysis and prepare summary based on clients' feedback and complaints to identify areas for further improvement. During the Reporting Period, there were 59 valid complaints, where most of them were associated with minor product defects.

The Group values the relationship with each customer. We provide free maintenance service to our customers during the warranty period, with support through multiple channels, such as customer service and maintenance hotline, mail box to deal with customer inquiries. Furthermore, customer satisfaction survey is conducted half a year, aspects covering product quality, delivery time and service quality. Results would be analysed for continuous improvement.

We are committed to improving our customer satisfaction level, and enhancing the quality of products and services based on their feedback and suggestion. We have set our annual overall quality target and conducted a customer satisfaction survey regularly to collect the opinions of our customers and continuously improve our after-sales management.

ENVIRONMENT AND CLIMATE CHANGE

The Group understands that the health of the planet is directly and indirectly linked to the health and wellness of people. With increasing pressure on natural resources and the impacts of climate change, it is imperative that the Group continues to increase the resilience of our operations, explore opportunities for environmental improvements across our value chain and nurture the culture of environmental stewardship. For sake of compliance, the Group reviews applicable regulations including Environmental Protection Law of the People's Republic of China, Law of the People's Republic of China on Environment Impact Assessment, Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution and so on, as well comprehend the relevant technical standards such as Integrated emission standard of air pollutants (GB16297–1996). The Group devises the Environmental Risk Management Plan by incorporating the principles stated in the ISO 31010:2009[9]. In addition, due to the escalating concerns over the climate change and the climate-related risks, the Group is working out the steps to identify significant climate-related issues.

Air Emission

To estimate the air emissions, the Group assessed the fuel consumption. These air emissions come from particulate matter (PM), nitrogen oxides (NOx) as well as sulphur oxides (SOx). Furthermore, the Group has gradually replaced forklift consumed diesel oil by that consumed electricity, to reduce the air emission.

9 ISO 31010, published by International Organisation for Standardisation (ISO), provides guidance on selection and application of systematic techniques for risk assessment.

Greenhouse Gas Emissions and Energy Consumption

The energy consumption mainly comes from the medical film manufacturing process. As huge amount of energy is used for creating an environment with specific temperature, humidity and cleanliness, the energy consumption during production is high. This not only increases the energy consumption, but also the greenhouse gas (GHG) emissions.

The Group strives to improve its energy efficiency through the operation and the production unit, without affecting the machine performance. To further enhance the energy efficiency and minimise the operational and production cost, the Group has replaced the lighting with LED. During the Reporting Period, automatic door closers were installed and environmental conditions including temperature and relative humidity were controlled, resulting to estimated 10% electricity reduction.

Packaging Materials and Waste Management

Waste issue is an environmental issue drawing continuous attentions. In terms of waste categories, there are mainly two types of waste, namely non-hazardous waste and hazardous waste. Non-hazardous waste is comprised of carton box paper, plastic, foam and film, and other packaging materials, while hazardous waste is generated from the uses of chemical solvent.

Packing materials in the production and transportation process is an essential part, which is also the last process to ensure the product quality. We continuously reduce environmental impacts of our packaging through reduction in the size and weight of packaging, defects minimisation, material change and design change. During the Reporting Period, a number of measures have been implemented without altering the production quality, for instance, optimizing the cartoon box size by reduction in the weights, volume and space of packaging, and reducing the carton sealing tape width.

Pursuant to the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes, the Group appointed third-party professional processing institute to properly dispose of photographic paper, film and fixer liquids which are in the National Hazardous Waste List.

The use of chemical solvents is unwanted as the use of photographic developer solution during production is associated with hazardous and toxic chemical. Strict procedures are set up to manage and control the use of chemical solvents and handling of hazardous waste.

A licensed hazardous waste treatment service provider is responsible for collecting and handling the hazardous waste. To manage the hazardous waste in a systematic way, guidelines and procedures are set up and employees are required to complete the chemical management training and follow the relevant guidelines. In addition, hazardous waste is stored in containers which are solvent resistant, while the storage units are constructed to avoid exposure or leakage.

Because of the surging concerns over waste management, recycling and circular economy, it is essential to improve the utilisation and reduce disposal rates of both non-hazardous and hazardous waste. The Group targets to foster operation efficiency, incorporate recycling concepts and introduce waste reduction with different measures including reducing the materials consumed during the manufacturing process, boosting recycling as well as reducing unnecessary waste. Reducing packaging material is beneficial to both environment and economy. The Group is devoted to adjust the design of the packaging such that it can deliver its goods in a safe condition and minimise the amount of packaging materials. In addition, to reduce the use of paper, the Company has implemented paperless internal communication and encourages employees to reduce the use of paper, aiming to create sustainable offices.

Natural Resources

The Group considers different environmental aspects apart from emissions and use of resource, such as noise, renewable energy and green education to the staff. Regular assessment is carried out to eradicate adverse environmental impacts. For example, noise assessment is conducted for Yestar (Guangxi) Technology Co., Ltd. and Yestar (Guangxi) Medical System Co., Ltd in accordance with GB 12348: 2008 Standard for Industrial Enterprises Noise at Boundary. We appointed a third party environmental laboratory to assess our noise level and the result was satisfactory. The Yestar (Guangxi) Technology Co., Ltd., Yestar (Guangxi) Medical System Co., Ltd. and Yestar (Guangxi) Imaging Technology Co., Ltd. have introduced wind and solar energy equipment to foster renewable energy.

The Group is committed to nurturing green education to the staff. Yestar (Guangxi) Technology Co., Ltd. and Yestar (Guangxi) Medical System Co., Ltd. have posters to promote the environmental protection awareness, for instance, elaborating the adverse impacts along the food chain and the prolonged biodegradation by the pen case, and the water consumption in terms of number of bottle water by showering. Furthermore, internal reminder mail would be issued to particular staff if he or she has not obeyed the rules regarding environmental protection.

The Group strictly follows applicable regulations such as the Law on the Water Resources of the People's Republic of China and the Law on the Prevention and Control of Water Pollution in the Republic of China. The existing supply of water resources could satisfy the Group's needs in the aspects of volume, quality of water and the guarantee of water supply facilities. The Group made every effort to maintain the same level of water usage as in the past and carried out measures of reduction in general water consumption. The Group has also educated the employees on water-saving measures and conducted studies with respect to the feasibility of effectiveness of introducing rain water recycling.

Climate Change

Climate change has been gaining prominence over recent years. Impacts of climate change such as continuing rises in sea levels, extreme weather and flooding are increasingly recognised as a material risk to businesses, building a greater focus on issues like the management of supply chains, physical assets and transition towards a low carbon economy. The Group is committed to pursuing management of climate-related risks and opportunities, empowering the Group to make more informed business risk decisions and implement more effective operational changes. Therefore, the Group is developing assessment on climate-related issues and consolidating relevant information so that material climate-related risks could be managed and the opportunities could be identified.

TALENT DEVELOPMENT

Our success and ability to grow is inextricably related to a skilled and professional team. Employees are valuable assets to the Group. Hence, the Group strives to attract the best and brightest talents through competitive remuneration, benefits packages, and devises an employment policy stipulated to the Labour Law of the People's Republic of China and the Labour Contract Law of the People's Republic of China. We also regularly review the remuneration package of employees and makes necessary adjustments to conform to the market standard.

The Group is devoted to creating a working environment where employees feel valued and respected. Employees are motivated and encouraged to be well equipped with the skills and knowledge they learnt from the online learning platform and assessment to continuously promote the Group's growth.

Development and Training

The Group continuously reaffirms its commitment with respect to career advancement for all employees and development to improve professional and management skills, by making ceaseless efforts in creating a culture of continuous improvement and dynamic learning environment. We support each of our employees in studying and building their capabilities by developing strength and reaching their potential. An e-learning platform is set up to promote continuous learning and maximise the cost efficiency of the training portfolio and further enrich the quality of learning. Under the e-learning platform, training modules covering a wide range of topics are offered, with three major categories, namely, professional, management and general. There are around 3,000 available training materials. All of the Group's staff have attended relevant training required to satisfy the minimum training hours.

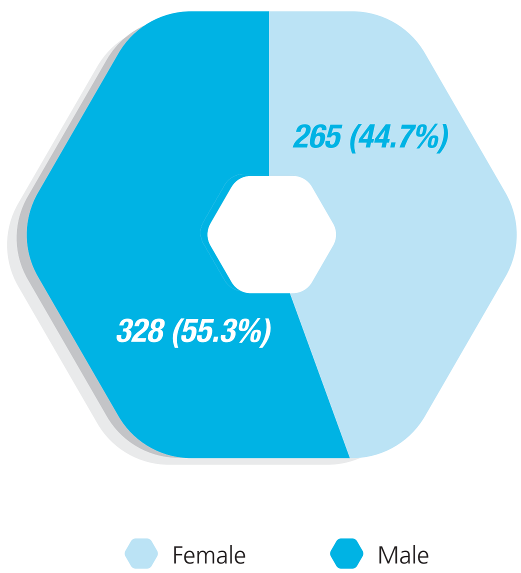
PROFESSIONAL KNOWLEDGE
• Occupational Health and Safety Regulations, Recruitment and Selection, Good Manufacturing Practice, Hazardous Waste Handling Practice, CE Certification, Custom Regulation, Efficient Warehouse Management Practice, Accounting, Taxation, Software Encryption
MANAGEMENT KNOWLEDGE
• Managing an Enterprise by a Financial Mindset, Leadership Skill, Safety Management Staff Training, KPI Management, Risk Identification, Strategic Leadership
GENERAL KNOWLEDGE
• Accountability System of Safety Production, Communication Skill, Safety Management, Standard Operation Procedure Implementation, Effective Meeting Skill, Career Planning, Enhancement of Service Quality Awareness

Specific training parameters are defined for different employees according to their job responsibilities. For effective learning, employees are required to carry assessment before and after attending the online courses. During the Reporting Period, an annual training plan was established, defining training topics as well as the training schedule. In addition, tuition reimbursement policy for employees seeking to complete external education or training is offered for the aim of personal development.

Employee Welfare

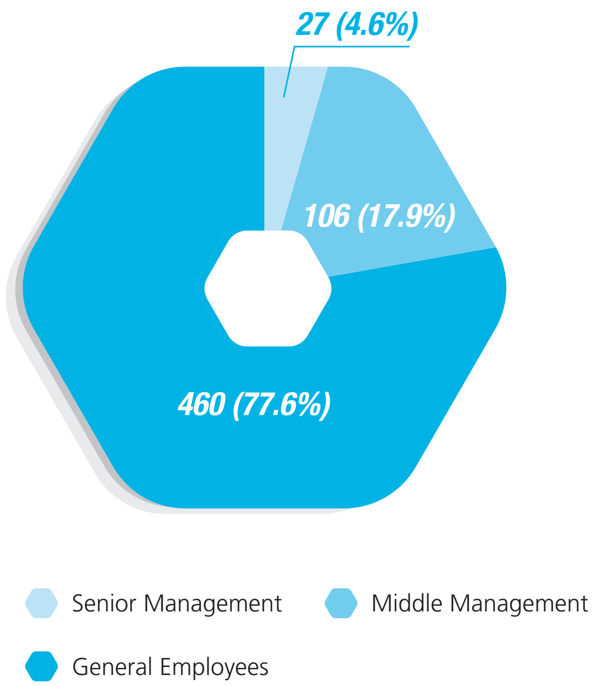
The Group ensures that all employees are entitled to paid annual leave, marriage leave, maternity leave and other statutory leaves and holidays in accordance with the law and safeguards employees' basic rights. Parental leave, paternity leave and caring leave are provided. The Group also provides medical and dental insurance, holiday gifts, free shuttles, education subsidy to employees' children and so on. The Group continues to explore ways for better employee welfare and satisfaction.

Number of Employees by Gender

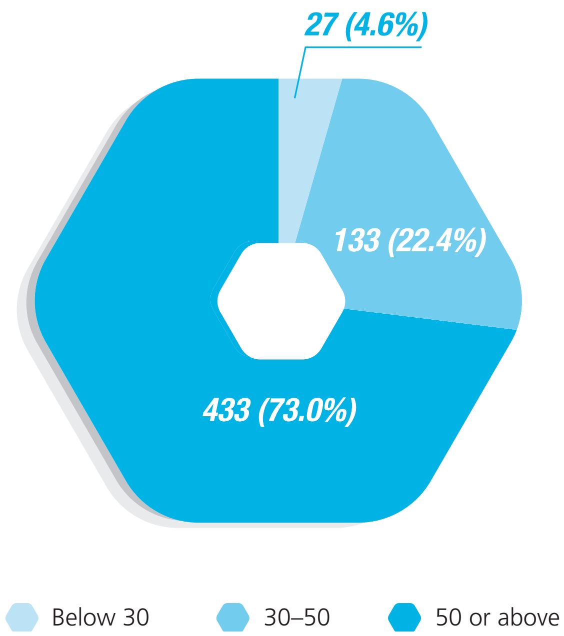


The Group's employees come from different generations. Innovation and diverse experience from each generation could bring valuable contribution benefitting the stakeholders and the Group's business. The distribution is examined to devise the employment and development strategy.

Number of Employees by Employee Category



Number of Employees by Age Group



Recruitment and Performance Review

The Group is dedicated to offer competitive remuneration packages, comprising basic salary, performance-based incentives, subsidies, statutory insurance entitlements, discretionary rewards and central pension scheme. With the aim of attracting and retaining employees who are able to contribute long-term value to the Group and promote the financial growth, the Group offers a comprehensive compensation system to employees. The Group structures the performance-based compensation recompense those employees who have contributed to the Group in short-term or long-term strategic values through annual performance review. Each employee shall complete at least one annual performance review cycle for pay and benefits review. Additionally, this provides strategic goal development and career planning opportunities.

Labour Standards

The Group fully recognises that child labour and forced labour violate fundamental human rights, posing a threat to sustainable social and economic development. The Group strictly prohibits child labour and carries out verification of applicants' actual age during recruitment process. The Group only implements the terms of the standard labour contract after both employees and employers have negotiated and agreed in principle, and will not unfairly limit the employment relationship between employees and the Group.

During the Reporting Period, no reports of any violations of the Labour Law of the People's Republic of China and other relevant laws and regulations were found, nor were there any cases of child labour or forced labour.

HEALTH AND SAFETY

Operation safety is serve as a prerequisite for sound business performance. As engaging in manufacturing business, the Group strives for an injury-free and safe working environment. Careless use of machinery and equipment may pose a harm or risk towards accident. Yestar (Guangxi) Imaging Technology has obtained the ISO 45001:2018[10] certification to ensure the occupational health and safety system was well established and implemented.

10 ISO 45001, published by International Organisation for Standardisation (ISO), provides a framework to enhance safety and well-being, minimize workplace risks.

Safety Production

The Group complies with regulations in relation to occupational health and safety, such as Administrative Measures for Diagnosis and Identification of Occupational Diseases, Measures for the Declaration of Projects with Occupational Hazards, Law of the People's Republic of China on the Prevention and Control of Occupational Diseases and Production Safety Law of the People's Republic of China. By deploying a holistic approach, we have established an effective occupational health and safety system for the sake of supporting and protecting the employees as well as nurturing a safety culture at workplaces. A Contingency Plan for Environmental Emergencies, with objective to tackle potential environmental incidents, is devised. Incident management procedures such as allocation of responsibility, report and notification, emergency rescue, post-incident investigation and conclusion, are set out. A safety manual is prepared to improve the safety awareness of employees and reduce the possibility of dangerous injuries. Under the manual, rules and procedures are stated explicitly, such as limit access to the darkroom, good housekeeping, restricted objects, exposure times as well as emergency measures. For employees working in the darkroom, minimum years of relevant experience is required. Regular assessments are conducted as well.

Other guidelines pertaining to traffic safety, fire safety, electrical safety and mechanical injury are provided.

With the promulgation of the Safe Production Law of the People's Republic of China, the Group is committed to enhance safety production. Meanwhile, relevant targets are set, with the following details.

DESCRIPTION	TARGET
Work-Related Fatality	0
Severe Incident	0
Minor Injury Incident	<= 3
Fire Accident	0

Additionally, Guangxi Yestar has introduced the Month of Safety Production in order to foster the safety production and enhance the awareness of the staff in this regard. Activities include inspection on equipment and safety training record, safety skill competition, seminar and so on.

The Group has established an emergency task force which is responsible for managing the scene of incident, as well as communicating with environmental protection, safety supervision, firefighting and other relevant government departments. Potential health and safety risks are regularly monitored.

	2021	2020	2019
Number of Work-related Fatalities	**0**	0	0

Safety Training

In order to create a healthy and safe working environment, the Group organises Safety Education and Training Program to provide appropriate safety training for employees with different grades and functions. The Group has made multiple effort to ensure and enhance the safety among operation and production. Moreover, the Group monitors and implements occupational health and safety measures according to hazard identification and control management to further safeguard the effectiveness of risk management.

Response to COVID-19

Confronting the unprecedented challenges from COVID-19, a set of precautionary measures and guidelines have been setup to ensure the health and safety of the employees and the hygienic conditions of the workplaces. The Group provided health protection and personal hygiene guidelines to our workers, monitored their physical conditions while they were working in the factories and checked any employees staying at the inflection case region for further precautionary actions. Moreover, daily sanitisation was conducted and ventilation was enhanced to ensure the high hygienic conditions of the working environment.

INTEGRITY

Building trust among our stakeholders and operating transparently adds significance to the business growth. The Group has embedded the ant-corruption, intellectual property right and privacy into the Group's policy, demonstrating the Group's commitment to integrity. All employees of the Group are responsible for maintaining high ethical standards and conducting business with integrity.

Anti-Corruption

The Group upholds a high standard of business integrity throughout its operations. A system with good moral integrity and anti-corruption mechanism is the cornerstone for the sustainable and healthy development of the Group. The Group strictly adhere to all applicable anti-corruption laws including the Anti-Unfair Competition Law of the People's Republic of China, the Criminal Law of the People's Republic of China and the Hong Kong Prevention of Bribery Ordinance (Chapter 201).

The Group is committed to the prevention of corruption, theft, fraud, malpractice, money laundering and other illegal acts. According to the Group's policy, every employee of the company shall observe the Code of Conduct, and is prohibited from offering advantages or promises to any director or employees of other company or organization, for the purpose of influencing such person or company while having business dealings. Commissions, discounts and payment method shall be consistent with company policy during trading. Using the client's information for personal profit is also banned. The human resources department would investigate all suspected corrupt practices and report them to the management for decisive course of action Any deviation from the policy shall seek approval from the Chief Executive Officer, directors, managers or supervisors of the Group by formal request, in order to follow the Code of Conduct of the Group. However, entertainment is acceptable for offering to any government officer, community group and key customers, coherence with the provisions stipulated to the Hong Kong Prevention of Bribery Ordinance. Our employee handbook stipulates that employees must observe the code of conduct, and prohibits employees to ask or extort money from customers, or abuse their power to engage in corruption or bribery. The human resources department will investigate all suspected corruption practices and report them to the management for decisive course of action. The decision will be announced to all employees via internal notification to ensure that the information is open and transparent.

All the employees shall strictly comply with the local laws and regulations when having business with customers. Guidelines are laid down when offering gifts and entertainment to customers, including prior approval for receipt of gifts, reimbursement with valid supporting documents, and so on. Particularly, employees of the Procurement Department needs to sign the declaration about anti-corruption for procurement. Additionally, employees have attended anti-corruption training with content encompassing awareness, risk identification, management and implementation. With the commitment to anti-corruption, there were no concluded legal cases regarding the corruption during the Reporting Period.

Intellectual Property Rights

The Group respects and complies with the regulations governing intellectual property protection. In order to protect the Group's trademarks and prevent others use the trademarks without permission, the Group has established the trademark application procedure. Once the application has been approved by the Marketing Manager, General Manager and the Legal Department, the application will be submitted to the Chinese Trademark Office in order to protect your exclusive rights to that trademark in China.

Data Protection

The Group's employees, and all those who do business with the Group, trust and expect that the Group will protect personal information in accordance with legal requirements and the Group's policy. According to the Group's policy, documents are classified into mainly three categories, including strictly confidential document, confidential document and private document. The access right for each type of document is well defined. All the employees are required to sign non-disclosure agreement and maintain confidentiality on sensitive information pertaining to customers and suppliers.

Also, data security measures have been enhanced by introducing standardised data backup and system restoration procedures and regular testing.

COMMUNITY INVESTMENT

With the vision of 'creating a better life', the Group aims to create social and economic benefits and drive positive change for the communities and promotes community activities in the area of medical caring, education, recreational and cultural activities, making long-term contributions to local communities regarding major sustainability issues with a long-term perspective. Being a medical consumable provider, the Group harnesses business knowledges, practical skills and employee resources to share skills as well as create good places to live. Every year, we would set a yearly plan for the community activities.

Poverty fighting and environmental protection are important. During the Reporting Period, Yestar (Guangxi) has organised a tree planting activity and participated in a charity auction work. In addition, Yestar (Guangxi) provided scholarship to the community.

INDEPENDENT AUDITOR'S REPORT

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

OPINION

We have audited the consolidated financial statements of Yestar Healthcare Holdings Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 79 to 167, which comprise the consolidated statement of financial position as at 31 December 2021, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Valuation of goodwill and other intangible assets	
The carrying values of goodwill and other intangible assets (which included distribution rights and customer relationship) in the consolidated financial statements amounted to RMB420.1 million and RMB820.1 million, respectively, as at 31 December 2021. The Group recorded impairment losses on other intangible assets amounting to RMB41.6 million for the year ended 31 December 2021. Under IFRSs, the Group is required to annually test the amount of goodwill for impairment. In performing the impairment test, the goodwill generated from each acquisition is allocated to the corresponding subsidiary acquired as each of these acquired subsidiaries is a separate cash-generating unit. In addition, each year, the Group assesses whether there are any indications of impairment of other intangible assets and performs an impairment test if the impairment indicators exist. The impairment test is based on the recoverable amount of each cash-generating unit to which the goodwill is allocated and each intangible asset. The recoverable amount of each cash-generating unit and individual asset is the higher of its fair value less costs of disposal and its value in use using a cash flow projection based on a financial budget covering a five-year period. This matter is significant to our audit because the impairment test process is complex and involves significant judgements. The Group's disclosures about the impairment of goodwill and other intangible assets are included in note 2.4, note 3, note 15 and note 16 to the consolidated financial statements, which specifically explain the key assumptions that management used for value-in-use calculations.	Our audit procedures included, among others, considering the appropriateness of the allocation of goodwill to the cash-generating units ("CGUs") and evaluating the key assumptions and methodologies used by the Group. We involved our internal valuation specialist to assist us in the assessment of cash flow forecasts against business development and operation data. We checked future revenues and operating results by comparing the forecasts with the historical performance of the respective cash-generating units and the business development plan. We assessed the assumptions used in the cash flow forecasts, particularly, the discount rates and long-term growth rates. We also assessed the adequacy of the Group's disclosures about those assumptions that had a significant effect on the determination of the recoverable amounts of goodwill and other intangible assets in the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Expected credit loss of trade and bills receivables	
The balance of trade and bills receivables at 31 December 2021 was RMB1,590.9 million, which was material to the consolidated financial statements. The Group applies the simplified approach in calculating the expected credit loss for trade and bills receivables. Under the simplified approach, the Group recognises a loss allowance based on lifetime expected credit losses at each reporting date by establishing a provision matrix. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation among historical observed default rates, forecast economic conditions and expected credit loss allowance requires significant estimation by management. The Group's disclosures about the impairment of trade and bills receivables are included in note 2.4, note 3 and note 20 to the consolidated financial statements.	Our audit procedures included, among others, discussing with management on the estimation involved in determining the amount of expected credit loss allowance regarding the trade and bills receivables and assessing management's processes and controls relating to the estimation of the expected credit loss allowance. We tested the model of provision matrix prepared by management to calculate the expected credit loss and checked the information included in the provision matrix which is based on the Group's historical observed default rates. In order to evaluate the appropriateness of these judgements, we assessed whether the ageing analysis including current and days past due records for groupings of various customer segments that had similar loss patterns, historical payment patterns and historical loss data was complete and accurate. We also obtained corroborative evidence to evaluate the appropriateness of management's reasonable and supportable forecasts about future economic conditions in the expected credit loss model. We also assessed the adequacy of the Group's disclosures about the expected credit loss allowance regarding trade and bills receivables in the consolidated financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") 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.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

INDEPENDENT AUDITOR'S REPORT

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Siu Fung Terence Ho.

Ernst & Young
Certified Public Accountants
Hong Kong

30 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
REVENUE	5	4,930,692	4,106,938
Cost of sales		(4,081,997)	(3,300,058)
Gross profit		848,695	806,880
Other income and gains	5	89,691	70,894
Selling and distribution expenses		(336,343)	(286,699)
Administrative expenses		(320,665)	(336,763)
Impairment loss on financial assets		(7,321)	(25,279)
Other expenses		(52,922)	(802,794)
Finance costs	6	(169,187)	(124,081)
Share of profit of an associate		7,994	5,247
PROFIT/(LOSS) BEFORE TAX	7	59,942	(692,595)
Income tax (expense)/credit	10	(47,263)	47,297
PROFIT/(LOSS) FOR THE YEAR		12,679	(645,298)
Attributable to:			
Owners of the parent		3,327	(590,485)
Non-controlling interests		9,352	(54,813)
		12,679	(645,298)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
For profit/(loss) for the year	12	RMB0.1 cents	RMB(25.0) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2021

	2021 RMB'000	2020 RMB'000
PROFIT/(LOSS) FOR THE YEAR	12,679	(645,298)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	36,618	79,064
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	36,618	79,064
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	36,618	79,064
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	49,297	(566,234)
Attributable to:		
Owners of the parent	39,945	(511,421)
Non-controlling interests	9,352	(54,813)
	49,297	(566,234)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	193,238	181,428
Right-of-use assets	14(a)	266,684	247,078
Other intangible assets	15	820,109	956,842
Goodwill	16	420,067	420,067
Investment in an associate	17	13,241	5,247
Deferred tax assets	18	21,762	20,336
Total non-current assets		1,735,101	1,830,998
CURRENT ASSETS			
Inventories	19	366,686	591,523
Trade and bills receivables	20	1,590,861	1,471,872
Prepayments, other receivables and other assets	21	279,262	173,409
Pledged deposits	22	1,812	15,105
Cash and cash equivalents	22	585,159	572,348
Total current assets		2,823,780	2,824,257
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	23	458,815	1,646,390
Trade and bills payables	24	657,316	558,241
Contract liabilities	25	74,874	37,461
Other payables and accruals	26	757,048	835,986
Lease liabilities	14(b)	83,455	79,449
Tax payable		129,482	130,880
Total current liabilities		2,160,990	3,288,407
NET CURRENT ASSETS/(LIABILITIES)		662,790	(464,150)
TOTAL ASSETS LESS CURRENT LIABILITIES		2,397,891	1,366,848

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	23	1,117,960	—
Lease liabilities	14(b)	130,194	115,371
Deferred tax liabilities	18	227,249	267,961
Other long-term payables	26	90,454	127,760
Total non-current liabilities		1,565,857	511,092
NET ASSETS		832,034	855,756
EQUITY			
Equity attributable to owners of the parent			
Share capital	27	46,576	47,088
Reserves	28	708,649	709,950
		755,225	757,038
Non-controlling interests		76,809	98,718
TOTAL EQUITY		832,034	855,756

Hartono James
Director

Wang Hong
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021

		Attributable to owners of the parent											
	Note	Share capital RMB'000 (note 27)	Treasury shares RMB'000 (note 27)	Share premium account RMB'000 (note 28)	Contributed surplus RMB'000	Put-options written on non-controlling interests RMB'000	Statutory reserve fund RMB'000 (note 28)	Other reserve RMB'000	Retained profits RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2020		47,519	(4,166)	809,275	84,991	(832,849)	140,383	(158,637)	1,122,390	(36,234)	1,172,672	138,175	1,310,847
Loss for the year		—	—	—	—	—	—	—	(590,485)	—	(590,485)	(54,813)	(645,298)
Other comprehensive income for the year:													
Exchange differences on translation of foreign operations		—	—	—	—	—	—	—	—	79,064	79,064	—	79,064
Total comprehensive loss for the year		—	—	—	—	—	—	—	(590,485)	79,064	(511,421)	(54,813)	(566,234)
Shares repurchased	27	(431)	4,166	(21,328)	—	—	—	—	—	—	(17,593)	—	(17,593)
Transfer from retained profits		—	—	—	—	—	47,434	—	(47,434)	—	—	—	—
Dividends paid to non-controlling shareholders		—	—	—	—	—	—	—	—	—	—	(162,166)	(162,166)
Change in the share of ownership of a subsidiary		—	—	—	—	188,557	—	(69,295)	—	—	119,262	59,227	178,489
Payables to non-controlling interests		—	—	—	—	(5,882)	—	—	—	—	(5,882)	118,295	112,413
At 31 December 2020		47,088	—	787,947*	84,991*	(650,174)*	187,817*	(227,932)*	484,471*	42,830*	757,038	98,718	855,756

		Attributable to owners of the parent											
	Note	Share capital RMB'000 (note 27)	Treasury shares RMB'000 (note 27)	Share premium account RMB'000 (note 28)	Contributed surplus RMB'000	Put-options written on non-controlling interests RMB'000	Statutory reserve fund RMB'000 (note 28)	Other reserve RMB'000	Retained profits RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2021		47,088	—	787,947	84,991	(650,174)	187,817	(227,932)	484,471	42,830	757,038	98,718	855,756
Profit for the year		—	—	—	—	—	—	—	3,327	—	3,327	9,352	12,679
Other comprehensive income for the year:													
Exchange differences on translation of foreign operations		—	—	—	—	—	—	—	—	36,618	36,618	—	36,618
Total comprehensive income for the year		—	—	—	—	—	—	—	3,327	36,618	39,945	9,352	49,297
Shares repurchased	27	(512)	—	(21,885)	—	—	—	—	—	—	(22,397)	—	(22,397)
Transfer from retained profits		—	—	—	—	—	31,717	—	(31,717)	—	—	—	—
Dividends paid to non-controlling shareholders		—	—	—	—	—	—	—	—	—	—	(83,674)	(83,674)
Payables to non-controlling interests		—	—	—	—	(19,361)	—	—	—	—	(19,361)	52,413	33,052
At 31 December 2021		46,576	—	766,062*	84,991*	(669,535)*	219,534*	(227,932)*	456,081*	79,448*	755,225	76,809	832,034

* These reserve accounts comprise the consolidated reserves of RMB708,649,000 (31 December 2020: RMB709,950,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		59,942	(692,595)
Adjustments for:			
Finance costs	6	169,187	124,081
Impairment of inventories	7	21,182	2,057
Impairment of financial assets	7	7,321	25,279
Impairment of goodwill	7	—	447,450
Impairment of property, plant and equipment	7	—	941
Impairment of other intangible assets	7	41,582	342,857
Exchange loss		2,807	2,080
Interest income		(3,061)	(3,222)
Net gain on repayment of senior notes		(35,158)	—
Net gain on financial assets at fair value through profit or loss	5	(32)	(331)
Share of profit and loss of an associate		(7,994)	(5,247)
Depreciation of items of property, plant and equipment	7	36,256	32,110
Depreciation of right-of-use assets	7	100,948	102,507
Amortisation of other intangible assets	7	95,701	116,634
(Gain)/loss on disposal of items of property, plant and equipment	7	(909)	620
Gain on disposal of items of right-of-use assets	7	—	(357)
Gain on disposal of items of other intangible assets	7	—	(17,189)
		487,772	477,675
(Increase)/Decrease in trade and bills receivables		(126,310)	63,434
(Increase)/Decrease in prepayments, other receivables and other assets		(104,001)	7,826
Decrease in inventories		203,655	187,843
Increase/(Decrease) in trade and bills payables		99,075	(40,965)
Increase in other payables and accruals		208,528	26,298
Increase in contract liabilities		37,413	15,626
(Increase)/Decrease in frozen funds for arbitration		(112)	29,924
Cash generated from operations		806,020	767,661
Income tax paid		(90,799)	(96,933)
NET CASH FLOWS FROM OPERATING ACTIVITIES		715,221	670,728

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		—	1,836
Purchases of items of property, plant and equipment		(49,674)	(78,808)
Addition to other intangible assets		(550)	(945)
Proceeds from disposal of items of property, plant and equipment		2,517	8,379
Purchase of financial assets at fair value through profit or loss		(234,900)	(111,300)
Proceeds from disposal of financial assets at fair value through profit or loss		234,932	143,631
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(47,675)	(37,207)
CASH FLOWS FROM FINANCING ACTIVITIES			
Acquisition of a non-controlling interest		(138,750)	(405,000)
New bank loans		635,539	599,685
Decrease in pledged deposits for bank borrowings and issuance of bank acceptance notes		13,405	73,678
Repayment of bank loans		(613,213)	(550,532)
Principle portion of lease payments		(101,725)	(102,830)
Repurchase of shares		(22,397)	(17,593)
Related expenses on senior notes		(143,372)	—
Dividends paid to non-controlling shareholders		(203,368)	(75,400)
Interest paid		(80,318)	(126,747)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(654,199)	(604,739)
NET INCREASE IN CASH AND CASH EQUIVALENTS		13,347	28,782
Cash and cash equivalents at beginning of year		572,348	546,186
Effect of foreign exchange rate changes, net		(536)	(2,620)
CASH AND CASH EQUIVALENTS AT END OF YEAR	22	585,159	572,348
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		586,971	587,453
Less: Pledged deposits		(1,812)	(15,105)
	22	585,159	572,348

1. CORPORATE AND GROUP INFORMATION

Yestar Healthcare 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 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 colour 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	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct %	Indirect %	Principal activities
Yestar Asia Company Limited ("Yestar BVI")	BVI 1 February 2012	—*	100	—	*Investment holding*
Yestar International (HK) Company Limited ("Yestar HK")	Hong Kong 29 February 2012	HKD10,000	—	100	*Investment holding*
Shanghai Yestar Healthcare Technology Co., Ltd. (1)/(6) ("Yestar Shanghai")	PRC/Mainland China 20 July 2000	USD231,000,000	—	100	*Marketing and sale of colour photographic paper, photo-related products, document printing equipment and consumables, industrial NDT x-ray films and dental films*

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Name of company	Place and date of incorporation/registration and business	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct %	Indirect %	Principal activities
Yestar (Guangxi) Technology Co., Ltd. ("Guangxi Technology")	PRC/Mainland China 23 July 2004	USD14,000,000	—	92.86	*Manufacture and sale of colour photographic paper and manufacture of industrial NDT x-ray films*
Yestar (Guangxi) Medical System Co., Ltd. [1] ("Yestar Medical")	PRC/Mainland China 24 December 2009	USD251,050,000	—	100	*Manufacture of dental films and manufacture and sale of medical dry films and medical wet films*
Yestar (Guangxi) Imaging Technology Co., Ltd. [1] ("Yestar Imaging")	PRC/Mainland China 23 November 2010	RMB18,000,000	—	100	*Manufacture of colour photographic paper and manufacture and sale of PWB films*
Joy Health Biotech (Guangxi) Co., Ltd. [1] ("Joy Health")	PRC/Mainland China 3 November 2017	RMB5,000,000	—	100	*Development of biotechnology and sale of medical equipment*
Yestar Biotech (Jiangsu) Company Limited [(1)/(3)/(5)] ("Yestar Biotech")	PRC/Mainland China 5 December 2011	RMB26,000,000	—	100	*Sale of medical equipment and reagents*
Shanghai Emphasis Investment Management Consulting Co., Ltd. [(2)/(7)] ("Shanghai Emphasis Investment")	PRC/Mainland China 4 April 2005	RMB29,880,000	—	94.17	*Sale of medical equipment and reagents*
Shanghai Jianchu Medical Instrument Co., Ltd. [(2)/(7)] ("Shanghai Jianchu Medical")	PRC/Mainland China 26 August 2011	RMB8,880,000	—	94.17	*Sale of medical equipment and reagents*
Shanghai Chaolian Trading Co., Ltd. [(2)/(7)] ("Shanghai Chaolian Trading")	PRC/Mainland China 26 February 2002	RMB500,000	—	94.17	*Sale of medical equipment and reagents*
Shanghai Haole Industrial Co., Ltd. [(2)/(7)] ("Shanghai Haole Industrial")	PRC/Mainland China 1 June 2010	RMB11,952,000	—	94.17	*Sale of medical equipment and reagents*
Shanghai Dingpei Industrial Co., Ltd. [(2)/(7)] ("Shanghai Dingpei Industrial")	PRC/Mainland China 4 April 2014	RMB500,000	—	94.17	*Sale of medical equipment and reagents*
Guangzhou Hongen Medical Diagnostic Technologies Co., Ltd. [4] ("Hongen")	PRC/Mainland China 6 September 2015	RMB20,000,000	—	90	*Sale of medical equipment and reagents*

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Name of company	Place and date of incorporation/registration and business	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct %	Indirect %	Principal activities
Shenzhen De Run Li Jia Co., Ltd. (4) ("Derunlijia")	PRC/Mainland China 18 October 2013	RMB36,000,000	—	70	*Sale of medical equipment and reagents*
Guangzhou Shengshiyuan Trading Co., Ltd. (4) ("Shengshiyuan")	PRC/Mainland China 9 April 2010	RMB40,000,000	—	70	*Sale of medical equipment and reagents*
Beijing Kaihongda Technologies Co., Ltd. (4) ("Kaihongda")	PRC/Mainland China 11 May 2011	RMB10,000,000	—	70	*Sale of medical equipment and reagents*
Guangxi Simai Biotech Co., Ltd. (1) ("Guangxi Simai Biotech")	PRC/Mainland China 10 August 2017	RMB5,000,000	—	100	*Development of biotechnology and sale of medical equipment*
Nanjing Weien Biotech Co., Ltd. (1) ("Nanjing Weien Biotech")	PRC/Mainland China 16 May 2017	RMB10,000,000	—	100	*Development of biotechnology and sale of medical*
Jiangsu Baike Supply Chain Management Co., Ltd. (1) ("Jiangsu Baike Supply Chain")	PRC/Mainland China 16 May 2017	RMB10,000,000	—	100	*Management of supply chain and service of freight transportation equipment*
Anhui Peilin Biotech Co., Ltd. (1) ("Anhui Peilin Biotech")	PRC/Mainland China 19 April 2018	RMB10,000,000	—	100	*Sale of medical equipment and reagents*
Yestar (Guangxi) Information Technology Co., Ltd. (1) ("Guangxi Information Technology")	PRC/Mainland China 18 April 2021	RMB10,000,000	—	100	*Development of imaging technology and sale of colour photographic paper*
Yestar (Guangxi) Medical Technology Co., Ltd. (1) ("Guangxi Medical Technology")	PRC/Mainland China 18 April 2021	RMB10,000,000	—	100	*Development of imaging technology and sale of medical dry films*
Yestar (Guangxi) Xingshiji Biotechnology Co., Ltd. (1) ("Guangxi Xingshiji")	PRC/Mainland China 18 April 2021	RMB50,000,000	—	100	*Development of imaging technology and biotechnology and sale of films*

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

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Notes:

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

(2) Anbaida Group Companies consists of these companies.

(3) Formerly known as Jiangsu Uno Technology Development Company Limited.

(4) In year 2017, the Group acquired 70% interests in Hongen, Derunlijia, Shengshiyuan and Kaihongda respectively.

(5) In year 2017, the Group acquired 30% of the non-controlling interests of Yestar Biotech. Yestar Biotech has become an indirectly wholly-owned enterprise of the Company.

(6) Formerly known as Yestar (Shanghai) Co., Ltd.

(7) In year 2020, the Group signed a share purchase agreement to acquire 30% of non-controlling interests in Anbaida Group Companies. As at 31 December 2021, the Group completed the acquisition of 24.2% of the non-controlling interests, and the acquisition of the remaining 5.83% of the non-controlling interests will be completed in 2022.

The English names of the subsidiaries registered in the PRC represent the best efforts made by the 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"), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for wealth management products which have been measured at fair value. 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 2021. 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 rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power on the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

2.1 BASIS OF PREPARATION (CONTINUED)

Basis of consolidation (continued)

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.

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 above. 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 IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform — Phase 2*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021* (early adopted)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

The nature and the impact of the revised IFRSs are described below:

(a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

(b) Amendment to IFRS 16 issued in March 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted. The amendments did not have any impact on the financial position and performance of the Group.

    The Group has early adopted the amendment on 1 January 2021. However, the Group has not received covid-19-related rent concessions and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

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.

Amendments to IFRS 3	*Reference to the Conceptual Framework*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
IFRS 17	*Insurance Contracts*[2]
Amendments to IFRS 17	*Insurance Contracts*[2, 4]
Amendments to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 — Comparative Information*[2]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[2]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to IAS 8	*Definition of Accounting Estimates*[2]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Amendments to IAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*[1]
Annual Improvements to IFRS Standards 2018–2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41[1]

1 Effective for annual periods beginning on or after 1 January 2022
2 Effective for annual periods beginning on or after 1 January 2023
3 No mandatory effective date yet determined but available for adoption
4 As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

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

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 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 resulting from a downstream transaction 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. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to IAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to IFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently assessing the impact of the amendments on the Group's accounting policy disclosures.

Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. 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 12 narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted.

The Group has applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group will recognise a deferred tax asset and a deferred tax liability for deductible and taxable temporary differences associated with right-of-use assets and lease liabilities, and recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained profits at the beginning of the earliest comparative period presented.

Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. 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)

Annual Improvements to IFRS Standards 2018–2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.

- IFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investment in an associate

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investment in an associate is stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of an associate is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of an associate is included as part of the Group's investment in an associate.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

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 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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations and goodwill (continued)

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 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.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement (continued)

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, deferred tax assets, 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. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation (continued)

Expenditures incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to 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 to 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 including 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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets (other than goodwill) (continued)

Computer software

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.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Group as a lessee (continued)

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	50 years
Plant and machinery	2 to 6 years
Other equipment	5 to 8 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Group as a lessee (continued)

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (continued)

Initial recognition and measurement (continued)

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.

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

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.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade and bills receivables which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (continued)

Simplified approach

For trade and bills receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings and payables.

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

The Group's financial liabilities include trade and other payables, interest-bearing bank and other borrowings and other long-term payables.

Subsequent measurement

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

Financial liabilities at amortised cost (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 a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position 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.

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.

The Group provides for warranties in relation to the sale of certain products and the provision of certain services for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 liability arises 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 and an associate 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.

Deferred tax assets are recognised for all deductible temporary differences, and 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 arises 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 and an associate, 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax (continued)

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 and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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 on a systematic basis over the periods that the costs, for 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.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) Sale of goods

Revenue from the sale of imaging products, medical products and equipment is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the above goods.

Some contracts for the sale of goods provide customers with volume rebates. The volume rebates give rise to variable consideration.

(b) Rendering of maintenance services

Revenue from the rendering of maintenance services is recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group.

Other income

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

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits

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 a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. Under these schemes, the Group has no legal obligation for retirement benefits beyond the contributions made.

Accommodation fund and other social insurances

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These schemes cover the accommodation fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the accommodation fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group has no further obligations beyond the contributions made.

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. Proposed final dividends are disclosed in the notes to the financial statements.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (continued)

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 translation 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).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

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 exchange rates that approximate to those prevailing at the dates of the transactions.

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. Frequently 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Deferred tax liabilities

Deferred tax liabilities are recognised for withholding corporate income taxes relating to the unremitted earnings of the Group's subsidiaries established in Mainland China that are subject to withholding taxes. Significant management judgement is required to determine the amount of deferred tax liabilities, based upon the likely distribution level of such earnings from these subsidiaries in the foreseeable future. The amount of deferred tax liabilities arising from the withholding tax associated with the investments in subsidiaries in Mainland China for the year ended 31 December 2021 was RMB22,374,000 (31 December 2020: RMB28,874,000). Further details are contained in note 18 to the financial statements.

Significant judgement in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the lease (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group includes the renewal period as part of the lease term for leases of machinery due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., three to five years) and there will be a significant negative effect on production if a replacement is not readily available.

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.

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 2021 was RMB420,067,000 (2020: RMB420,067,000). Further details are given in note 16 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

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. For the year ended 31 December 2021, impairment losses of other intangible assets in the amount of RMB384,439,000 (2020: RMB342,857,000) have been recognised as set out in note 15 to the financial statements.

Provision for expected credit losses on trade and bills receivables

The Group uses a provision matrix to calculate ECLs for trade and bills receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 20 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

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.

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.

Net realisable value of inventories

Net realisable value of inventories are 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 conditions 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the 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. There were no deferred tax assets relating to recognised tax losses at 31 December 2021 (2020: Nil). The amount of unrecognised tax losses at 31 December 2021 was RMB90,930,000 (2020: RMB31,449,000). Further details are contained in note 18 to the financial statements.

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 colour photographic paper, industrial NDT x-ray films and PWB 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 diagnostic reagents.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource 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.

4. 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.

Year ended 31 December 2021	Imaging printing products RMB'000	Medical products and equipment RMB'000	Total RMB'000
Segment revenue: (note 5)			
Sales to external customers	395,556	4,535,136	4,930,692
Intersegment sales	630,985	1,619,907	2,250,892
Reconciliation:			
Elimination of intersegment sales			(2,250,892)
Revenue			4,930,692
Segment results	(62,795)	128,219	65,424
Reconciliation:			
Corporate and other unallocated expenses			(5,482)
Profit before tax			59,942
Segment assets	519,603	3,972,388	4,491,991
Reconciliation:			
Corporate and other unallocated assets			66,890
Total assets			4,558,881
Segment liabilities	356,298	3,347,927	3,704,225
Reconciliation:			
Corporate and other unallocated liabilities			22,622
Total liabilities			3,726,847
Other segment information:			
Depreciation of items of property, plant and equipment	5,733	30,523	36,256
Depreciation of items of right-of-use assets	2,422	98,526	100,948
Amortisation of intangible assets	247	95,454	95,701
Share of profit of an associate	—	(7,994)	(7,994)
Impairment loss recognised in the statement of profit or loss, net	21,896	48,189	70,085
Gain on disposal of items of property, plant and equipment	(3)	(906)	(909)
Gain on repayment of the senior notes	—	(35,158)	(35,158)
Capital expenditure*	720	49,504	50,224

* Capital expenditure consists of additions to property, plant and equipment and other intangible assets.

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2020	Imaging printing products RMB'000	Medical products and equipment RMB'000	Total RMB'000
Segment revenue: (note 5)			
Sales to external customers	348,908	3,758,030	4,106,938
Intersegment sales	487,790	1,295,359	1,783,149
Reconciliation:			
Elimination of intersegment sales			(1,783,149)
Revenue			4,106,938
Segment results	(1,870)	(679,527)	(681,397)
Reconciliation:			
Corporate and other unallocated expenses			(11,198)
Loss before tax			(692,595)
Segment assets	326,402	4,237,299	4,563,701
Reconciliation:			
Corporate and other unallocated assets			91,554
Total assets			4,655,255
Segment liabilities	113,637	3,396,767	3,510,404
Reconciliation:			
Corporate and other unallocated liabilities			289,095
Total liabilities			3,799,499
Other segment information:			
Depreciation of items of property, plant and equipment	6,193	25,917	32,110
Depreciation of items of right-of-use assets	2,286	100,221	102,507
Amortisation of intangible assets	1,203	115,431	116,634
Share of profit of an associate	—	(5,247)	(5,247)
Impairment loss recognised in the statement of profit or loss, net	930	817,654	818,584
Loss/(Gain) on disposal of items of property, plant and equipment	628	(8)	620
Gain on disposal of other intangible assets	—	(17,189)	(17,189)
Gain on disposal of right-of-use assets	(23)	(334)	(357)
Capital expenditure*	3,049	76,704	79,753

* Capital expenditure consists of additions to property, plant and equipment and other intangible assets.

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Information about major customers

During the year ended 31 December 2021, the Group had one customer from whom the revenue was raised by selling medical imaging products and printing imaging products of RMB902,596,000 (2020: RMB850,478,000), which accounted for more than 18% (2020: more than 20%) 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 its business in Mainland China and all of the non-current assets of the Group are located in Mainland China, geographical segment information required by IFRS 8 *Operating Segments* is not presented.

Seasonality of operations

The Group's operations are not subject to seasonality.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2021 RMB'000	2020 RMB'000
Revenue from contracts with customers	4,930,692	4,106,938

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2021

Segments

	Imaging printing products RMB'000	Medical products and equipment RMB'000	Total RMB'000
Types of goods or services			
Sale of goods	392,440	4,454,881	4,847,321
Rendering of services	3,116	80,255	83,371
Total revenue from contracts with customers	395,556	4,535,136	4,930,692
Timing of revenue recognition			
Goods transferred at a point time	392,440	4,454,881	4,847,321
Services transferred over time	3,116	80,255	83,371
Total revenue from contracts with customers	395,556	4,535,136	4,930,692

For the year ended 31 December 2020

Segments

	Imaging printing products RMB'000	Medical products and equipment RMB'000	Total RMB'000
Types of goods or services			
Sale of goods	348,908	3,685,683	4,034,591
Rendering of services	—	72,347	72,347
Total revenue from contracts with customers	348,908	3,758,030	4,106,938
Timing of revenue recognition			
Goods transferred at a point time	348,908	3,685,683	4,034,591
Services transferred over time	—	72,347	72,347
Total revenue from contracts with customers	348,908	3,758,030	4,106,938

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

For the year ended 31 December 2021

Segments

	Imaging printing products RMB'000	Medical products and equipment RMB'000	Total RMB'000
Revenue from contracts with customers			
External customers	395,556	4,535,136	4,930,692
Intersegment sales	630,985	1,619,907	2,250,892
	1,026,541	6,155,043	7,181,584
Intersegment adjustments and eliminations	(630,985)	(1,619,907)	(2,250,892)
Total revenue from contracts with customers	395,556	4,535,136	4,930,692

For the year ended 31 December 2020

Segments

	Imaging printing products RMB'000	Medical products and equipment RMB'000	Total RMB'000
Revenue from contracts with customers			
External customers	348,908	3,758,030	4,106,938
Intersegment sales	487,790	1,295,359	1,783,149
	836,698	5,053,389	5,890,087
Intersegment adjustments and eliminations	(487,790)	(1,295,359)	(1,783,149)
Total revenue from contracts with customers	348,908	3,758,030	4,106,938

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2021 RMB'000	2020 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of goods	17,438	11,434
Rendering of services	20,023	10,401
	37,461	21,835
Revenue recognised from performance obligations satisfied in previous periods	—	—

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of goods

The performance obligation is satisfied upon delivery of the products and payment is generally due within 30 to 360 days from delivery, except for new customers, where payment in advance is normally required.

Rendering of services

The performance obligation is satisfied over time as services are rendered and short-term advances are normally required before rendering the services. The service contracts which are related to the rendering of maintenance services are for periods of one year or less, or are billed based on the time incurred.

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers (continued)

(ii) Performance obligations (continued)

Rendering of services (continued)

The amount of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December is as follows:

	2021 RMB'000	2020 RMB'000
Amount expected to be recognised as revenue:		
Within one year	74,874	37,461

The remaining performance obligations relating to the rendering of maintenance services is expected to be satisfied within one year. The amounts disclosed above do not include variable consideration which is constrained.

	2021 RMB'000	2020 RMB'000
Other income and gains		
Government grants (note)	44,540	29,345
Gain on repayment of the senior notes	35,158	—
Interest income	8,245	11,352
Net gain/(loss) on disposal of items of property, plant and equipment	909	—
Net gain on financial assets at fair value through profit or loss	32	331
Net gain on disposal of other intangible assets	—	17,189
Foreign exchange differences, net	—	11,432
Gain on disposal of right-of-use assets	—	357
Others	807	888
	89,691	70,894

Note: The amount represents the 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:

	2021 RMB'000	2020 RMB'000
Finance costs		
Interest on bank loans, overdrafts and other borrowings	116,505	113,201
Related expenses on senior notes	41,399	—
Interest on lease liabilities	10,793	9,935
Interest arising from discounted bills	490	945
	169,187	124,081

7. PROFIT/(LOSS) BEFORE TAX

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

	2021 RMB'000	2020 RMB'000
Cost of inventories sold and services provided (including the related depreciation and amortisation)	4,081,997	3,300,058
Depreciation of property, plant and equipment (note 13)	36,256	32,110
Depreciation of right-of-use assets (note 14)	100,948	102,507
Amortisation of other intangible assets (note 15)	95,701	116,634
Research and development costs	1,242	648
Lease payments not included in the measurement of lease liabilities (note14)	55,086	37,861
Auditors' remuneration	4,100	4,030
Employee benefit expense (including directors' remuneration as set out in note 8):		
Wages and salaries	232,314	194,531
Pension scheme contributions	15,775	3,617
	248,089	198,148
Foreign exchange differences, net	6,398	(11,432)
Impairment of trade receivables, net (note 20)	7,321	25,279
Impairment of goodwill* (note 16)	—	447,450
Impairment of other intangible assets* (note 15)	41,582	342,857
Impairment of property, plant and equipment (note 13)	—	941
Gain on disposal of other intangible assets (note 5)	—	(17,189)
Gain on disposal of right-of-use assets (note 5)	—	(357)
Gain on repayment of the senior notes (note 5)	(35,158)	—
(Gain)/loss on disposal of items of property, plant and equipment	(909)	620

* The impairment of goodwill and other intangible assets is included in "Other expenses" in the consolidated statement of profit or loss, which is non-recurring loss in nature.

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	
	2021 RMB'000	2020 RMB'000
Fees	610	612
Other emoluments:		
Salaries, allowances and benefits in kind	8,979	8,272
Discretionary bonuses	2,274	1,795
Pension scheme contributions	172	15
	11,425	10,082
	12,035	10,694

(a) Independent non-executive directors

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

	2021 RMB'000	2020 RMB'000
Dr. Hu Yiming	204	204
Mr. Sutikno Liky	204	204
Mr. Zeng Jinsong[a]	117	—
Mr. Karsono Tirtamarta[b]	85	204
	610	612

(a) Mr. Zeng Jinsong was appointed on 28 May 2021.

(b) Mr. Karsono Tirtamarta resigned on 28 May 2021.

There were no other emoluments payable to the independent non-executive directors during the year (2020: 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
2021				
Mr. James Hartono[a]	3,408	420	25	3,853
Ms. Wang Ying[b]	1,455	469	—	1,924
Ms. Wang Hong	749	125	56	930
Ms. Liao Changxiang	867	310	34	1,211
Mr. Li Bin[c]	2,500	950	57	3,507
Mr. Liang Junxiong[d]	—	—	—	—
	8,979	2,274	172	11,425
2020				
Mr. James Hartono[a]	3,408	420	—	3,828
Ms. Wang Ying	1,455	325	4	1,784
Mr. Chan Chung Man[e]	1,974	786	4	2,764
Ms. Wang Hong	749	120	4	873
Ms. Liao Changxiang	686	144	3	833
	8,272	1,795	15	10,082

(a) Mr. James Hartono was also the chief executive of the Company.

(b) Ms. Wang Ying retired on 24 December 2021.

(c) Mr. Li Bin was appointed on 18 June 2021 and resigned on 31 December 2021.

(d) Mr. Liang Junxiong was appointed on 31 December 2021.

(e) Mr. Chan Chung Man resigned on 2 November 2020.

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 directors (2020: five directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining one (2020: nil) highest paid employee who are neither a director nor chief executive of the Company are as follows:

	2021 RMB'000	2020 RMB'000
Salaries, allowances and benefits in kind	1,974	—
Discretionary bonuses	327	—
Pension scheme contributions	57	—
	2,358	—

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

	Number of employees	
	2021	2020
HKD3,000,001 to HKD 3,500,000	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% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong.

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

Yestar (Guangxi) Medical was accredited as a high and new technology enterprise ("HNTE") in the year ended 31 December 2019. The HNTE certificate needs to be renewed every three years so as to enable Yestar (Guangxi) Medical to enjoy the preferential CIT rate of 15%. For the year ended 31 December 2021, Yestar (Guangxi) Medical was entitled to a Corporate Income Tax ("CIT") rate of 15% due to HNTE.

10. INCOME TAX (CONTINUED)

The major components of income tax charge/(credit) for the year are as follows:

	2021 RMB'000	2020 RMB'000
Current — PRC		
Charge for the year	82,901	86,245
Deferred (note 18)	(35,638)	(133,542)
Total tax charge/(credit) for the year	47,263	(47,297)

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

	2021		2020	
	RMB'000	%	RMB'000	%
Profit/(loss) before tax	59,942		(692,595)	
Tax at applicable tax rate	14,986	25.0%	(173,149)	25.0%
Lower tax rate for certain entities in different jurisdictions	16,496	27.5%	8,956	(1.3%)
Tax losses and deductible temporary differences not recognised	20,292	33.9%	5,867	(0.8%)
Expenses not deductible for tax	7,425	12.4%	124,348	(18.0%)
Income not subject to tax	(10)	(0.0%)	(374)	0.1%
Tax losses utilised from previous periods	(879)	(1.5%)	—	—
Adjustments to current tax of previous periods	(200)	(0.3%)	(6,571)	0.9%
Profit attributable to an associate	(1,998)	(3.3%)	(1,312)	0.2%
Tax incentives on eligible expenditures	(8,849)	(14.8%)	(5,062)	0.7%
Tax charge/(credit) at the effective rates	47,263	78.8%	(47,297)	6.8%

The share of tax attributable to an associate amounting to RMB7,994,000 (2020: RMB5,247,000) is included in "Share of profit and loss of an associate" in the consolidated statement of profit or loss.

11. DIVIDENDS

There was no proposed final dividend for the year ended 31 December 2021 (2020: Nil) which would be subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

12. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share amount is based on the profit/(loss) for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,346,582,000 in issue during the year ended 31 December 2021 (2020: 2,361,760,000).

The calculation of basic earnings/(loss) per share is based on:

	2021 RMB'000	2020 RMB'000
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent used in the basic earnings/(loss) per share calculation	3,327	(590,485)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation (thousands)	2,346,582	2,361,760
Basic earnings/(loss) per share (RMB cents)	0.1	(25.0)

The diluted earnings/(loss) per share amounts were equal to the basic earnings/(loss) per share amounts for the years ended 31 December 2021 and 2020, as there were no diluting events during the years ended 31 December 2021 and 2020.

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
31 December 2021							
At 1 January 2021							
Cost	115,792	24,565	96,442	96,371	42,821	31	376,022
Accumulated depreciation	(22,130)	(19,951)	(73,452)	(48,703)	(29,417)	—	(193,653)
Impairment	—	—	(941)	—	—	—	(941)
Net carrying amount	93,662	4,614	22,049	47,668	13,404	31	181,428
At 1 January 2021, net of accumulated depreciation	93,662	4,614	22,049	47,668	13,404	31	181,428
Additions	7,837	762	5,104	24,613	9,067	2,291	49,674
Depreciation provided during the year	(6,189)	(495)	(7,191)	(17,841)	(4,540)	—	(36,256)
Transfers	2,291	—	—	—	—	(2,291)	—
Disposals	—	—	809	(1,963)	(454)	—	(1,608)
At 31 December 2021, net of accumulated depreciation and impairment	97,601	4,881	20,771	52,477	17,477	31	193,238
At 31 December 2021							
Cost	125,920	25,327	101,544	118,380	48,040	31	419,242
Accumulated depreciation	(28,319)	(20,446)	(79,832)	(65,903)	(30,563)	—	(225,063)
Impairment	—	—	(941)	—	—	—	(941)
Net carrying amount	97,601	4,881	20,771	52,477	17,477	31	193,238
31 December 2020							
At 1 January 2020							
Cost	62,292	24,565	93,359	90,097	48,323	486	319,122
Accumulated depreciation	(18,879)	(19,796)	(72,040)	(31,513)	(32,224)	—	(174,452)
Net carrying amount	43,413	4,769	21,319	58,584	16,099	486	144,670
At 1 January 2020, net of accumulated depreciation	43,413	4,769	21,319	58,584	16,099	486	144,670
Additions	53,500	—	8,356	14,615	2,039	298	78,808
Depreciation provided during the year	(3,251)	(155)	(5,223)	(19,455)	(4,026)	—	(32,110)
Impairment	—	—	(941)	—	—	—	(941)
Transfers	—	—	753	—	—	(753)	—
Disposals	—	—	(2,215)	(6,076)	(708)	—	(8,999)
At 31 December 2020, net of accumulated depreciation and impairment	93,662	4,614	22,049	47,668	13,404	31	181,428
At 31 December 2020							
Cost	115,792	24,565	96,442	96,371	42,821	31	376,022
Accumulated depreciation	(22,130)	(19,951)	(73,452)	(48,703)	(29,417)	—	(193,653)
Impairment	—	—	(941)	—	—	—	(941)
Net carrying amount	93,662	4,614	22,049	47,668	13,404	31	181,428

As at 31 December 2021, Certain of the Group's buildings with a net carrying amount of approximately RMB85,506,000 (2020: Nil) were pledged to secure banking loans granted to the Group (note 23).

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of plant and machinery, and other equipment used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of plant and machinery generally have lease terms between 2 and 6 years, while other equipment generally has lease terms between 5 and 8 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. There are several lease contracts that include variable lease payments, which are further discussed below.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land RMB'000	Plant and machinery RMB'000	Other equipment RMB'000	Total RMB'000
As at 1 January 2020	13,644	42,141	217,744	273,529
Additions	—	18,439	70,150	88,589
Disposal	—	(1,796)	(10,737)	(12,533)
Depreciation charge	(327)	(25,166)	(77,014)	(102,507)
As at 31 December 2020 and 1 January 2021	13,317	33,618	200,143	247,078
Additions	—	31,632	88,922	120,554
Depreciation charge	(327)	(19,296)	(81,325)	(100,948)
As at 31 December 2021	12,990	45,954	207,740	266,684

14. LEASES (CONTINUED)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2021 RMB'000	2020 RMB'000
Carrying amount at 1 January	194,820	220,359
New leases	120,554	90,767
Disposal	—	(12,890)
Accretion of interest recognised during the year	10,793	9,935
Covid-19-related rent concessions from lessors	—	(586)
Payments	(112,518)	(112,765)
Carrying amount at 31 December	213,649	194,820
Analysed into:		
Current portion	83,455	79,449
Non-current portion	130,194	115,371

The maturity analysis of lease liabilities is disclosed in note 35 to the financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2021 RMB'000	2020 RMB'000
Interest on lease liabilities	10,793	9,935
Depreciation charge of right-of-use assets	100,948	102,507
Gain on disposal of items of right-of-use assets	—	(357)
Expense relating to short-term leases (included in cost of sales and administrative expenses)	16,892	11,783
Variable lease payments not included in the measurement of lease liabilities (included in cost of sales)	38,194	26,078
Covid-19-related rent concessions from lessors	—	(586)
Total amount recognised in profit or loss	166,827	149,360

14. LEASES (CONTINUED)

(d) *Variable lease payments*

The Group leased a number of equipment which contains variable lease payment terms that are related to the maintenance services provided for the equipment. The amount of the variable lease payments recognised in profit or loss for the current year for these leases was RMB38,194,000 (2020: RMB26,078,000).

(e) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in note 30 to the financial statements.

15. OTHER INTANGIBLE ASSETS

	Customer relationship RMB'000	Distribution rights RMB'000	Computer software RMB'000	Total RMB'000
31 December 2021				
Cost at 1 January 2021, net of accumulated amortisation	301,829	654,409	604	956,842
Additions	—	—	550	550
Amortisation provided during the year	(30,325)	(64,940)	(436)	(95,701)
Impairment during the year	(12,787)	(28,795)	—	(41,582)
At 31 December 2021	258,717	560,674	718	820,109
At 31 December 2021				
Cost	594,900	1,301,100	11,803	1,907,803
Accumulated amortisation	(221,925)	(470,245)	(11,085)	(703,255)
Accumulated impairment	(114,258)	(270,181)	—	(384,439)
Net carrying amount	258,717	560,674	718	820,109

15. OTHER INTANGIBLE ASSETS (CONTINUED)

	Customer relationship RMB'000	Distribution rights RMB'000	Computer software RMB'000	Total RMB'000
31 December 2020				
Cost at 1 January 2020, net of accumulated amortisation	452,414	1,010,311	1,053	1,463,778
Additions	—	—	945	945
Amortisation provided during the year	(36,382)	(78,858)	(1,394)	(116,634)
Impairment during the year	(101,471)	(241,386)	—	(342,857)
Disposals	(12,732)	(35,658)	—	(48,390)
At 31 December 2020	301,829	654,409	604	956,842
At 31 December 2020				
Cost	594,900	1,301,100	11,253	1,907,253
Accumulated amortisation	(191,600)	(405,305)	(10,649)	(607,554)
Accumulated impairment	(101,471)	(241,386)	—	(342,857)
Net carrying amount	301,829	654,409	604	956,842

16. GOODWILL

	RMB'000
At 1 January 2020:	
Cost	963,820
Accumulated impairment	(58,482)
Net carrying amount	905,338
Cost at 1 January 2020, net of accumulated impairment	905,338
Disposal of other intangible assets	(37,821)
Impairment during the year	(447,450)
At 31 December 2020	420,067
At 31 December 2020:	
Cost	925,999
Accumulated impairment	(505,932)
Net carrying amount	420,067
Cost at 1 January 2021, net of accumulated impairment	420,067
At 31 December 2021	420,067
At 31 December 2021	
Cost	925,999
Accumulated impairment	(505,932)
Net carrying amount	420,067

16. GOODWILL (CONTINUED)

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following reportable cash-generating units ("CGUs") for impairment testing:

— sale of medical equipment and reagents of Yestar Biotech

— sale of medical equipment and reagents of Anbaida Group Companies

— sale of medical equipment and reagents of Hongen

— sale of medical equipment and reagents of Derunlijia

— sale of medical equipment and reagents of Shengshiyuan

— sale of medical equipment and reagents of Kaihongda

The recoverable amount of the CGU has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rates applied to the cash flow projections were 20.9% (2020: 21.1%) for Anbaida Group Companies, 20.9% (2020: 20.7%) for Hongen and 21.0% (2020: 21.2%) for Shengshiyuan. The growth rate used to extrapolate the cash flows of the above cash-generating units beyond the five-year is 2.5% (2020: 3%). Senior management of the CGU believes that this growth rate is justified, given it is the same as the estimate of the rate of inflation.

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	Carrying amount of goodwill	
	2021 RMB'000	2020 RMB'000
Yestar Biotech	—	—
Anbaida Group Companies	317,978	317,978
Hongen	100,650	100,650
Shengshiyuan	1,439	1,439
Derunlijia	—	—
Kaihongda	—	—
Total	420,067	420,067

16. GOODWILL (CONTINUED)

Impairment testing of goodwill (continued)

Assumptions were used in the value-in-use calculation of the CGUs for 31 December 2021 and 31 December 2020. 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.

Operating expense rates — The basis used to determine the value assigned to operating expenses is based on past performance and reference to average in market during the budget year.

The following table illustrates the breakdown points of each key assumption as at 31 December 2021, with all other variables held constant, whether the recoverable amounts of the CGUs would have been approximately equal to the carrying amounts. Any reasonably possible change in other key assumptions on with management has based its determination of all CGUs' recoverable amounts would cause all CGUs' carrying amounts to exceed their recoverable amounts.

	Pre-tax discount rate	Growth rate beyond the five-year period
Anbaida Group Companies	21.6%	-2.5%
Hongen	21.7%	-1.2%
Shengshiyuan	21.4%	-3.2%

17. INVESTMENT IN AN ASSOCIATE

	2021 RMB'000	2020 RMB'000
Share of net assets	13,241	5,247

Particulars of the Group's associate are as follows:

Company name	Place of registration and business	Nominal value of registered share capital ('000)	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
上海中科潤達精準醫學檢驗有限公司	PRC/ Mainland China	RMB52,650 (RMB47,500 before 21 October 2021)	—	37% (39% before 21 October 2021)	Medical examination and scientific researches

The following table illustrates the aggregate financial information of the Group's associate that is not individually material:

	2021 RMB'000	2020 RMB'000
Share of the associate's profit for the year	7,994	5,247
Share of the associate's total comprehensive income	7,994	5,247
Aggregate carrying amount of the Group's investment in the associate	13,241	5,247

18. 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	Lease liabilities RMB'000	Total RMB'000
At 1 January 2020	1,209	11,037	1,169	13,415
Deferred tax (charged)/ credited to the statement of profit or loss during the year (note 10)	(395)	6,757	559	6,921
Gross deferred tax assets at 31 December 2020 and 1 January 2021	814	17,794	1,728	20,336
Deferred tax (charged)/ credited to the statement of profit or loss during the year (note 10)	(631)	1,429	628	1,426
Gross deferred tax assets at 31 December 2021	183	19,223	2,356	21,762

18. 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
At 1 January 2020	365,708	28,874	394,582
Deferred tax credited to the statement of profit or loss during the year (note 10)	(126,621)	—	(126,621)
Gross deferred tax liabilities at 31 December 2020 and 1 January 2021	239,087	28,874	267,961
Deferred tax credited to the statement of profit or loss during the year (note 10)	(34,212)	(6,500)	(40,712)
Gross deferred tax liabilities at 31 December 2021	204,875	22,374	227,249

The Group has tax losses arising in Mainland China of RMB90,930,000 (2020: RMB31,449,000) that will expire in five years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

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 is 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 tax 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.

For the year ended 31 December 2021, no income tax expected from deferred tax liability was recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute the earnings for the year ended 31 December 2021 in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB114,396,000 (2020: RMB65,301,000) at 31 December 2021.

19. INVENTORIES

	2021 RMB'000	2020 RMB'000
Raw materials	51,760	54,863
Finished goods	347,500	548,052
	399,260	602,915
Less: Provision for inventories	32,574	11,392
	366,686	591,523

The movements in inventory provision are as follows:

	2021 RMB'000	2020 RMB'000
At beginning of year	11,392	9,335
Impairment provision recognised (note 7)	21,182	2,057
At end of year	32,574	11,392

20. TRADE AND BILLS RECEIVABLES

	2021 RMB'000	2020 RMB'000
Trade receivables	1,611,004	1,507,831
Bills receivable	39,040	15,989
Impairment	(59,183)	(51,948)
	1,590,861	1,471,872

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 payments 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. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

20. TRADE AND BILLS RECEIVABLES (CONTINUED)

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

	2021 RMB'000	2020 RMB'000
Within 90 days	878,880	843,616
91 to 180 days	376,618	373,835
181 to 365 days	216,803	125,140
1 to 2 years	68,469	97,945
2 to 3 years	11,051	15,347
	1,551,821	1,455,883

The movements in the loss allowance for impairment of trade receivables are as follows:

	2021 RMB'000	2020 RMB'000
At beginning of year	51,948	26,985
Impairment losses, net (note 7)	7,321	25,279
Amount written off as uncollectable	(86)	(316)
At end of year	59,183	51,948

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

20. TRADE AND BILLS RECEIVABLES (CONTINUED)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2021

	Not past due	Past due: Less than 6 months	Past due: 7 to 12 months	Past due: Over 12 months	Total
Expected credit loss rate	0.20%	0.90%	6.11%	59.92%	3.67%
Gross carrying amount	1,127,254	340,583	59,340	83,827	1,611,004
Expected credit losses	2,274	3,053	3,625	50,231	59,183

As at 31 December 2020

	Not past due	Past due: Less than 6 months	Past due: 7 to 12 months	Past due: Over 12 months	Total
Expected credit loss rate	0.32%	0.58%	13.58%	27.48%	3.45%
Gross carrying amount	872,693	427,560	74,571	133,007	1,507,831
Expected credit losses	2,785	2,486	10,127	36,550	51,948

The expected credit loss for bills receivable, which are all bank acceptance notes, approximated to zero. Those banks who issued the bank acceptance notes are creditworthy banks with no recent history of default.

21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2021 RMB'000	2020 RMB'000
Prepayments	98,658	50,168
Value added tax input	13,996	8,458
Deposits and other receivables	114,965	61,931
Financial assets measured at amortised cost	51,643	52,852
	279,262	173,409

Deposits and other receivables mainly represent rental deposits and deposits with suppliers.

Financial assets measured at amortised cost were entrusted investments due within one year, and the contractual cash flows were solely collection of principal and interest with a fixed annual interest rate of 6%.

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2021 and 2020, the loss allowance was assessed to be minimal.

22. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2021 RMB'000	2020 RMB'000
Cash and bank balances	586,971	587,453
Less: Frozen deposits	(112)	—
Pledged for issuance of bank acceptance notes	(1,580)	—
Pledged for a short-term loan (note 23)	(120)	(15,105)
Cash and cash equivalents	585,159	572,348

At the end of the reporting period, the cash and bank balances of the Group denominated in the United States dollar ("USD") and HKD amounted to RMB5,771,000 (2020: RMB33,101,000).

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.

23. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2021			2020		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans — unsecured	2.50-9.30	2022	203,000	3.6-4.79	2021	82,470
Bank loans — secured (note (2))	2.30-9.00	2022	214,228	4.05-5.50	2021	263,631
Senior notes (note (1))	12.13	2022	41,587	7.43	2021	1,300,289
			458,815			1,646,390
Non-current						
Senior notes (note (1))	12.13	2026	1,117,960	—	—	—
			1,576,775			1,646,390
Analysed into:						
Bank loans repayable:						
Within one year or on demand			458,815			1,646,390
In the second year			103,691			—
In the third year to fifth years, inclusive			1,014,269			—
			1,576,775			1,646,390

Notes:

(1) On 8 September 2016, the Company issued five-year senior notes (the "Old Notes") with a par value of USD200 million and an effective interest rate of 7.43% per annum. The interest is paid semi-annually in arrears. The maturity date of the Old Notes is 15 September 2021.

On 30 December 2021, the Company issued another five-year senior notes (the "New Notes") with a par value of USD197.9 million and an effective interest rate of 12.13% per annum. The interest is paid semi-annually in arrears. The maturity date of the New Notes is 29 December 2026.

The shares of Yestar Asia Company Limited and Yestar International (HK) Company Limited are pledged to the holders of the Old Notes and the New Notes.

(2) As at 31 December 2021, the Group's bank loans of RMB100,000 were secured by the pledged deposits of RMB120,000.

As at 31 December 2021, the Group's bank loans of RMB100,000,000 were secured by the pledge of the Group's buildings.

As at 31 December 2021, the Group's bank loans of RMB104,128,000 were guaranteed by a non-controlling shareholder and the Company's subsidiaries.

As at 31 December 2021, the Group's bank loans of RMB10,000,000 were guaranteed by local government.

Except for the Notes and secured bank loans of RMB19,127,100 which are denominated in USD, all the borrowings are in RMB.

24. TRADE AND BILLS PAYABLES

	2021 RMB'000	2020 RMB'000
Trade payables	657,316	527,885
Bills payable	—	30,356
	657,316	558,241

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

	2021 RMB'000	2020 RMB'000
Within 90 days	621,150	467,790
91 to 180 days	29,911	49,661
181 to 365 days	3,617	6,270
1 to 2 years	1,379	2,474
Over 2 years	1,259	1,690
	657,316	527,885

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

25. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	31 December 2021 RMB'000	31 December 2020 RMB'000
Short-term advances received from customers		
Sale of goods	48,732	17,438
Rendering of maintenance services	26,142	20,023
Total contract liabilities	74,874	37,461

25. CONTRACT LIABILITIES (CONTINUED)

Contract liabilities include short-term advances received to deliver goods and render maintenance services. The increase in contract liabilities in 2021 and 2020 was mainly due to the increase in short-term advances received from customers in relation to the sale of goods and rendering of maintenance service at the end of each of the years.

26. OTHER PAYABLES AND ACCRUALS

	2021 RMB'000	2020 RMB'000
Current portion:		
Other payables	339,602	127,332
Value added tax payable	52,563	61,479
Payroll and welfare payable	18,868	20,670
Interest payable	457	26,570
Payables to non-controlling interests (note)	345,556	599,935
	757,046	835,986
Non-current portion:		
Deferred government grant	7,322	7,511
Payables to non-controlling interests (note a)	83,132	120,249
	90,454	127,760

Notes:

Payables to non-controlling interests mainly represent the contractual obligations of the Group to acquire the remaining 5.83% interests in Anbaida Group Companies and the remaining 30% interests in each of Shengshiyuan and Kaihongda as at the end of the reporting period.

26. OTHER PAYABLES AND ACCRUALS (CONTINUED)

Notes: (continued)

The details of the acquisition by the Company of the 70% interests in each of Anbaida Group Companies, Shengshiyuan and Kaihongda are as follows:

(a) Pursuant to the share purchase agreement entered into between Yestar (Guangxi) Medical System Co., Ltd. ("Yestar Medical"), a subsidiary of the Company, Mr. Li Bin, Mr. Li Changgui, Mr. Li Changkuan, Ms. Yu Liping and Ms. Liu Hong on 9 April 2015, Yestar Medical acquired the 70% equity interests in Anbaida Group Companies and Mr. Li Bin and Mr. Li Changgui ("Mr. Li") held the remaining 30% equity interest. The non-controlling equity interest holders shall have the right to require Yestar Medical to acquire the remaining 30% equity interest in Anbaida Group Companies if the respective net profits of Anbaida Group Companies in 2015, 2016 and 2017 have reached the annual guarantee profits. The maximum consideration shall not exceed RMB675 million. Since Anbaida Group Companies have met the annual guarantee profit targets for the years from 2015 to 2017, the Group is obligated to acquire the remaining 30% equity interest in Anbaida Group Companies. Yestar Medical reached a new separate share transfer agreement on 7 August 2020 with Mr. Li to acquire the remaining 30% equity interest in Anbaida Group Companies. Yestar Medical shall purchase the remaining 30% equity interest in each of Anbaida Group Companies at a consideration of RMB675 million. As at 31 December 2021, the Company completed the acquisition of a 24.17% equity interest and paid RMB543,750,000 to Mr. Li.

As at 31 December 2021, the carrying amount of RMB83,132,000 related to dividend payable to Mr. Li Bin and Mr. Li Changgui from 2023 to 2025.

(b) Pursuant to the share purchase agreement entered into between Yestar Medical, Ms. Liu Yanling, Ms. Li Xu, Mr. Ai Jiaying, Mr. Zhang Lixiong and Mr. Li Shenlian on 11 November 2016, Yestar Medical acquired the 70% equity interest in Shengshiyuan. Yestar Medical is obligated to acquire the remaining 30% equity interest in Shengshiyuan if the respective net profits of Shengshiyuan in 2017, 2018 and 2019 have reached the annual guarantee profits. The maximum consideration shall not exceed RMB120 million. Since Shengshiyuan has met the annual guarantee profit targets for the years from 2017 to 2019, Yestar Medical is negotiating with Mr. Li to purchase the remaining 30% equity interest. No agreement was reached as at the date of this report.

(c) Pursuant to the share purchase agreement entered into between Yestar Medical, Mr. Pang Haibin, Mr. Xie Dingjie, Ms. An Hong, Mr. Yu Huimin and Mr. Zhu Yongping on 20 September 2017, Yestar Medical acquired the 70% equity interest in Kaihongda. Yestar Medical is obligated to acquire the remaining 30% equity interest in Kaihongda if the respective net profits of Kaihongda in 2017, 2018 and 2019 have reached the annual guarantee profits. The maximum consideration shall not exceed RMB71.28 million. Since Kaihongda has met the annual guarantee profit targets for the years from 2017 to 2019, Yestar Medical was negotiating with Mr. Pang to purchase the remaining 30% equity interest. No agreement was reached as at the date of this report.

27. SHARE CAPITAL AND TREASURY SHARES

Shares

	2021 RMB'000	2020 RMB'000
Authorised: ordinary shares of HKD0.025 each (2020: HKD0.025 each)	100,000	100,000
Issued and fully paid: 2,331,590,000 (2020: 2,356,322,000) ordinary shares of HKD0.025 each	46,576	47,088
	46,576	47,088

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

	Number of shares in issue ('000)	Share capital RMB'000
At 1 January 2020	2,375,300	47,519
Repurchase and cancellation of shares (note)	(18,978)	(431)
At 31 December 2020 and 1 January 2021	2,356,322	47,088
Repurchase and cancellation of shares (note)	(24,732)	(512)
At 31 December 2021	2,331,590	46,576

Note:

The Group repurchased and cancelled 24,732,500 shares on the Hong Kong Stock Exchange at a total consideration of HK$27,063,200 in accordance with section 257 of the Hong Kong Companies Ordinance, among which 24,732,500 shares were repurchased and cancelled in 2021.

28. 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 83 of the financial statements.

Share premium

The application of the share premium account of the Company is governed by the Companies Law (Revised) of the Cayman Islands. Under the constitutional documents and the 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.

28. RESERVES (CONTINUED)

Contributed surplus

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

Put options written on non-controlling interests

The put options written on non-controlling interests represent 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 acquiring the corresponding equity interests.

Statutory reserve fund

In accordance with the relevant regulations in Mainland China 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 People's Republic of China Generally Accepted Accounting Principles ("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 regulations in Mainland China, 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 Mainland China 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 companies in Mainland China 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, profit after tax of the companies in Mainland China can be distributed as dividends after the appropriation to the SRF as set out above.

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

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

	2021	2020
Percentage of equity interest held by non-controlling interests:		
Anbaida Group Companies	5.83%	21%
Hongen	10%	10%
Derunlijia	30%	30%

	2021 RMB'000	2020 RMB'000
Profit for the year allocated to non-controlling interests:		
Anbaida Group Companies	8,363	15,138
Hongen	2,262	(3,567)
Derunlijia	942	(51,259)
Dividends paid to non-controlling interests of		
Anbaida Group Companies	59,400	102,000
Hongen	—	43,786
Derunlijia	24,274	—
Accumulated balances of non-controlling interests at the reporting date (note):		
Anbaida Group Companies	262,030	313,067
Hongen	14,135	11,873
Derunlijia	52,331	75,663

Note:

The accumulated balances of Anbaida Group Companies were reclassified to payables to non-controlling interests in the account of other payables and accruals as set out in note 26.

29. 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:

2021	Anbaida Group Companies RMB'000	Hongen RMB'000	Derunlijia RMB'000
Revenue	1,623,534	446,247	166,352
Current assets	1,093,181	107,728	141,285
Non-current assets	239,264	17,570	23,397
Current liabilities	648,985	87,408	26,767
Net cash flows from operating activities	47,568	21,284	72,374
Net cash flows used in investing activities	(20,210)	(635)	(2,967)
Net cash flows used in financing activities	(138,882)	(82,719)	(85,571)
Net decrease in cash and cash equivalents	(111,524)	(62,070)	(16,164)

2020	Anbaida Group Companies RMB'000	Hongen RMB'000	Derunlijia RMB'000
Revenue	1,322,924	343,871	106,316
Current assets	1,107,364	160,068	199,294
Non-current assets	206,220	19,056	17,043
Current liabilities	566,876	174,498	17,179
Net cash flows from operating activities	344,209	92,468	45,473
Net cash flows used in investing activities	(9,764)	(1,754)	(1,787)
Net cash flows used in financing activities	(357,273)	(57,727)	(4,176)
Net (decrease)/increase in cash and cash equivalents	(22,828)	32,987	39,510

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB120,554,000 (2020: RMB88,589,000) and RMB120,554,000 (2020: RMB90,767,000), respectively, in respect of lease arrangements for plant and equipment.

The Group had non-cash additions to issue the New Notes to the holders of the Old Notes of USD197.9 million.

(b) Changes in liabilities arising from financing activities

2021

	Interest-bearing bank loans RMB'000	Senior notes RMB'000	Interest payable RMB'000	Lease liabilities RMB'000
At 1 January 2021	346,101	1,300,289	26,570	194,820
Changes from financing cash flows	71,127	(150,777)	(121,715)	(112,518)
Transfer	—	73,585	(73,585)	—
New leases	—	—	—	120,554
Foreign exchange movement	—	(63,550)	—	—
Interest expense	—	—	169,187	10,793
At 31 December 2021	417,228	1,159,547	457	213,649

2020

	Interest-bearing bank loans RMB'000	Senior notes RMB'000	Interest payable RMB'000	Lease liabilities RMB'000
At 1 January 2020	296,948	1,383,551	29,236	220,359
Changes from financing cash flows	49,153	—	(126,747)	(112,765)
New leases	—	—	—	90,767
Foreign exchange movement	—	(83,262)	—	—
Interest expense	—	—	124,081	9,935
Covid-19-related rent concessions from lessors	—	—	—	(586)
Disposal of expired leases	—	—	—	(12,890)
At 31 December 2020	346,101	1,300,289	26,570	194,820

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2021 RMB'000	2020 RMB'000
Within operating activities	42,010	37,855
Within financing activities	112,518	112,765
	154,528	150,620

31. PLEDGE OF ASSETS

Details of the Group's bank loans and overdrafts, and senior notes, which are secured by the assets of the Group, are included in notes 22 and 23, respectively, to the financial statements.

32. RELATED PARTY TRANSACTIONS

The Group's principal related parties are as follows:

Name	Relationship with the Company
Mr. Li Bin*	Director of the Company
Shanghai Qinyi marketing center	Controlled by Mr. Li Bin
Shanghai Lushun enterprise marketing center	Controlled by Mr. Li Bin
Ms. Liu Hong	Close family member of Mr. Li Bin
Ms. Li Yue	Close family member of Mr. Li Bin

* Mr. Li Bin was appointed as an executive director of the Company on 18 June 2021 and resigned on 31 December 2021.

32. RELATED PARTY TRANSACTIONS (CONTINUED)

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

	2021 RMB'000	2020 RMB'000
Rental and marketing fee to related parties		
Ms. Li Yue	6,801	N/A
Ms. Liu Hong	685	N/A
Mr. Li Bin	246	N/A
Shanghai Qinyi marketing center	315	N/A
Shanghai Lushun enterprise marketing center	1,558	N/A
	9,605	N/A
Purchase of a right-of-use asset		
Mr. Li Bin	20,932	N/A

Note: Rental and marketing fees were charged in line with the terms in the agreement.

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

	2021 RMB'000	2020 RMB'000
Basic salaries and other benefits	8,979	8,272
Discretionary bonuses	2,274	1,795
Pension scheme contributions	172	15
	11,425	10,082

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:

2021

Financial assets

	Financial assets at amortised cost RMB'000
Trade and bills receivables	1,590,861
Financial assets included in prepayments, other receivables and other assets	166,608
Pledged deposits	1,812
Cash and cash equivalents	585,159
	2,344,440

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade and bills payables	657,316
Financial liabilities included in other payables and accruals (note 26)	685,615
Other long-term payables (note 26)	83,132
Lease liabilities	213,649
Interest-bearing bank and other borrowings (note 23)	1,576,775
	3,216,487

33. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

2020

Financial assets

	Financial assets at amortised cost RMB'000
Trade and bills receivables	1,471,872
Financial assets included in prepayments, other receivables and other assets	114,783
Pledged deposits	15,105
Cash and cash equivalents	572,348
	2,174,108

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade and bills payables	558,241
Financial liabilities included in other payables and accruals (note 26)	753,837
Other long term payables (note 26)	120,249
Lease liabilities	194,820
Interest-bearing bank and other borrowings (note 23)	1,646,390
	3,273,537

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	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Financial liabilities				
Interest-bearing bank and other borrowings (the Notes)	1,159,549	1,300,289	1,327,755	508,942

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade and bills receivables, trade and bills payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, the current portion of lease liabilities and the current portion of interest-bearing bank and other borrowings (except the Notes) 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 including other long term payables and non-current portion of lease liabilities 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 fair value of the Notes is based on the quoted market price. The changes in fair value as a result of the Group's own non-performance risk for the non-current portion of financial liabilities including other long-term payables and non-current portion of lease liabilities as at 31 December 2021 were assessed to be insignificant.

The Group invests in unlisted investments, which represent wealth management products issued by banks in Mainland China. The fair value of the investments is based on quoted market prices.

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

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value

The Group did not have any financial assets measured at fair value as at 31 December 2021 and 31 December 2020.

Liabilities measured at fair value

The Group did not have any financial liabilities measured at fair value as at 31 December 2021 and 31 December 2020.

Liabilities for which fair values are disclosed

As at 31 December 2021

	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 (the new Notes)	1,327,755	—	—	1,327,755

As at 31 December 2020

	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 (the old Notes)	508,942	—	—	508,942

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank loans and overdrafts, financial assets at fair value through profit or loss, financial assets included in prepayments, other receivables and other assets 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.

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 and other borrowings with floating rates.

The Group's policy is to manage its interest cost using a mix of fixed and floating rate debts.

As at 31 December 2021, the total interest-bearing bank borrowings of RMB40,500,000 (31 December 2020: RMB90,000,000) of the Group were denominated in RMB with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in RMB interest rate, with all other variables held constant, of the Group's profit after tax through the impact on floating rate borrowings:

Increase/(decrease) in the Group's profit after tax

	Increase/ (decrease) in basis points %	Increase/ (decrease) in profit after tax RMB'000
2021		
RMB	1	(304)
RMB	(1)	304
2020		
RMB	1	(675)
RMB	(1)	675

The Group does not use derivative financial instruments to hedge its interest rate risk.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units and investing and financing activities by investment holding units in currencies other than the units' functional currencies. The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in USD and HKD, with all other variables held constant, of the Group's profit/(loss) before tax due to differences arising on settlement or translation of monetary assets and liabilities and the Group's equity due to the changes of the exchange fluctuation reserves of certain overseas subsidiaries of which the functional currencies are currencies other than RMB.

	Increase/ (decrease) in USD rate %	Increase/ (decrease) in profit/(loss) before tax HKD'000
2021		
If USD weakens against HKD	1	14,758
If USD strengthens against HKD	(1)	(14,758)
2020		
If USD weakens against HKD	1	15,182
If USD strengthens against HKD	(1)	(15,182)
2020		RMB'000
If USD weakens against RMB	5	5,134
If USD strengthens against RMB	(5)	(5,134)
2020		
If USD weakens against RMB	5	4,606
If USD strengthens against RMB	(5)	(4,606)

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 the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2021. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	—	—	—	1,590,861	1,590,861
Financial assets included in prepayments, other receivables and other assets					
— Normal**	166,608	—	—	—	166,608
Pledged deposits					
— Not yet past due	1,812	—	—	—	1,812
Cash and cash equivalents					
— Not yet past due	585,159	—	—	—	585,159
	753,579	—	—	1,590,861	2,344,440

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Maximum exposure and year-end staging (continued)

As at 31 December 2020

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	—	—	—	1,471,872	1,471,872
Financial assets included in prepayments, other receivables and other assets					
— Normal**	114,783	—	—	—	114,783
Pledged deposits					
— Not yet past due	15,105	—	—	—	15,105
Cash and cash equivalents					
— Not yet past due	572,348	—	—	—	572,348
	702,236	—	—	1,471,872	2,174,108

* For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 20 to the financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 20 to the financial statements.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in different sectors and industries.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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 interest-bearing bank and other borrowings and lease liabilities. 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 2021	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	Total RMB'000
Interest-bearing loans	—	148,497	284,062	—	432,559
Lease liabilities	—	20,760	75,568	144,438	240,766
Trade and bills payables	36,166	621,150	—	—	657,316
Other payables and accruals	340,059	—	—	—	340,059
Senior notes	—	29,961	152,960	1,563,975	1,746,896
Payables to non-controlling interests	214,306	—	131,250	96,436	441,992
	590,531	820,368	643,840	1,804,849	3,859,588

31 December 2020	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	Total RMB'000
Interest-bearing loans	—	98,468	258,509	—	356,977
Lease liabilities	—	14,017	74,572	123,360	211,949
Trade and bills payables	60,095	498,146	—	—	558,241
Other payables and accruals	127,332	26,570	—	—	153,902
Senior notes	—	45,022	1,350,002	—	1,395,024
Payables to non-controlling interests	296,220	—	305,316	141,265	742,801
	483,647	682,223	1,988,399	264,625	3,418,894

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios 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 2021 and 31 December 2020.

The Group monitors capital using a gearing ratio, which is net debt divided by adjusted capital plus net debt. Net debt includes interest-bearing bank and other borrowings less cash and cash equivalents. Capital includes equity attributable to owners of the parent. The gearing ratios as at the end of the reporting periods were as follows:

	2021 RMB'000	2020 RMB'000
Interest-bearing bank and other borrowings (note 23)	1,576,775	1,646,390
Less: Cash and cash equivalents	(585,159)	(572,348)
Net debt	991,616	1,074,042
Adjusted capital	755,225	757,038
Capital and net debt	1,746,841	1,831,080
Gearing ratio	57%	59%

36. EVENTS AFTER THE REPORTING PERIOD

There have been no significant events since the end of the reporting period.

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:

	2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	27,594	28,405
Total non-current assets	27,594	28,405
CURRENT ASSETS		
Amounts due from subsidiaries	1,668,099	1,771,525
Prepayments, other receivables and other assets	59,547	57,734
Cash and cash equivalents	3,471	27,260
Total current assets	1,731,117	1,856,519
CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	41,587	1,300,289
Amounts due to subsidiaries	204,892	25,995
Other payables and accruals	36	26,300
Total current liabilities	246,515	1,352,584
NET CURRENT ASSETS	1,484,602	503,935
TOTAL ASSETS LESS CURRENT LIABILITIES	1,512,196	532,340
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	1,117,962	—
Total non-current liabilities	1,117,962	—
NET ASSETS	394,234	532,340
EQUITY		
Issued capital	46,576	47,088
Reserves (note)	347,658	485,252
TOTAL EQUITY	394,234	532,340

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

Note: A summary of the Company's reserves is as follows:

	Treasury shares RMB'000	Share premium account RMB'000	Accumulated losses RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000
Balance at 1 January 2020	(4,166)	809,275	(258,120)	88,374	635,363
Total comprehensive loss for the year	—	—	(96,032)	(36,917)	(132,949)
Shares repurchased	4,166	(21,328)	—	—	(17,162)
At 31 December 2020 and 1 January 2021	—	787,947	(354,152)	51,457	485,252
Total comprehensive loss for the year	—	—	(102,020)	(13,689)	(115,709)
Shares repurchased	—	(21,885)	—	—	(21,885)
At 31 December 2021	—	766,062	(456,172)	37,768	347,658

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 March 2022.

FIVE YEARS FINANCIAL SUMMARY

For the year ended 31 December 2021

	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000
RESULTS					
Revenue	4,930,692	4,106,938	4,903,268	4,446,954	3,926,877
(Loss)/Profit for the year	12,679	(645,298)	301,254	349,535	350,575
(Loss)/Profit for the year attributable to:					
Owners of parent	3,327	(590,485)	202,673	251,746	249,968
Non-controlling interests	9,352	(54,813)	98,581	97,789	100,607
ASSETS AND LIABILITIES					
Total assets	4,558,881	4,655,255	6,021,555	5,847,754	5,487,271
Total Liabilities	3,726,847	3,799,499	4,710,708	4,758,812	4,803,620
Net assets	832,034	855,756	1,310,847	1,088,942	683,651

Yes!Star

www.yestarcorp.com