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## **Yestar Healthcare Holdings Company Limited**

**巨星醫療控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2393)**

**US\$200 MILLION 6.9% SENIOR NOTES DUE 2021**

**(Stock Code: 4508)**

### **ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020 AND RESUMPTION OF TRADING**

#### **FINANCIAL HIGHLIGHTS**

Revenue decreased by approximately 16.2% to approximately RMB4,106.9 million in 2020 from approximately RMB4,903.3 million in 2019.

Revenue for the six months ended 31 December 2020 amounted to RMB2,504.6 million, representing an increase of 56.3% from RMB1,602.3 million for the six months ended 30 June 2020.

Loss attributable to owners of the parent in 2020 amounted to approximately RMB590.5 million, representing a decrease of approximately RMB793.2 million from profit attributable to owners of the parent of approximately RMB202.7 million in 2019. Impairment loss on goodwill amounted to RMB447.5 million (2019: RMB39.9 million) and impairment loss on other intangible assets amounted to RMB342.9 (2019: Nil), representing impairment loss for a total amount of RMB790.4 million in 2020.

Loss per share in 2020 amounted to RMB25.0 cents, representing a decrease of RMB33.5 cents from earnings per share of approximately RMB8.5 cents in 2019.

Operating cash net inflow amounted to RMB670.7 million in 2020, representing an increase of RMB238.7 million from RMB432.0 million in 2019; while total liabilities amounted to RMB3,799.5 million in 2020, representing a decrease of RMB911.2 million from RMB4,710.7 million in 2019.

Inventories decreased by approximately 24.3% to approximately RMB591.5 million in 2020 from approximately RMB781.4 million in 2019.

Account receivables decreased by approximately 5.7% to approximately RMB1,471.9 million in 2020 from approximately RMB1,560.6 million in 2019.

The Board did not recommend the payment of a final dividend for the year 2020 (2019: Nil).

## ANNUAL RESULTS

The board (the “Board”) of directors (the “Directors”) of Yestar Healthcare Holdings Company Limited (“Yestar” or the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2020 (the “Year”) together with comparative figures for the year ended 31 December 2019 as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*Year ended 31 December 2020*

	<i>Notes</i>	<b>2020</b> <b>RMB'000</b>	2019 <i>RMB'000</i>
<b>REVENUE</b>	4	<b>4,106,938</b>	4,903,268
Cost of sales		<u><b>(3,300,058)</b></u>	<u>(3,637,961)</u>
Gross profit		<b>806,880</b>	1,265,307
Other income and gains	4	<b>70,894</b>	39,275
Selling and distribution expenses		<b>(286,699)</b>	(296,962)
Administrative expenses		<b>(336,763)</b>	(357,145)
Impairment loss on financial assets		<b>(25,279)</b>	(9,469)
Other expenses		<b>(802,794)</b>	(47,791)
Finance costs	5	<b>(124,081)</b>	(133,156)
Share of profit and loss of an associate		<u><b>5,247</b></u>	<u>(9,166)</u>
<b>(LOSS)/PROFIT BEFORE TAX</b>	6	<b>(692,595)</b>	450,893
Income tax credit/(expense)	7	<u><b>47,297</b></u>	<u>(149,639)</u>
<b>(LOSS)/PROFIT FOR THE YEAR</b>		<u><b>(645,298)</b></u>	<u>301,254</u>
Attributable to:			
Owners of the parent		<b>(590,485)</b>	202,673
Non-controlling interests		<u><b>(54,813)</b></u>	<u>98,581</u>
		<u><b>(645,298)</b></u>	<u>301,254</u>
<b>(LOSS)/EARNINGS PER SHARE</b>			
<b>ATTRIBUTABLE TO ORDINARY</b>			
<b>EQUITY HOLDERS OF THE PARENT</b>			
Basic and diluted			
For (loss)/profit for the year	9	<u><b>RMB(25.0) cents</b></u>	<u>RMB8.5 cents</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2020

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>(LOSS)/PROFIT FOR THE YEAR</b>	<b><u>(645,298)</u></b>	<b><u>301,254</u></b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>79,064</u>	<u>(22,137)</u>
<b>Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods</b>	<b><u>79,064</u></b>	<b><u>(22,137)</u></b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX</b>	<b><u>79,064</u></b>	<b><u>(22,137)</u></b>
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR</b>	<b><u>(566,234)</u></b>	<b><u>279,117</u></b>
Attributable to:		
Owners of the parent	(511,421)	180,536
Non-controlling interests	<u>(54,813)</u>	<u>98,581</u>
	<b><u>(566,234)</u></b>	<b><u>279,117</u></b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION***31 December 2020*

	<i>Notes</i>	<b>2020</b> <b>RMB'000</b>	2019 <i>RMB'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>181,428</b>	144,670
Right-of-use assets		<b>247,078</b>	273,529
Other intangible assets		<b>956,842</b>	1,463,778
Goodwill		<b>420,067</b>	905,338
Investment in an associate		<b>5,247</b>	—
Deferred tax assets		<b>20,336</b>	13,415
Total non-current assets		<b>1,830,998</b>	2,800,730
<b>CURRENT ASSETS</b>			
Inventories		<b>591,523</b>	781,423
Trade and bills receivables	10	<b>1,471,872</b>	1,560,585
Prepayments, other receivables and other assets	11	<b>173,409</b>	181,924
Financial assets at fair value through profit or loss		—	32,000
Pledged deposits		<b>15,105</b>	118,707
Cash and cash equivalents		<b>572,348</b>	546,186
Total current assets		<b>2,824,257</b>	3,220,825
<b>CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings		<b>1,646,390</b>	296,948
Trade and bills payables	12	<b>558,241</b>	599,206
Contract liabilities		<b>37,461</b>	21,835
Other payables and accruals	13	<b>835,986</b>	1,644,959
Lease liabilities		<b>79,449</b>	89,075
Tax payable		<b>130,880</b>	141,568
Total current liabilities		<b>3,288,407</b>	2,793,591
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<b>(464,150)</b>	427,234
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,366,848</b>	3,227,964

	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank and other borrowings	—	1,383,551
Lease liabilities	<b>115,371</b>	131,284
Deferred tax liabilities	<b>267,961</b>	394,582
Other long term payables	<b>127,760</b>	7,700
	<hr/>	<hr/>
Total non-current liabilities	<b>511,092</b>	1,917,117
	<hr/>	<hr/>
<b>NET ASSETS</b>	<b>855,756</b>	1,310,847
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<b>EQUITY</b>		
Equity attributable to owners of the parent		
Share capital	<b>47,088</b>	47,519
Treasury shares	—	(4,166)
Reserves	<b>709,950</b>	1,129,319
	<hr/>	<hr/>
	<b>757,038</b>	1,172,672
	<hr/>	<hr/>
Non-controlling interests	<b>98,718</b>	138,175
	<hr/>	<hr/>
<b>TOTAL EQUITY</b>	<b>855,756</b>	1,310,847
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## NOTES TO FINANCIAL STATEMENTS

31 December 2020

### 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.

### 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.

#### Going concern basis

As at 31 December 2020, the Group’s current liabilities exceeded its current assets by RMB464,150,000. The Group’s current liabilities included the interest-bearing bank and other borrowings due within the next twelve months amounted to RMB1,646,390,000 of which USD200,000,000 (approximated to RMB1,300,289,000) consist of the senior notes due for repayment by 15 September 2021. The status of the Group’s interest-bearing bank and other borrowings including the senior notes as at 31 December 2020 was further detailed in note 24 to the consolidated financial statements. The Group’s ability to continue as a going concern is dependent on the ongoing availability of finance to the Group, including the extension of the due date of the senior notes and additional financing facilities within next twelve months.

All of the conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

In view of the circumstances and conditions mentioned above, the directors have given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. In order to improve the Group's liquidity and cash flows to sustain the Group as a going concern, the Group has implemented, or is in the process of implementing, the following key plans and measures:

- (i) The Group is actively negotiating with financial institutions and senior notes holders to seek for extension of due dates of the interest-bearing bank and other borrowings and the senior notes;
- (ii) The Group is actively negotiating with its non-controlling shareholders for extension of the payables to non-controlling interests amounted to RMB599,935,000 due in 2021; and
- (iii) The Group is actively negotiating with financial institutions to seek for new financing facilities.

The directors of the Company, including members of the audit committee, have reviewed the Group's cash flow projections prepared by management, covering a period of not less than twelve months from 31 December 2020. Although there is an uncertainty which may cast significant doubt on the Group's ability to continue as a going concern, the directors, after taking into account the above-mentioned plans and measures, are of the opinion that, the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2020. Accordingly, the directors believe that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group will be able to continue as a going concern will depend upon the Group's ability to generate adequate financial and operating cash flows through the following:

- (i) Successfully negotiating with financial institutions and senior notes holders to seek for the extension of due dates of the interest-bearing bank and other borrowings and the senior notes;
- (ii) Successfully negotiating with its non-controlling shareholders for extension of the payables to non-controlling interests amounted to RMB599,935,000 due in 2021; and
- (iii) Successfully obtaining additional financing facilities within next twelve months.

## **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 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has the rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power on the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

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 *Conceptual Framework for Financial Reporting 2018* and the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 3	<i>Definition of a Business</i>
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to IFRS 16	<i>Covid-19-Related Rent Concessions</i> (early adopted)
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i>

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised IFRSs are described below:

- (a) *Conceptual Framework for Financial Reporting 2018* (the “Conceptual Framework”) sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.
- (b) Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

- (c) Amendments to IFRS 9, IAS 39 and IFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate (“RFR”). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. 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.
- (d) Amendment to IFRS 16 provides a 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. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

During the year ended 31 December 2020, certain monthly lease payments for the leases of the Group’s plant and machinery have been reduced or waived by the lessors upon reducing the scale of production as a result of the pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the pandemic during the year ended 31 December 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of RMB586,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 31 December 2020.

- (e) Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

## 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	<i>Reference to the Conceptual Framework</i> <sup>2</sup>
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	<i>Interest Rate Benchmark Reform — Phase 2</i> <sup>1</sup>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>4</sup>
IFRS 17	<i>Insurance Contracts</i> <sup>3</sup>
Amendments to IFRS 17	<i>Insurance Contracts</i> <sup>3,5</sup>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> <sup>3</sup>
Amendments to IAS 1	<i>Disclosure of Accounting Policies</i> <sup>3</sup>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i> <sup>3</sup>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i> <sup>2</sup>
Amendments to IAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i> <sup>2</sup>
<i>Annual Improvements to IFRS Standards 2018–2020</i>	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>4</sup> No mandatory effective date yet determined but available for adoption

<sup>5</sup> 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

## 3. OPERATING SEGMENT INFORMATION

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

- (a) Imaging printing products: manufacture and sale of 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.

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 2020

	Imaging printing products RMB'000	Medical products and equipment RMB'000	Total RMB'000
<b>Segment revenue:</b> (note 4)			
Sales to external customers	348,908	3,758,030	4,106,938
Intersegment sales	487,790	1,295,359	1,783,149
	<hr/>	<hr/>	<hr/>
<u>Reconciliation:</u>			
Elimination of intersegment sales			(1,783,149)
Revenue			<u>4,106,938</u>
<b>Segment results</b>	(1,870)	(679,527)	(681,397)
<u>Reconciliation:</u>			
Corporate and other unallocated expenses			<u>(11,198)</u>
Loss before tax			<u>(692,595)</u>
<b>Segment assets</b>	326,402	4,237,299	4,563,701
<u>Reconciliation:</u>			
Corporate and other unallocated assets			<u>91,554</u>
Total assets			<u>4,655,255</u>
<b>Segment liabilities</b>	113,637	3,396,767	3,510,404
<u>Reconciliation:</u>			
Corporate and other unallocated liabilities			<u>289,095</u>
Total liabilities			<u>3,799,499</u>
<b>Other segment information:</b>			
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*	<u>3,049</u>	<u>76,704</u>	<u>79,753</u>

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

**Year ended 31 December 2019**

	Imaging printing products <i>RMB'000</i>	Medical products and equipment <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Segment revenue: (note 4)</b>			
Sales to external customers	497,173	4,406,095	4,903,268
Intersegment sales	<u>330,670</u>	<u>790,981</u>	<u>1,121,651</u>
<b><u>Reconciliation:</u></b>			
Elimination of intersegment sales			(1,121,651)
Revenue			<u><u>4,903,268</u></u>
<b>Segment results</b>	14,959	466,860	481,819
<b><u>Reconciliation:</u></b>			
Corporate and other unallocated expenses			<u>(30,926)</u>
Profit before tax			<u><u>450,893</u></u>
<b>Segment assets</b>	375,192	5,473,495	5,848,687
<b><u>Reconciliation:</u></b>			
Corporate and other unallocated assets			<u>172,868</u>
Total assets			<u><u>6,021,555</u></u>
<b>Segment liabilities</b>	217,613	4,119,097	4,336,710
<b><u>Reconciliation:</u></b>			
Corporate and other unallocated liabilities			<u>373,998</u>
Total liabilities			<u><u>4,710,708</u></u>
<b>Other segment information:</b>			
Depreciation of items of property, plant and equipment	7,161	17,533	24,694
Depreciation of items of right-of-use assets/ recognition of prepaid land lease payments	2,456	91,497	93,953
Amortisation of intangible assets	299	130,762	131,061
Share of loss of an associate	—	9,166	9,166
Impairment loss recognised in the statement of profit or loss, net	3,119	51,406	54,525
Loss/(Gain) on disposal of items of property, plant and equipment	34	(123)	(89)
Capital expenditure*	<u>939</u>	<u>41,492</u>	<u>42,431</u>

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

### Information about major customers

During the year ended 31 December 2020, the Group had one customer from whom the revenue was raised by selling medical imaging products and printing imaging products of RMB850,478,000 (2019: RMB931,874,000) which accounted for more than 20% (2019: more than 19%) of the Group's total revenue during the year.

### 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.

## 4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Revenue from contracts with customers	<b><u>4,106,938</u></b>	<u>4,903,268</u>

**Revenue from contracts with customers**

**(i) Disaggregated revenue information**

For the year ended 31 December 2020

*Segments*

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

For the year ended 31 December 2019

*Segments*

	Imaging printing products RMB'000	Medical products and equipment RMB'000	Total RMB'000
<b>Types of goods or services</b>			
Sale of goods	497,173	4,362,021	4,859,194
Rendering of services	—	44,074	44,074
	<u>497,173</u>	<u>4,406,095</u>	<u>4,903,268</u>
Total revenue from contracts with customers	<u>497,173</u>	<u>4,406,095</u>	<u>4,903,268</u>
<b>Timing of revenue recognition</b>			
Goods transferred at a point time	497,173	4,362,021	4,859,194
Services transferred over time	—	44,074	44,074
	<u>497,173</u>	<u>4,406,095</u>	<u>4,903,268</u>
Total revenue from contracts with customers	<u>497,173</u>	<u>4,406,095</u>	<u>4,903,268</u>

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 2020

*Segments*

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

For the year ended 31 December 2019

*Segments*

	Imaging printing products RMB'000	Medical products and equipment RMB'000	Total RMB'000
<b>Revenue from contracts with customers</b>			
External customers	497,173	4,406,095	4,903,268
Intersegment sales	<u>330,670</u>	<u>790,981</u>	<u>1,121,651</u>
	827,843	5,197,076	6,024,919
Intersegment adjustments and eliminations	<u>(330,670)</u>	<u>(790,981)</u>	<u>(1,121,651)</u>
Total revenue from contracts with customers	<u><u>497,173</u></u>	<u><u>4,406,095</u></u>	<u><u>4,903,268</u></u>



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:

	<b>2020</b> <b>RMB'000</b>	2019 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of goods	<b>11,434</b>	13,205
Rendering of services	<b>10,401</b>	7,854
	<b><u>21,835</u></b>	<u>21,059</u>
Revenue recognised from performance obligations satisfied in previous periods	<u>—</u>	<u>—</u>

**(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 180 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.

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

	<b>2020</b> <b>RMB'000</b>	2019 <i>RMB'000</i>
Amount expected to be recognised as revenue:		
Within one year	<b><u>37,461</u></b>	<u>21,835</u>

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Other income and gains</b>		
Government grants ( <i>note</i> )	29,345	32,323
Net gain on disposal of other intangible assets	17,189	—
Foreign exchange differences, net	11,432	—
Interest income	11,352	5,837
Gain on disposal of right-of-use assets	357	—
Net gain on financial assets at fair value through profit or loss	331	705
Net gain on disposal of items of property, plant and equipment	—	89
Others	888	321
	<u>70,894</u>	<u>39,275</u>

*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.

## 5. FINANCE COSTS

An analysis of finance costs is as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Finance costs</b>		
Interest on bank loans, overdrafts and other borrowings	113,201	120,256
Interest on lease liabilities	9,935	10,474
Interest arising from discounted bills	945	2,426
	<u>124,081</u>	<u>133,156</u>

## 6. (LOSS)/PROFIT BEFORE TAX

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Cost of inventories sold and services provided (including the related depreciation and amortisation)	3,300,058	3,637,961
Depreciation of property, plant and equipment	32,110	24,694
Depreciation of right-of-use assets	102,507	93,953
Amortisation of other intangible assets	116,634	131,061
Research and development costs	648	463
Lease payments not included in the measurement of lease liabilities	37,861	29,645
Auditors' remuneration	4,030	3,000
Employee benefit expense (including directors' remuneration):		
Wages and salaries	194,531	210,279
Pension scheme contributions	3,617	15,378
	<u>198,148</u>	<u>225,657</u>
Foreign exchange differences, net	(11,432)	3,239
Impairment of inventories	2,057	5,118
Impairment of trade receivables, net	25,279	9,469
Impairment of goodwill*	447,450	39,938
Impairment of other intangible assets*	342,857	—
Impairment of property, plant and equipment	941	—
Gain on disposal of other intangible assets	(17,189)	—
Gain on disposal of right-of-use assets	(357)	—
Loss/(gain) on disposal of items of property, plant and equipment	<u>620</u>	<u>(89)</u>

\* 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.

## 7. 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% (2019: 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 profit of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008.

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Current — PRC		
Charge for the year	86,245	186,255
Deferred	<u>(133,542)</u>	<u>(36,616)</u>
Total tax (credit)/charge for the year	<u><u>(47,297)</u></u>	<u><u>149,639</u></u>

A reconciliation of the tax expense applicable to profit 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:

	2020		2019	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
(Loss)/profit before tax	(692,595)		450,893	
Tax at applicable tax rate	(173,149)	25.0%	112,723	25.0%
Lower tax rate for certain entities in different jurisdictions	8,956	(1.3%)	19,366	4.3%
Expenses not deductible for tax	124,348	(18.0%)	14,984	3.3%
Tax losses not recognised	5,867	(0.8%)	1,363	0.3%
Tax incentives on eligible expenditures	(5,062)	0.7%	—	—
Adjustments to current tax of previous periods	(6,571)	0.9%	(498)	(0.1%)
(Profit)/loss attributable to an associate	(1,312)	0.2%	2,291	0.5%
Income not subject to tax	(374)	0.1%	(590)	(0.1%)
Tax (credit)/charge at the effective rates	<u><u>(47,297)</u></u>	<u><u>6.8%</u></u>	<u><u>149,639</u></u>	<u><u>33.2%</u></u>

The share of tax attributable to an associate amounting to RMB5,247,000 (2019: RMB9,166,000) is included in “Share of profit and loss of an associate” in the consolidated statement of profit or loss.

## 8. DIVIDENDS

There was no proposed final dividend for the year ended 31 December 2020 (2019: Nil) which would be subject to the approval of the Company’s shareholders at the forthcoming annual general meeting.

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

The calculation of the basic (loss)/earnings per share amount is based on the (loss)/profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,361,760,000 in issue during the year ended 31 December 2020 (2019: 2,390,627,000).

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>(Loss)/Earnings</b>		
(Loss)/Profit attributable to ordinary equity holders of the parent used in the basic (loss)/earnings per share calculation	<b>(590,485)</b>	202,673
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in the basic (loss)/earnings per share calculation (thousands)	<b>2,361,760</b>	2,390,627
Basic (loss)/earnings per share (RMB cents)	<u><b>(25.0)</b></u>	<u>8.5</u>

The diluted (loss)/earnings per share amounts were equal to the basic (loss)/earnings per share amounts for the years ended 31 December 2020 and 2019, as there were no diluting events during the years ended 31 December 2020 and 2019.

#### 10. TRADE AND BILLS RECEIVABLES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade receivables	<b>1,507,831</b>	1,565,120
Bills receivable	<b>15,989</b>	22,450
Impairment	<u><b>(51,948)</b></u>	<u>(26,985)</u>
	<u><b>1,471,872</b></u>	<u>1,560,585</u>

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.

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:

	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Within 90 days	<b>843,616</b>	978,265
91 to 180 days	<b>373,835</b>	339,484
181 to 365 days	<b>125,140</b>	166,842
1 to 2 years	<b>97,945</b>	48,113
2 to 3 years	<b>15,347</b>	5,431
	<b><u>1,455,883</u></b>	<u>1,538,135</u>

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

	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
At beginning of year	<b>26,985</b>	17,516
Impairment losses, net	<b>25,279</b>	9,469
Amount written off as uncollectable	<b>(316)</b>	—
At end of year	<b><u>51,948</u></b>	<u>26,985</u>

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.

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 2020**

	Not past due	Past due			Total
		Less than 6 month	7 to 12 months	Over 12 months	
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

**As at 31 December 2019**

	Not past due	Past due			Total
		Less than 6 month	7 to 12 months	Over 12 months	
Expected credit loss rate	0.41%	1.12%	7.37%	28.71%	1.72%
Gross carrying amount	1,002,983	446,784	71,362	43,991	1,565,120
Expected credit losses	4,075	5,018	5,260	12,632	26,985

The expected credit loss for bills receivable, 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.

**11. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS**

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Prepayments	50,168	61,689
Value added tax input	8,458	6,899
Deposits and other receivables	61,931	56,829
Financial assets measured at amortised cost	52,852	56,507
	<u>173,409</u>	<u>181,924</u>

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 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 2020 and 2019, the loss allowance was assessed to be minimal.

## 12. TRADE AND BILLS PAYABLES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade payables	527,885	571,453
Bills payable	30,356	27,753
	<u>558,241</u>	<u>599,206</u>

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Within 90 days	467,790	545,706
91 to 180 days	49,661	12,284
181 to 365 days	6,270	11,235
1 to 2 years	2,474	2,151
Over 2 years	1,690	77
	<u>527,885</u>	<u>571,453</u>

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

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

## 13. OTHER PAYABLES AND ACCRUALS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Current portion:		
Other payables	127,332	100,913
Value added tax payable	61,479	49,394
Payroll and welfare payable	20,670	26,097
Interest payable	26,570	29,236
Payables to non-controlling interests ( <i>note</i> )	599,935	1,439,319
	<u>835,986</u>	<u>1,644,959</u>
Non-current portion:		
Deferred government grant	7,511	7,700
Payables to non-controlling interests ( <i>note a</i> )	120,249	—
	<u>127,760</u>	<u>7,700</u>



*Notes:*

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

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

- a) Pursuant to the share purchase agreement entered 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 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 in 3 phases by 31 August 2021 at a consideration of RMB675 million. As at 31 December 2020, the Company completed the acquisition of a 9% equity interest and paid RMB405,000,000 to Mr. Li Bin and Mr. Li Changgui.

As at 31 December 2020, the carrying amount of RMB120,249,000 related to dividend payable to Mr. Li Bin and Mr. Li Changgui from 2022 to 2025.

- b) Pursuant to the share purchase agreement entered between Yestar Medical, Mr. Wang Kaijun, Mr. Zhang Shuqiang, Ms. Song Yalin, and Mr. Ma Boming on 13 October 2016, Yestar Medical acquired the 70% equity interest in Hongen. Yestar Medical is obligated to acquire the remaining 30% equity interest in Hongen if the respective net profits of Hongen in 2017, 2018 and 2019 have reached the annual guarantee profits. The maximum consideration shall not exceed RMB270 million. Since Hongen has met the annual guarantee profit targets for the years from 2017 to 2019, Yestar Medical is obligated to acquire the remaining 30% equity interest in Hongen. Yestar Medical signed a share purchase agreement on 27 March 2020 to purchase the remaining 20% equity interest at the consideration of Hongen’s entire existing tissue diagnostic business of the distribution of Roche Diagnostic Products in the Guangdong province in the PRC and then the Group did not have contractual obligation to purchase the remaining 10% equity interest.

- c) Pursuant to the share purchase agreement entered 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 of the report date.
- d) Pursuant to the share purchase agreement entered 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 is negotiating with Mr. Pang to purchase the remaining 30% equity interest. No agreement was reached as of the report date.

## **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**

2020 was a year filled with challenges and progress. The sudden outbreak of Covid-19 in the first half of 2020 affected the operation and performance of many businesses in the PRC. 24 provinces and regions were placed under strict lockdown and travel restrictions during the period, including Beijing, Shanghai, Guangdong, Hunan, Zhejiang, Hubei and Anhui. Most hospital resources in these regions were spared for Covid-19 treatment. Outpatient clinics, special clinics and emergency services were limited to a minimum level. This led to a decrease in IVD testing, which resulted in a drastic decrease in demand of IVD reagents and related consumables.

Under a comprehensive and rigorous control, the PRC shortly recovered from Covid-19 and regained its momentum in the second half of the year. Hospital services gradually resumed normal operation. Health assessments also recommenced which led to a rebound in demand for regular check-ups and screening for chronic diseases. Meanwhile, the Chinese government remained on high vigilance with a series of enhanced preventative measures. On 23 July 2020, the General Office of the State Council issued a circular on health and medical reform, emphasizing the importance of prevention rather than treatment to shield the country from Covid-19 rebound. Improving the prevention and treatment of chronic, endemic and occupational diseases was also the highlights listed in the circular. These policies will boost the demand of IVD reagents and related consumables in the near future. As one of the largest distributors and service providers of IVD products, Yestar will certainly benefit from the resumption of hospital operation and the support of government policy.

## **BUSINESS OVERVIEW**

### **Expanded Product Portfolio and Network Under the Hardship of Covid-19**

In the first half of 2020, Yestar successfully introduced a domestic and a Japanese IVD brand to its existing product portfolio. The Group had been distributing their thrombus testing products in the second half of the Year across top-tier and lower-tier medical institutions. Both products contributed a satisfactory margin and the Group expects to see a more significant revenue contribution next year. Apart from new brand introduction, the Group also developed new house brand products to assist the combat of Covid-19 outbreak, including 84 disinfectant and medical disposable masks. Medical masks were exported to the United States, Japan, Singapore and Indonesia for Covid-19 presentation.

In the second half of the Year, Yestar has introduced Roche's newly launched cobas t711 and t511 coagulation analyzers to its product portfolio. They are capable of fully automated and scheduled reagent reconstitution, the ultimate enabler of continuous operation. Coagulation is a new area for Roche's development in the PRC and the new analyzers can be installed in laboratory with other series. With the diversified product offerings, the Group can extend its customer outreach and thus enhance future revenue stream.

In terms of network expansion, during the Year, the Group has successfully tapped into Guangxi and Anhui provinces by installing Fujifilm's automated dry chemistry analyzers, further increased its geographical coverage.

### **Upgraded Eastern China logistics center into Training Center to Facilitate Customer Acquisition**

Yestar has been dedicated in providing better after sales and logistics services. During the Year, the Group upgraded its Eastern China logistics center into a training center which fulfilled the standards of Roche's authorized training centre. It is equipped with upgraded facilities, such as seminar room and laboratory, to help demonstrate Roche's highly automated equipment. The new center will also help strengthen Yestar's relationship with its customers, including hospital personnel, lab operators, distributors and others, by providing product education and after-sales services to them, promoting its latest products as well. According to track record, the Group's Northern Training Centre authorized by Roche had attract regional large-scale medical institution as new customer. With the new Eastern China Training Centre to be launch very soon in 2021, Yestar believes that it will help to increase customer loyalties as well as customer acquisition.

## **Maintained Stable Operating Cash Flow Despite the Covid-19 Pandemic**

During the Year, the Group had implemented stringent cost control measures to ensure sufficient cash flow to encounter the adverse market situation caused by the Covid-19. Especially, the Group had continued to improve its inventory turnover, with inventory recording a decrease of 24.3% year-over-year (“yoy”) to RMB591.5 million. Improvements were also seen in trade receivables, which decreased by 5.7%. Meanwhile, operating cash inflow recorded a growth of 55.3% compared to 2019.

## **Acquisition of the remaining interests in two non wholly-owned subsidiaries**

To further develop and consolidate the medical consumable business of the Group, on 27 March 2020 and 7 August 2020, the Company has entered into share transfer agreements with respective vendors to acquire remaining 20% and 30% equity interests in Guangzhou Hongen Medical Diagnostic Technologies Company Limited and Shanghai Anbaida Group Companies respectively pursuant to the terms of the respective share transfer agreement. Please refer to the Company’s announcements dated 27 March 2020 and 7 August 2020 respectively for details of the acquisitions.

## **Profit Guarantee in relation to Derunlijia**

Reference is made to (i) the announcement of 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 year ended 31 December 2019; (iii) the announcements of the Company (the “Announcements”) dated 27 March 2020, 24 April 2020 and 26 August 2020, 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 after taxation 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 RMB9.75 million to the purchaser pursuant to the share transfer agreement.

Taking into account the continuous negative business and financial impact of Derunlijia caused by the COVID-19, the Group has yet to declare and deduct any accumulated dividend payable or to be paid to the Vendors for the settlement of Compensation Amount partially or fully. As at the date of this announcement, the Group has not received any Compensation Amount from the Vendors. The Group will arrange for the settlement of Compensation Amount in full by deduction of accumulated dividend payable or to be paid to the Vendors once the business operation in Derunlijia resumes to normal with healthy cash flow maintained.

The Company will keep the shareholders and potential investors of the Company informed of any further significant development in relation to the progress 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 2020, 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, for the year ended 31 December 2020, the Group recorded an impairment loss on goodwill in the above acquired companies for an amount

of approximately RMB447.5 million (2019: RMB39.9 million), which was due to its lower recoverable amounts in relation to the estimated future business performance and hence the value of the discounted cash flow of the above subsidiaries taking into account the budgeted gross profit margin and estimated growth rate of different product mixture, which are the assumptions adopted in value-in-used calculation.

In addition, an impairment loss of other intangible assets (which included distribution rights and customer relationship) of RMB342.9 million (2019: Nil) was also recognised in the consolidated statement of profit or loss as other expense in 2020.

### Use of Proceeds from Allotment of 230,000,000 New Shares

On 19 December 2018, the Company completed the allotment and issuance of 230,000,000 new shares (the “Subscription Shares”) to Fujifilm Corporation at HK\$1.79 per share. The Subscription Shares represented approximately 9.56% of the issued shares after the completion of allotment and issuance of the Subscription Shares of the Company. The aggregated gross and net proceeds received from the subscription of 230,000,000 new shares amounted to approximately HK\$411.7 million and approximately HK\$409.7 million respectively.

As at 31 December 2020, the net proceeds from the allotment of the Subscription Shares have been fully applied and utilized as follows:

	Amount of net proceeds allocated <i>HK\$ million</i>	Total remaining net proceeds available as at 1 January 2020 <i>HK\$ million</i>	Actual amount utilized for the six months ended 30 June 2020 <i>HK\$ million</i>	Actual amount utilized for the year ended 31 December 2020 <i>HK\$ million</i>	Total remaining net proceeds for the year ended 31 December 2020 <i>HK\$ million</i>
Intended use of net proceeds					
Possible acquisition to expand market share	163.88	163.88	—	163.88	—
Repayment of interest bearing borrowings to reduce finance cost	163.88	—	—	—	—
General working capital	81.94	40.97	20.97	20.00	—
Total	<u>409.70</u>	<u>204.85</u>	<u>20.97</u>	<u>183.88</u>	<u>—</u>

The Directors confirmed that the actual use of the above net proceeds are same as planned as disclosed in the related announcement and are not aware of any material change to the planned use of proceeds from the allotment of the Subscription Shares.



## FINANCIAL REVIEW

During the first half of the year, most hospital resources have been reserved to combat the Covid-19, which caused a plunge in demand of the IVD equipment installment reagent and related consumables. With the PRC recovering from the Covid-19, regular services in hospitals and medical clinics had resumed services, leading to a V-rebound in the demand of such products. This resulted in an overall decrease in revenue by 16.2% yoy to RMB4,106.9 million (2019: RMB4,903.3 million). As the economy recovered, the Group's sales performance in the second half of the year rebounded and recorded 56.3% growth compare to the first half.

<b>Sales Performance</b>		
<i>(RMB million)</i>		
<b>1H2020</b>	<b>2H2020</b>	<b>Change</b>
<u>1,602.3</u>	<u>2,504.6</u>	<u>56.3%</u>

Gross profit was dropped by 36.2% to RMB806.9 million (2019: RMB1,265.3 million), with gross profit margin decreased by 6.2p.p. to 19.6% (2019: 25.8%). This was attributable to the decrease of product market price as a result of medical reform and the change of direct and indirect sales channels contribution. As the group has been promoting close-end automated machines such as cobas e 801, lab automation installation in 2019, sales volume is relatively secure when hospital resumed their normal operation.

Marketing and travelling activities were on hold during the first half of 2020. Since the spread of Covid-19 were under control, Yestar were back on its machine installation goal in the second half of the Year. Selling and distribution expenses decreased by 3.5% yoy to RMB286.7 million (2019: RMB297.0 million). Administrative expenses and finance cost decreased slightly by 5.7% to RMB336.8 million and 6.8% to RMB124.1 million respectively (2019: RMB357.1 million and RMB133.2 million). An impairment loss on goodwill and other intangible assets of the Company, which are non-cash and non-operating items, amounted to RMB790.4 million were recorded for the year ended 31 December 2020. Thus, the Group recorded a loss attributable to owners of the parent of RMB590.5 million (2019: profit of RMB202.7 million). Impairment loss on goodwill amounted to RMB447.5 million (2019: RMB39.9 million) and impairment loss on other intangible assets amounted to RMB342.9 million (2019: Nil), representing impairment loss for a total amount of RMB790.4 million in 2020. Operating cash net inflow amounted to RMB670.7 million in 2020, representing an increase of RMB238.7 million from RMB432.0 million in 2019; while total liabilities amounted to RMB3,799.5 million in 2020, representing a decrease of RMB911.2 million from RMB4,710.7 million in 2019. Basic loss per share was amounted to RMB25.0 cents (2019: earnings per share of RMB8.5 cents). The board of directors (the "Board") has resolved not to declare any dividend for the year ended 31 December 2020 (2019: Nil).



## Medical Business — 91.5% of Overall Revenue

During the Year, demands for IVD equipment and consumables decreased due to the impact of Covid-19. The Group recorded a segment revenue of RMB3,758.0 million (2019: RMB4,406.1 million), representing a drop of 14.7% yoy. Segment gross profit margin also decreased 6.7p.p. to approximately 20.2% as compared to that of approximately 26.9% of last year.

Despite the decline, the Group continued to introduce new products during the Year, which expected to begin revenue contribution in 2021. On top of product expansion, the Group has newly penetrated into 20 tier-2 hospitals, driving a further growth in sales volume.

### Numbers of Hospitals and Clinics Covered

For the year ended 31 December	2019	2020	YOY change
<b>Provinces</b>			
Anhui	70	70	0%
Fujian	71	72	1%
Guangdong	355	355	0%
Guangxi	—	29	—
Hainan	54	59	9%
Hebei	32	39	22%
Hunan	18	20	11%
Jiangsu	260	260	0%
<b>Autonomous region</b>			
Inner Mongolia	10	10	0%
<b>Tier-1 cities</b>			
Beijing	190	201	6%
Guangzhou	110	110	0%
Shanghai	315	315	0%
Shenzhen	69	69	0%
<b>Overall</b>	<u>1,554</u>	<u>1,609</u>	<u>3.5%</u>

Due to Covid-19, more resources has been allocated to 3rd and 4th-tier cities and its hospitals and the Group has captured this opportunity to expand its hospitals network.

## **Non-medical Business — 8.5% of Overall Revenue**

Apart from the medical business segment, non-medical business of the Group mainly consists of 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 a stable demand in the market and hence has generated stable cash flow for the Group in the previous years.

Suffered from the lockdown of cities, the demand of photographic paper dropped significantly. During the Year, revenue of non-medical businesses amounted to RMB348.9 million (2019: RMB497.2 million), decreased by approximately 29.8% yoy. Segment gross profit margin decreased by 1.8p.p to 13.9% (2019: 15.7%).

## **Liquidity and Financial Resources**

The Group has cash and cash equivalents of approximately RMB572.3 million as at 31 December 2020 (2019: approximately RMB546.2 million). The slight increase in cash was due to the amount used to repurchase shares of the Company of HK\$19.3 million in 2020, representing a decrease of HK\$28.7 million as compared with that of HK\$48.0 million in 2019.

As at 31 December 2020, the Group’s gearing ratio was approximately 59% (2019: approximately 49%), 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 2020.

The total interest-bearing loans and other borrowings of the Group as at 31 December 2020 was approximately RMB1,646.4 million (2019: approximately RMB1,680.5 million). Except for the Senior Notes of USD200 million and secured bank loans of RMB9.5 million, 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 2020 was approximately 0.86 (2019: approximately 1.15), based on current assets of approximately RMB2,824.3 million and current liabilities of approximately RMB3,288.4 million.

## **Selling and Distribution Expenses**

The Group's selling and distribution expenses decreased by approximately 3.5% from approximately RMB297.0 million in 2019 to approximately RMB286.7 million in 2020, and accounted for about 6.1% and about 7.0%, respectively, of the Group's revenue for the respective reporting years. Such decrease was attributable to the suspension of operating and distribution services for about 2 months due to the COVID-19, which caused the decrease in the related expenses.

## **Administrative Expenses**

The Group's administrative expenses decreased by about 5.7% from approximately RMB357.1 million in 2019 to approximately RMB336.8 million in 2020, and accounted for about 7.3% and about 8.2%, respectively, of the Group's revenue for the respective reporting years. Such decrease was attributable to the effectiveness of our implementation of cost saving measures as well as the reduction of rental and expenses in central pension scheme.

## **Finance Costs**

The Group's finance costs consisted mainly of interest expenses on Senior Notes, bank loan and other borrowings. The aggregate amount of interest incurred was approximately RMB124.1 million (2019: approximately RMB133.2 million) for the Year.

For the Year, interest rates of the interest-bearing loans ranged from 3.60% to 7.43%, while those for the year ended 31 December 2019 ranged from 2.10% 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 2020, the Group had 1,060 (2019: 1,081) employees, including Directors. Total staff costs (including Directors' emoluments) were approximately RMB198.1 million for the Year as compared to approximately RMB225.7 million for the year ended 31 December 2019. 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.

## **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 2020, 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 2020.

## **Charges of assets**

As at 31 December 2020, none of the Group's property, plant and equipment was pledged (2019: Nil). 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 2020:

- (i) the Group's bank loans of RMB54,000,000 were secured by the pledged deposits of RMB15,105,000 and accounts receivables of RMB20,238,000.
- (ii) the Group's bank loans of RMB9,950,000 were secured by the pledge of the Group's patent rights.
- (iii) the Group's bank loans of RMB199,681,000 were guaranteed by a non-controlling shareholder and the Company's subsidiaries.

### **Contingent liabilities**

During the Year, the Group had no material contingent liabilities as at 31 December 2020.

### **PROSPECT**

The PRC's IVD market were growing steadily over the past few years, and is expected to grow by US\$6.93 billion with a compound annual growth rate (CAGR) of 17%, during 2020 to 2024, according to a research published by Infiniti Research Limited in December 2020. The growth is mainly driven by the aging population which will result in a higher chronic and infectious diseases prevalence. The enhanced healthcare awareness among public also drives the increase in adoption of POCT testing, boosting the growth of the market.

Looking into the near future, the Group will continue to increase its market shares by expanding its distribution network, products and services offerings while exploring opportunities to enhance its position along the value chain.

### **Continue Product and Network Expansion**

The Group will continue to diversify its product portfolio by actively exploring new and quality brands that are complementary to Roche's products to cater the needs in the market. Yestar will specifically target domestic brands and brands with higher margin as the Chinese government has been promoting domestic brands with policies such as "Made in China 2025" 《中國製造2025》 and the hierarchical medical treatment system. The addition of new brands will broaden the Group's product portfolio and hence extend its customer outreach to various tiers of hospitals. Yestar will carry on utilizing its solid distribution platform by introducing more quality products and ultimately driving its future revenue stream.

## **Continue to Strengthen Relationship with Strategic Partners**

In the future, the Group will continue to drive machine installation and order volume by promoting Roche's and Fujifilm's products. Yestar will also actively discuss with its strategic partners on the latest market trends, and continue to explore and introduce more products that are suitable for the China market. This will help them to enhance market penetration and capture the market opportunities.

## **Further Solidify Yestar's Position Along the Value Chain Position In PRC**

Along with expanding the business footprint for its strategic partners, Yestar will also continue to develop its own house brand products. Given the strong and agile research and manufacturing capability, the Group is dedicated in developing more house brand products to address the unmet market demands. The Group also plans to hire more talents to support the expansion of the manufacturing plant.

Yestar remains confident in the future growth opportunities despite the business slowdown caused by the Covid-19 during the Year. With hospital resumed regular operation and the support of government policy in improving the prevention of infectious and chronic disease, the Group believes that its business will grow in faster pace in 2021 to compensate for the stagnation during the Year. The Group will continue to strive its best in implementing the aforesaid strategies to ensure a healthy financial position while creating fruitful returns to its shareholders.

## **OTHER INFORMATION**

### **Purchase, Sale or Redemption of the Company's Listed Securities**

The Company was authorized by its shareholders at the annual general meeting held on 10 May 2019 (the "2019 AGM") and 22 May 2020 (the "2020 AGM"), respectively, to repurchase its shares not exceeding 10% of the issued shares of the Company at the date of the 2019 AGM and the 2020 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		Aggregate consideration paid <i>HK\$'000</i>
		Highest <i>HK\$</i>	Lowest <i>HK\$</i>	
January 2020	1,850,000	1.50	1.46	2,757
March 2020	607,500	1.25	1.19	742
April 2020	2,477,500	1.30	1.20	3,135
May 2020	4,582,500	1.28	1.15	5,563
June 2020	4,962,500	1.26	1.10	5,846
July 2020	1,070,000	1.26	1.14	1,256
	<u>15,550,000</u>			<u>19,299</u>

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.

#### **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.

### **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 Practices**

Throughout the Year, the Directors considered that the Company has complied with all corporate governance codes (“CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”), save for the following:

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

### **Review of Annual Results**

The audited consolidated financial results of the Group for the Year have been reviewed by the audit committee of the Company and the figures in respect of the consolidated statement of profit or loss, consolidated statement comprehensive income, consolidated statement of financial position of the Group, and the related notes thereto for the Year as set out in this announcement have been agreed by our auditors, Messrs. Ernst & Young, to the amounts set out in the Group’s audited consolidated financial statements for the Year.



## **Final Dividend**

The Board did not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: Nil).

## **Annual General Meeting**

The annual general meeting of the Company (the “AGM”) will be held on 28 May 2021 (Friday). 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 25 May 2021 (Tuesday) to 28 May 2021 (Friday) (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 24 May 2021 (Monday).

## **Publication of Annual Results Announcement and Annual Report**

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

The annual report of the Company for year ended 31 December 2020 containing the information required by Appendix 16 of the Listing Rules will be dispatched to the shareholders in due course.

## **EXTRACT OF INDEPENDENT AUDITOR’S REPORT**

The following is an extract of the independent auditor’s report on the Group’s consolidated annual financial statements for the year ended 31 December 2020:

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 2020, 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.

## **Material uncertainty related to going concern**

As set out in note 2.1 to the consolidated financial statements, as at 31 December 2020, the Group's current liabilities exceeded its current assets by RMB464,150,000. The Group's current liabilities included the interest-bearing bank and other borrowings due within the next twelve months amounted to RMB1,646,390,000 of which USD200,000,000 (approximated to RMB1,300,289,000) consist of the senior notes due for repayment by 15 September 2021 as further set out in note 24 to the consolidated financial statements. These conditions, together with other matters disclosed in note 2.1 to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## **ACTION PLAN TO ADDRESS THE GOING CONCERN**

In order to improve the Group's liquidity and cash flows to sustain the Group as a going concern (especially the repayment of USD200,000,000 senior notes ("Senior Notes")), the Company has already appointed financial adviser to address the restructuring of Senior Notes holder.

### **Appointment of Financial Adviser to Address the Senior Notes**

As at the date of this announcement, the Company has appointed Admiralty Harbour Capital Limited ("Admiralty Harbour") as its financial adviser in connection with the upcoming maturity of the Senior Notes. In that role, Admiralty Harbour will work with the Company in evaluating its capital structure, assessing its liquidity position, and exploring options which may include, among other things, a scheme of arrangement, regarding the Senior Notes. Holders of the Senior Notes are encouraged to contact Admiralty Harbour (via email to [yestar@ahfghk.com](mailto:yestar@ahfghk.com)) to identify themselves and establish contact.

## **APPRECIATION**

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

## RESUMPTION OF TRADING

At the request of the Company, trading in the Company's Shares and senior notes (US\$200 million 6.9% senior notes due 2021) ("Senior Notes") on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2021 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Company's Shares and Senior Notes with effect from 9:00 a.m. on 8 April 2021. Trading in the Company's Shares and Senior Notes will resume.

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

Shanghai, 7 April 2021

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