Yestar International Holdings Company Limited

巨星國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2393)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

FINANCIAL HIGHLIGHTS

Revenue increased by approximately 30.5% to approximately RMB1,531.4 million in 2014 from approximately RMB1,173.3 million in 2013.

Gross profit increased by approximately 25.8% to approximately RMB263.5 million in 2014 from approximately RMB209.4 million in 2013.

Profit for the year increased by approximately 58.5% to approximately RMB103.5 million in 2014 from approximately RMB65.3 million in 2013.

Earnings per share increased by approximately 22.7% to RMB5.4 cents in 2014 from RMB4.4 cents (as adjusted for the effect of share subdivision in December 2014) in 2013.

The Board recommends the payment of a final dividend of HK3.4 cents (2013: HK2.2 cents, as adjusted for the effect of share subdivision in December 2014) per share.

FINAL RESULTS

The board of directors (the "Board") of Yestar International Holdings Company Limited (the "Company") is pleased to announce the consolidated result of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2014.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2014

	Notes	**2014** *RMB'000*	2013 *RMB'000*
REVENUE	4	**1,531,353**	1,173,334
Cost of sales		**(1,267,888)**	(963,899)
Gross profit		**263,465**	209,435
Other income and gains	4	**10,719**	7,176
Selling and distribution expenses		**(57,005)**	(52,430)
Administrative expenses		**(58,673)**	(62,947)
Other expenses		**(5,733)**	(1,797)
Finance costs	5	**(5,725)**	(5,771)
PROFIT BEFORE TAX	6	**147,048**	93,666
Income tax expense	7	**(43,502)**	(28,331)
PROFIT FOR THE YEAR		**103,546**	65,335
Attributable to:			
Owners of the parent	8	**100,900**	65,072
Non-controlling interests		**2,646**	263
		103,546	65,335
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
— For the profit for the year	10	**RMB5.4 cents**	RMB4.4 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2014

	2014 *RMB'000*	2013 *RMB'000*
PROFIT FOR THE YEAR	**103,546**	65,335
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent years:		
Exchange differences on translation of foreign operations	**206**	(1,117)
Net other comprehensive income to be reclassified to profit or loss in subsequent years	**206**	(1,117)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**206**	(1,117)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**103,752**	64,218
Attributable to:		
Owners of the parent	**101,106**	63,955
Non-controlling interests	**2,646**	263
	103,752	64,218

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**104,009**	104,352
Prepaid land lease payments		**15,279**	15,606
Intangible assets		**249,718**	2,524
Goodwill		**87,315**	—
Deferred tax assets		**7,477**	8,350
		463,798	130,832
CURRENT ASSETS			
Inventories		**327,201**	272,704
Trade and bills receivables	11	**105,197**	16,848
Prepayments, deposits and other receivables	12	**22,899**	29,259
Pledged deposits		**4,100**	3,316
Cash and cash equivalents		**194,724**	283,027
		654,121	605,154
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**101,713**	117,212
Trade and bills payables	13	**282,778**	215,322
Other payables and accruals	14	**39,815**	37,066
Tax payable		**29,409**	7,371
Dividends payables		**—**	3,384
Amounts due to non-controlling interests		**98,000**	—
		551,715	380,355
NET CURRENT ASSETS		**102,406**	224,799
TOTAL ASSETS LESS CURRENT LIABILITIES		**566,204**	355,631
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**4,500**	—
Other long terms payables	14	**164,277**	9,133
Deferred tax liabilities		**72,370**	4,313
		241,147	13,446
NET ASSETS		**325,057**	342,185

	2014	2013
	RMB'000	*RMB"000*
EQUITY		
Equity attributable to owners of the parent:		
Issued capital	**37,044**	37,044
Reserves	**228,165**	263,261
Proposed final dividend	**50,450**	32,667
	315,659	332,972
Non-controlling interests	**9,398**	9,213
TOTAL EQUITY	**325,057**	342,185

1. CORPORATE INFORMATION

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

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

The Company is an investment holding company. During the year, the Company's subsidiaries were involved in the following principal activities:

- manufacture and sale of color photographic paper, industrial NDT x-ray film and PWB film, 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 (the "IASs") and Interpretations) issued by the International Accounting Standards Board ("IASB") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of schedule 11 to that Ordinance. The financial statements have been prepared under the historical cost convention. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2014. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IFRS 10, IFRS 12 and IAS 27	*Investment Entities*
Amendments to IAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to IAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
IFRIC — Int 21	*Levies*
Amendment to IFRS 2 included in *Annual Improvements 2010–2012 Cycle*	*Definition of Vesting Condition*[1]
Amendment to IFRS 3 included in *Annual Improvements 2010–2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to IFRS 13 included in *Annual Improvements 2010–2012 Cycle*	*Short-term Receivables and Payables*
Amendment to IFRS 1 included in *Annual Improvements 2011–2013 Cycle*	*Meaning of Effective IFRSs*

[1] Effective from 1 July 2014

Except for the amendment to IFRS 1 which is only relevant to an entity's first IFRS financial statements, the nature and the impact of each amendment and interpretation is described below:

(a) Amendments to IFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to IFRS 12 and IAS 27. The amendments to IFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in IFRS 10.

(b) The IAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in IAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.

(c) The IAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.

(d) IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group applied, in prior years, the recognition principles under IAS 37 Provisions, Contingent Liabilities and Contingent Assets which for the levies incurred by the Group are consistent with the requirements of IFRIC 21.

(e) The IFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.

(f) The IFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 or IAS 39. The amendment has had no impact on the Group.

(g) The IFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on 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.

IFRS 9	*Financial Instruments*[4]
Amendments to IFRS 10 and IAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to IFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[2]
IFRS 14	*Regulatory Deferral Accounts*[5]
IFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
Amendments to IAS 16 and IAS 41	*Agriculture: Bearer Plants*[2]
Amendments to IAS 19	*Defined Benefit Plans: Employee Contributions*[1]
Amendments to IAS 27	*Equity Method in Separate Financial Statements*[2]
Annual Improvements 2010–2012 Cycle	Amendments to a number of IFRSs[1]
Annual Improvements 2011–2013 Cycle	Amendments to a number of IFRSs[1]
Annual Improvements 2012–2014 Cycle	Amendments to a number of IFRSs[2]

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 January 2018
5 Effective for an entity that first adopts IFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

In addition, the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 December 2015. The Group is in the process of making an assessment of the impact of these changes.

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

In July 2014, the IASB issued the final version of IFRS 9, bringing together all phases of the financial instruments project to replace IAS 39 and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt IFRS 9 from 1 January 2018. The Group expects that the adoption of IFRS 9 will have an impact on the classification and measurement of the Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

The amendments to IFRS 10 and IAS 28 (2011) address an inconsistency between the requirements in IFRS 10 and in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 January 2016.

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

IFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under IFRSs. The Group expects to adopt IFRS 15 on 1 January 2017 and is currently assessing the impact of IFRS 15 upon adoption.

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

The *Annual Improvements to IFRSs 2010–2012 Cycle* issued in December 2013 sets out amendments to a number of IFRSs. Except for those described in note 2.2, the Group expects to adopt the amendments from 1 January 2015. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendment most applicable to the Group are as follows:

IFRS 8 Operating Segments: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

3. OPERATING SEGMENT INFORMATION

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

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

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

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

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

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

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

Year ended 31 December 2014

	Imaging printing products *RMB'000*	**Medical products and equipment** *RMB'000*	**Total** *RMB'000*
Segment revenue:			
Sales to external customers	**810,215**	**721,138**	**1,531,353**
Segment results	**66,389**	**81,529**	**147,918**
Reconciliation:			
Corporate and other unallocated expenses			**(870)**
Profit before tax			**147,048**
Segment assets	**678,137**	**407,796**	**1,085,933**
Reconciliation:			
Corporate and other unallocated assets			**31,986**
Total assets			**1,117,919**
Segment liabilities	**476,074**	**244,418**	**720,492**
Reconciliation:			
Corporate and other unallocated liabilities			**72,370**
Total liabilities			**792,862**
Other segment information:			
Depreciation of items of property, plant and equipment	**11,589**	**2,457**	**14,046**
Amortisation of prepaid land lease payments	**327**	**—**	**327**
Amortisation of intangible assets	**661**	**2,782**	**3,443**
Loss on disposal of items of property, plant and equipment	**1**	**—**	**1**
Operating lease rentals	**6,578**	**1,877**	**8,455**
Capital expenditure*	**8,914**	**2,270**	**11,184**

Year ended 31 December 2013

	Imaging printing products *RMB'000*	Medical products and equipment *RMB'000*	Total *RMB'000*
Segment revenue:			
Sales to external customers	699,005	474,329	1,173,334
Segment results	31,435	62,585	94,020
Reconciliation:			
Corporate and other unallocated expenses			(354)
Profit before tax			93,666
Segment assets	437,915	231,798	669,713
Reconciliation:			
Corporate and other unallocated assets			66,273
Total assets			735,986
Segment liabilities	226,691	162,797	389,488
Reconciliation:			
Corporate and other unallocated liabilities			4,313
Total liabilities			393,801
Other segment information:			
Depreciation of items of property, plant and equipment	10,506	2,079	12,585
Amortisation of prepaid land lease payments	327	—	327
Amortisation of intangible assets	522	10	532
Gain on disposal of items of property, plant and equipment	(48)	—	(48)
Operating lease rentals	7,336	1,535	8,871
Capital expenditure*	22,603	588	23,191

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

Information about major customers

During the year ended 31 December 2014, the Group had one customer from whom the revenue raised by selling medical imaging products and printing imaging products of RMB801,068,000 (2013: RMB492,690,000) accounted for more than 50% (2013: more than 10%) of the Group's total revenue during the year.

Geographical information

Since the Group solely operates business in the People's Republic of China ("PRC") and all of the non-current assets of the Group are located in the PRC, no geographical segment information is presented in accordance with IFRS 8 *Operating Segments*.

4. REVENUE, OTHER INCOME AND GAINS

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

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

	2014	2013
	RMB'000	*RMB'000*
Revenue		
Sale of goods	**1,526,331**	1,173,334
Rental income	**5,022**	—
	1,531,353	1,173,334
Other income and gains		
Government grants *(note (a))*	**6,191**	3,675
Sale of scrap materials	**—**	1,914
Interest income	**4,335**	1,268
Others	**193**	319
	10,719	7,176

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

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Group	
	2014	2013
	RMB'000	*RMB'000*
Finance costs		
Interest on bank loans, overdrafts and other loans wholly repayable within five years	**5,623**	5,270
Guarantee fee	**—**	426
Interest arising from discounted bills	**102**	75
	5,725	5,771

6. PROFIT BEFORE TAX

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

	2014	2013
	RMB'000	*RMB'000*
Cost of inventories sold	**1,267,888**	963,899
Employee benefit expense (including directors' remuneration as set out in note 8):		
— Wages and salaries	**70,199**	62,666
— Pension scheme contributions	**6,979**	6,758
	77,178	69,424
Research and development costs	**1,988**	1,567
Auditors' remuneration	**1,870**	1,468
Depreciation of items of property, plant and equipment	**14,046**	12,585
Amortisation of prepaid land lease payments	**327**	327
Amortisation of other intangible assets	**3,443**	532
Impairment of inventories	**—**	848
Minimum lease payments under operating leases	**8,455**	8,871
Loss/(gain) on disposal of items of property, plant and equipment	**1**	(48)

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% on the estimated assessable profits arising in Hong Kong. No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the year.

The provision for Mainland China current income tax is based on the statutory rate of 25% of the assessable profit of the Group as determined in accordance with the PRC Corporation Income Tax Law which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in Mainland China which are granted tax concession and are taxed at preferential rates.

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

	2014	2013
	RMB'000	*RMB'000*
Current tax		
— Income tax in the PRC for the year	**38,240**	27,453
— Deferred tax	**5,262**	878
Total tax charge for the year	**43,502**	28,331

A reconciliation of the income 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 countries of incorporation) to the tax expense at the effective tax rate for the year is as follows:

	2014	2013
	RMB'000	*RMB'000*
Profit before tax	**147,048**	93,666
Tax at an applicable tax rate	**36,762**	23,417
Lower tax rate for certain loss making entities in different jurisdictions	**218**	902
Adjustments to current tax of previous periods	**(190)**	250
Expenses not deductible for tax	**1,860**	477
Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries	**4,852**	3,285
Tax charge at the Group's effective rate	**43,502**	28,331

8. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated profit attributable to owners of the parent for the year ended 31 December 2014 includes a loss of RMB836,000 (2013: loss of RMB354,000) which has been dealt with in the financial statements of the Company.

9. DIVIDENDS

	2014	2013
	RMB'000	*RMB'000*
Proposed final — HK3.4 cents (2013:HK2.2 cents, as adjusted for the effect of share subdivision in December 2014) per ordinary share	**50,450**	32,667

On 16 March 2015, the board of directors of the Company resolved to propose a final dividend for the year ended 31 December 2014 of HK3.4 cents (2013: HK2.2 cents, as adjusted for the effect of share subdivision in December 2014) per ordinary share, subject to the approval by the shareholders at the forthcoming annual general meeting of the Company.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,867,500,000 in issue during the year ended 31 December 2014 (2013: 1,462,377,000), as though the stock split of 466,875,000 shares happened since its issuance. Pursuant to the written resolution of the shareholders of the Company passed on 15 December 2014, every one (1) share in the capital of the Company was subdivided into four (4) subdivided shares of par value of HKD0.025 each so that the authorised share capital of the Company became HKD100,000,000 divided into 4,000,000,000 subdivided shares of HKD0.025 each.

The calculation of basic earnings per share is based on:

	2014	2013
	RMB'000	*RMB'000*
Earnings		
Profit attributable to owners of the parent used in the basic earnings per share calculation:	**100,900**	65,072
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation *(thousands)*	**1,867,500**	1,462,377
Basic and diluted earnings per share *(RMB cents)*	**5.4**	4.4

The diluted earnings per share amount is equal to the basic earnings per share amount for the years ended 31 December 2014 and 2013, as there were no diluting events during these years.

11. TRADE AND BILLS RECEIVABLES

Group

	2014	2013
	RMB'000	*RMB'000*
Trade receivables	**92,914**	7,206
Bills receivable	**12,283**	9,642
	105,197	16,848

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

Trade receivables are unsecured and non-interest-bearing. The carrying amounts of trade receivables and bills receivable approximate to their fair values.

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

Group

	2014	2013
	RMB'000	*RMB'000*
Within 90 days	**92,541**	6,040
91 to 180 days	**259**	1,006
181 to 365 days	**114**	160
	92,914	7,206

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

Group

	2014	2013
	RMB'000	*RMB'000*
Neither past due nor impaired	**92,914**	6,376
Past due but not impaired:		
Less than 90 days	**—**	680
91 to 180 days	**—**	150
	92,914	7,206

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

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

At 31 December 2014, the Group has not endorsed any bills receivable accepted by banks in the PRC (the "Derecognised Bills"), to certain of its suppliers in order to settle the trade payables due to these suppliers (31 December 2013: with a carrying amount of RMB700,000). The Derecognised Bills had a maturity from one to three months as at 31 December 2013. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills had a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the directors, the Group had transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it had derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills was equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills were not significant.

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

As part of its normal business, the Group entered into a trade receivable factoring arrangement (the "Arrangement") and transferred certain trade receivables to a bank. Under the Arrangement, the Group may be required to reimburse the bank for loss of interest if any trade debtors have late payment. The Group is not exposed to default risks of the trade debtors after the transfer. Subsequent to the transfer, the Group did not retain any rights on the use of the trade receivables, including the sale, transfer or pledge of the trade receivables to any other third parties. The original carrying value of the trade receivables transferred under the Arrangement that have not been settled as at 31 December 2014 amounted to RMB2,050,000 (2013: RMB2,181,000). The carrying amount of the assets that the Group continued to recognise as at 31 December 2014 amounted to RMB2,050,000 (2013: RMB2,181,000) and that of the associated liabilities as at 31 December 2014 amounted to RMB2,050,000 (2013: RMB2,181,000).

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Group

	2014	2013
	RMB'000	*RMB'000*
Prepayments	**4,200**	3,543
Value added tax input	**13,456**	19,901
Other receivables	**5,243**	5,815
	22,899	29,259

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

13. TRADE AND BILLS PAYABLES

Group

	2014	2013
	RMB'000	*RMB'000*
Trade payables	**218,220**	135,342
Bills payable	**64,558**	79,980
	282,778	215,322

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

	2014	2013
	RMB'000	*RMB'000*
Within 90 days	**218,137**	135,259
91 to 180 days	**68**	64
181 to 365 days	**15**	19
1 to 2 years	**—**	—
	218,220	135,342

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

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

14. OTHER PAYABLES AND ACCRUALS

Group

	2014	2013
	RMB'000	*RMB'000*
Current portion:		
Advances from customers	**10,128**	17,408
Other payables	**19,120**	9,086
Value added tax payable	**536**	—
Accrued expenses	**249**	2,181
Payroll and welfare payable	**9,782**	8,391
	39,815	37,066
Non-current portion:		
The payables *(Note 1)*	**8,644**	9,133
Put options in relation to:		
non-controlling interests *(Note 2)*	**155,633**	—
	164,277	9,133

Note 1: In January 2012, Yestar Imaging received a government grant for the land lease located at Guangxi Province, China. This government grant is conditional upon the payment of a certain amount of tax by Yestar Imaging within 18 months from the commencement of the operation. Yestar Imaging has met the condition and started to recognise the deferred government grant in 2014. As at 31 December 2014, the deferred government grant is included in other payables in the consolidated statements of financial position.

Note 2: Put options in relation to non-controlling interests represent the rights granted to the minority shareholders to dispose of the 30% interests in Jiangsu UNO Technology Development Company Limited to the Group during the acquisition of 70% interests by the Company in Jiangsu UNO Technology Development Company Limited. Pursuant to the accounting policy of the Group, the present value of the amount required to be paid at the time of exercise in the future deducted from equity non-controlling interests was recognised as a financial liability of the Group. On 31 December 2014, it was measured by its fair value.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Yestar International Holdings Company Limited ("Yestar" or the "Company"), together with its subsidiaries (the "Group") is a high-margin medical consumables company in the PRC's, benefiting from the fast growth in the domestic healthcare industry. Yestar's core businesses focuses on medical imaging products and In Vitro Diagnostic ("IVD") products. It manufactures medical film for Fujifilm and distributes Roche Diagnostic ("Roche") and Becton Dickinson ("BD") branded IVD products in Jiangsu and Anhui provinces, the PRC, respectively. The Group is also a sole processor and exclusive distributor of Fujifilm color photographic papers and industrial imaging products in the PRC. In addition, the Group also manufactures and sells dental films under the house brand "Yes!Star".

The Acquisition of UNO

On 11 September 2014, the Group, through its wholly-owned subsidiary, 巨星貿易(上海)有限公司 (Yestar (Shanghai) Co., Ltd.) ("Yestar Shanghai") entered into a share transfer agreement, pursuant to which Yestar Shanghai agreed to acquire 70% of the entire equity interests in Jiangsu UNO Technology Development Company Limited ("UNO", 江蘇歐諾科技發展有限公司) (the "Acquisition") at an aggregate consideration of RMB245 million.

UNO is a well-established IVD distributor in the PRC, principally engaged in the distribution of medical equipment and associated consumables. Upon the completion of the Acquisition, UNO becomes an indirect non-wholly-owned subsidiary of the Group.

The Acquisition was completed in November 2014. The two months of performance reported by the Acquisition since the completion was satisfactory and in line with the Group's acquisition strategy. The Acquisition presents a valuable investment opportunity to the Group to further develop the medical consumable business, so as to diversify the Group's product range and expand its market share in the PRC's fast-growing medical consumables and healthcare industry.

Developing into a Medical Consumable Company with the UNO Acquisition

The Acquisition is a significant and strategic move that consolidates the Group's position in the PRC's fast-growing medical consumables and healthcare industry. UNO is the PRC's leading distributor of the world's largest and finest IVD brands namely, Roche and BD. With such quality product portfolio on hand, UNO has since firmly established extensive networks amongst Grade 3 hospitals in Jiangsu and Anhui provinces, the PRC. These provide access to large population in these regions. Currently, UNO directly sells products to 106 and 13 hospitals in Jiangsu and Anhui, the PRC respectively. Together with its 70 and 32 secondary distributors in these provinces, UNO covers over 279 hospitals and clinics in the PRC.

IVD is a method to perform external diagnostic tests on an individual, of which would generate valuable information on one's health status. This can be applied to monitor blood glucose, tests on pregnancy, pathogen detection (e.g. HIV, hepatitis virus and bacteria) to blood cell counts. The use of IVD tests and its range of products are enormous. Since each test requires a specific type of reagent, and that each reagent may only be used once, therefore, the IVD industry provides unlimited business opportunities and growth potential for the Group to expand and explore.

Given such extensive application and continuously evolving product ranges, only industry giants are capable to offer a full range of safe and quality products. Through the Acquisition, the Group has partnered up with Roche and BD, both being leaders in research and development of IVD products. Roche is the world's largest IVD products provider with unparalleled research and development capabilities. It ranks No.1 in the PRC with market share of approximately 21.5% in 2013. According to the Renub Research Analysis, Roche's market share would continue to rise to approximately 27.9% by 2018 as ongoing market consolidation would eliminate lower-tiered players. BD is a leading global medical technology company that manufactures and sells a broad range of medical laboratory equipment and diagnostic products. Leverage on the quality and comprehensive product ranges, together with the market expertise and well-established network of UNO, the Group has now expanded into a high-margin medical consumables company and secured a strong foothold in the PRC's medical industry.

RESULTS

The year of 2014 marked another financially successful year for the Group with revenue increased by approximately 30.5% year-on-year to approximately RMB1,531.4 million (2013: approximately RMB1,173.3 million). This was mainly attributable to the strong growth in the medical consumables business. Gross profit surged from approximately RMB209.4 million in 2013 to approximately RMB263.5 million in 2014, representing an approximately 25.8% increment. The overall gross profit margin decreased slightly to approximately 17.2% (2013: approximately 17.8%). This is mainly due to the change in product mix, as medical film business, with a comparatively lower gross profit margin, has become the dominating revenue contributor during the Year.

Profit attributable to the owners of the parent recorded a substantial growth of approximately 55.1%. Net profit margin increased from approximately 5.6% in 2013 to approximately 6.8% in 2014. The Group's medical film products are sold mainly to the Fujifilm Group, meaning relatively little or no selling or distribution costs incurred. The rise in profit contribution from the medical film business has fed into the Group's overall net profit in the Year. Earnings per share was RMB5.4 cents (2013: RMB4.4 cents, as adjusted for the effect of subdivision of shares in December 2014). The Board recommends the payment of a final dividend of HK3.4 cents per share (2013: HK2.2 cents, as adjusted for the effect of subdivision of shares in December 2014).

MEDICAL CONSUMABLES PRODUCTS — 47.1% OF OVERALL REVENUE

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

Benefited by the uptrend in Chinese disposable income and in turn health consciousness, demand for reliable preventive and treatment diagnostic services are exceptionally strong. The markets of both IVD and radiological examination (X-Ray, MRI and CT-scan etc.) have recorded a strong growth in the PRC. According to Renub Research Analysis, the IVD market in the PRC is expected to reach USD3,110.9 million in 2014, representing a CAGR of approximately 16.6% from 2010 (US$1,685.0 million). Such demand firmly underpins the outstanding growth of the Group's IVD and medical imaging businesses.

The medical business became the major revenue contributor for the Group in 2014, accelerating the Group's development into a medical consumables company. In the Year, revenue of the medical segment recorded substantial increment of approximately 52.0%, reaching approximately RMB721.1 million (2013: approximately RMB474.3 million). Such outstanding performance was due to the two months (November and December 2014) contribution from the Acquisition, as well as the market expansion of Fujifilm in the radiological examination segment in the PRC. Gross profit margin of the medical consumables products decreased slightly from approximately 13.7% in 2013 to approximately 13.3% in 2014.

Revenue and Gross Profit Margin of Medical Consumables Products

For the year ended 31 December	2013 *(RMB'000)*	**2014** ***(RMB'000)***	Year-on-year change
Revenue	474,329	**721,138**	52.0%
Gross profit margin	13.7%	**13.3%**	-0.4p.p.

COLOUR PHOTOGRAPHIC PAPER AND DIGITAL IMAGING BUSINESS — 39.6% OF OVERALL REVENUE

The Group engages in manufacturing, marketing, distribution and sale of Fujifilm professional and minilab color photographic papers in the PRC. The Group also manufacturers, distributes and sells color photographic paper product under the house brand Yes!Star.

During the Year, colour photographic paper and digital imaging business continued to serve as a stable revenue and profit contributor. The strong cash flow in this segment equips the Group itself well in seeking greater development in the medical and healthcare business. Revenue of this segment surged by 11.3% year-on-year from approximately RMB544.9 million in 2013 to approximately RMB606.6 million in 2014. This was mainly attributable to the meaningful growth in demand of the professional color photographic paper. The increase in disposable income in the PRC has created a sizeable middle-class population, who have strong demand of lifestyle products and in particular ones that help to capture important moments in life. This fuels the boom of quality, artistic photography for wedding, graduation, family and personal occasions. This translates into the consistent and solid demand of the Group's professional color photographic paper. The gross profit margin of the segment maintained at a stable level of approximately 21.6% (2013: approximately 22.2%). In 2015, the Group plans to introduce Yes!Star Quality Dry Photo Paper and Yes!Star Special Cold Lamination Film Studio.

Revenue and Gross Profit Margin of Color Photographic Paper and Digital Imaging Business

For the year ended 31 December	2013 *(RMB'000)*	**2014** ***(RMB'000)***	Year-on-year change
Revenue	544,942	**606,610**	11.3%
Gross profit margin	22.2%	**21.6%**	-0.6p.p.

INDUSTRIAL IMAGING BUSINESS — 13.3% OF OVERALL REVENUE

The Group also manufactures, markets, distributes and sells of Fujifilm 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".

In the Year, revenue of industry imaging business surged by 32.2% year-on-year from approximately RMB154.1 million in 2013 to approximately RMB203.6 million in 2014. With the sales volume of the PWB film increased significantly, the production has reached a sizable scale. As a result, the gross profit margin of this segment recorded substantial increment from approximately 15.2% in 2013 to approximately 17.9% in 2014.

Revenue and gross profit margin of industrial imaging business

For the year ended 31 December	2013 *(RMB'000)*	**2014** ***(RMB'000)***	Year-on-year change
Revenue	154,063	**203,605**	32.2%
Gross profit margin	15.2%	**17.9%**	2.7p.p.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group continued to have healthy financial position for the year ended 31 December 2014 ("the Year") with cash and cash equivalents of approximately RMB194.7 million as at the end of December 2014 (2013: RMB283.0 million). The decrease in cash and cash equivalents was mainly attributable to payment in relation to the Acquisition of UNO during the Year.

As at 31 December 2014, the Group's gearing ratio was approximately 32.68% (2013: 34.25%, calculated as the interest-bearing bank loans and other borrowings divided by total equity as at the end of December 2014. The decrease in gearing ratio was mainly attributable to decrease in the interest-bearing bank loans and other borrowings of the Group during the Year.

The total interest-bearing loans and other borrowings of the Group as at the end of December 2014 was approximately RMB106.2 million (2013: approximately RMB117.2 million), out of which unsecured bank loan amounting to USD4,014,141 is denominated in United States dollars. Save as above, all borrowings and bank balances of the Group are principally denominated in Chinese Yuan which is also the presentation currency of the Group.

The current ratio as at the end of December 2014 was 1.19 (2013: 1.59), based on current assets of approximately RMB654.1 million and current liabilities of approximately RMB551.7 million.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by about 8.7% from approximately RMB52.4 million in 2013 to approximately RMB57.0 million in 2014, and accounted for about 4.5% and 3.7%, respectively, of the Group's revenue for the respective reporting years. This was mainly attributable to the increase in marketing expenses for imaging business of the Group during the Year.

Administrative Expenses

The Group's administrative expenses decreased by about 6.8% from approximately RMB62.9 million in 2013 to approximately RMB58.7 million in 2014, and accounted for about 5.4% and 3.8%, respectively, of the Group's revenue for the respective reporting years.

Finance Costs

The Group's finance costs maintained at a stable level. For the Year, the finance cost was approximately RMB5.7 million (2013: approximately RMB5.8 million).

For the Year, interest rates of the interest-bearing loans ranged from 2.1% to 7.8%, while those for the year ended 31 December 2013 ranged from 3.3% to 7.5%.

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 purchasing in US Dollars. The Group will monitor its foreign currency exposure closely.

Issued Capital and Capital structure

With effect from 16 December 2014, each of the issued and unissued shares of par value of HK$0.10 each in the share capital of the Company was subdivided into four subdivided shares of par value of HK$0.025 each. Since then, there has been no change to the 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 borrowings.

Information on employees

As at 31 December 2014, the Group had 711 (2013: 719) employees, including Directors. Total staff costs (including Directors' emoluments) were approximately RMB77.2 million for the year ended 31 December 2014 as compared to approximately RMB69.4 million for the year ended 31 December 2013. 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 ended 31 December 2014, bonus was paid to Directors by the Company. Other staff benefits include provision of welfare schemes covering pension insurance, unemployment insurance, maternity insurance, injury insurance and medical insurance, central pension scheme as well as share options.

Significant investments held

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

Future plans for material investments and capital assets

Save as disclosed in the prospectus of the Company dated 27 September 2013 and the announcement of the Company dated 26 January 2015 regarding possible acquisition of equity interest in a company in the PRC engaging in the medical In Vitro Diagnostic industry in the PRC, the Group did not have any other plans for material investments and capital assets.

Material acquisitions and disposals of subsidiaries and affiliated companies

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

Charges of assets

As at 31 December 2014, none of the Group's property, plant and equipment was pledged (2013: Nil). In addition, only bank loans of approximately RMB24.5 million (2013: Nil) were secured by the pledge of 70% of equity interest in UNO, a non wholly-owned subsidiary of the Company.

Contingent liabilities

The Group had no material contingent liabilities as at 31 December 2014 (2013: Nil).

PROSPECTS

The need for diagnostics consumables will continue to grow in the PRC as the population is aging fast. According to the National Bureau of Statistics, population over aged 65 will reach 342.0 million in 2030, accounting for 23.6% of the total population (2013: 132.0 million). In addition, the Ministry of Health ("MOH") enlisted elderly's health management into the State basic public health services since 2009; under which, those aged over 65 years are entitled to free-of-charge physical check-up, auxiliary examinations and health guidance. This further escalates the demand for accurate diagnosis and innovative medical products, thereby increasing the need for IVD products and medical films. According to the Renub Research Analysis, the PRC's IVD market is expected to reach US$6,335.5 million by 2018, doubling the size in 2013.

The Acquisition has thus laid a solid foundation for the Group to capture these opportunities in the industry. With the current network, the Group aims to further penetrate and explore business opportunities in the Jiangsu and Anhui provinces. In 2015, the Group plans to establish business relationship with additional 30 hospitals. In particular, 25 hospitals in Anhui and 5 hospitals in Jiangsu province. In addition, the Group will also recruit additional 7 and 5 secondary distributors in Anhui and Jiangsu respectively. Such channel expansion strategy will not only increase the Group's total revenue but will also consolidate our leading position in the market. On the product level, the Group will introduce 3 series of diagnostic products in 2015, namely ProGRP (胃泌素釋放肽前體), Calcitonin (降鈣素) and Syphilis (梅毒). These new products are used to screen lung cancer, medullary thyroid cancer and syphilis disease, respectively. The Group believe that the introduction of new products will enable us to offer a comprehensive diagnostic solution and help us in gaining more business opportunities with hospitals and research institutes.

The Group targets to introduce a series of house brand medical dry film and dry film applications in 2015 to provide a comprehensive product offering. This Yes!Star brand medical film and printer series will be mainly targeting the emerging mass market, especially catering the needs from the rural areas and ones that are complementary to the high-end focused Fujifilm brand.

In 2014, the Group took an important step in moving closer to our long-term strategic goal of becoming a leading player in the PRC's medical consumables industry. Looking ahead, the Group will continue to expand distribution networks and enrich product offerings in the medical industry through means of merge and acquisitions. With the Group's international platform, strong consolidation capability and partnerships with industry giants, Yestar believes that the medical business will generate fruitful return to our shareholders.

OTHER INFORMATION

Use of Proceeds

The net proceeds of the Global Offering including net proceeds of the exercise of the over-allotment option received by the Company were approximately HK$130 million, after deduction of the underwriting fees and commission and expenses.

As at 31 December 2014, the net proceeds of the Global Offering has not been applied and utilised.

These proceeds are intended to be applied in accordance with the proposed application set out in the paragraph headed "Future plans and use of proceeds — Use of proceeds" in the prospectus of the Company dated 27 September 2013. The Directors are not aware of material change to the planned use of proceeds as at the date of this announcement. Any net proceed that was not applied immediately have been placed on the short-term interest bearing deposits with authorised financial institutions in Hong Kong as at the date of this announcement.

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

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

Non-Competition Undertaking from Controlling Shareholders

Each of the controlling shareholders (as defined in the Listing Rules) of the Company gave a non-competition undertaking in favour of the Company. Each of them has confirmed compliance with such non-competition undertaking. The Board comprising all the independent non-executive directors is of the view that all controlling shareholders have been in compliance with the non-competition undertaking in favour of the Company 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 consider that the Company has complied with all corporate governance codes ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), save for the following:

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

Under Code Provision A.2.7 of the CG Code, the Chairman should at least annually hold meeting with the non-executive directors (including independent non-executive directors) without the executive directors present. The Chairman did not hold any meeting with all independent non-executive Directors during the Year without the executive Directors present. The Company held five board meetings during the Year. The Chairman did brief all Directors including independent non-executive Directors on the issue arising at each board meeting in advance separately. In addition, the Chairman considered that a separate meeting with each of independent non-executive Directors of the Company is more appropriate and effective to ensure their independent opinion to the Company on the issue arising take into account their different professional experience, education background and life experience. Each of independent non-executive Directors has provided his/her recommendations to the Chairman individually in relation to the corporate's issues, objectives and strategies during their respective meeting(s) and/or telephone conversation with the Chairman during the Year.

The Chairman will consider to hold at least one physical meeting per year with all independent non-executive Directors without the executive directors present in 2015.

Under Code Provision A.6.5 of the CG Code, all directors should participate in continuous professional development to develop and refresh their knowledge and skills. During the Year, only executive Directors and senior management of the Company received continuous professional development and training on the latest Listing Rules, internal control system and risk management of the Company to enhance their knowledge and skills. All independent non-executive Directors of the Company had their tight schedule and the Company could not figure out a possible date for all independent non-executive directors to attend the training during the Year. However, certain independent non-executive Directors have attend professional trainings delivered by law firm individually.

The Company will figure out a possible date in the year 2015 for all Directors to attend and receive professional training or briefing regarding the latest developments on the Listing Rules to refresh their knowledge and to discharge their duty as director of a listed company.

Audit Committee

The Audit Committee of the Company was established in compliance with Rules 3.21 and 3.22 of the Listing Rules and with written terms of reference in compliance with the relevant Code Provisions.

The summary of work of the Audit Committee during the Year was as follows:

— met with the external auditors and reviewed the annual and interim reports of the Company;

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

— reviewed the major transaction and the continuing connected transaction of the Company;

— reviewed the non-competition undertaking by the controlling shareholders of the Company;

— reviewed audit fee;

— recommended the re-appointment of auditors; and

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

Final Dividend

The Board recommends the payment of a final dividend of HK3.4 cents per share for the year ended 31 December 2014 to all shareholders whose names appear on the register of members of the Company on 26 May 2015. Subject to the approval of the shareholders at the forthcoming annual general meeting, the proposed final dividend is expected to be paid on 5 June 2015.

Annual General Meeting

The annual general meeting of the Company (the "AGM") will be held on 8 May 2015. 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 6 May 2015 to 8 May 2015 (both days inclusive), during which period no transfers of shares will be registered. To determine the entitlement to attend and vote at the AGM, all transfer document, accompanied by the relevant share certificates, must be lodged with the Company's Branch Share Registrars in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 5 May 2015.

In addition, the Board has resolved to recommend the payment of a final dividend of HK3.4 cents per share to members whose names appear on the Register of Members of the Company on 26 May 2015. The Register of Members of the Company will also be closed from 22 May 2015 to 26 May 2015 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, subject to approval at the AGM, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Branch Share Registrars in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 21 May 2015.

Publication of Final Results Announcement and Annual Report

The Company's final 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 2014 containing the information required by Appendix 16 of the Listing Rules will be dispatched to the shareholders in due course.

By Order of the Board
Yestar International Holdings Company Limited
巨星國際控股有限公司
Hartono James
Chairman, CEO and Executive Director

Hong Kong, 16 March 2015

As at the date of this announcement, the executive Directors are Mr. Hartono James, Ms. Wang Ying, Mr. Chan To Keung, Ms. Wang Hong, Ms. Zhang Qi and Ms. Heng Yinmei; the independent non-executive Directors are Dr. Hu Yiming, Mr. Karsono Tirtamarta (Kwee Yoe Chiang) and Mr. Sutikno Liky.