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)

MAJOR ACQUISITION AND CONTINUING CONNECTED TRANSACTION

MAJOR ACQUISITION

On 11 September 2014 (after trading hours of the Stock Exchange), the Purchaser, the Vendors, the Target Company, and Nanjing Uno entered into the Share Transfer Agreement, pursuant to which the Purchaser agreed to acquire, and the Vendors agreed to sell, the Sale Capital (representing 70% of the entire equity interests in the Target Company) at an aggregate Consideration of RMB245 million. The Consideration is to be satisfied in cash.

Upon Completion, the Target Company, which is principally engaged in the distribution of medical equipment and associated consumables business in the PRC, will become an indirect non-wholly-owned subsidiary of the Company and the financial results thereof will be consolidated into the consolidated financial statements of the Group. Completion is subject to fulfillment or waiver (as the case may be) of certain conditions precedent as set out in the paragraph headed "Conditions precedents" below.

CONTINUING CONNECTED TRANSACTION

The Target Company is currently a distributor of Roche Diagnostics Products and pursuant to the Share Transfer Agreement, Nanjing Uno shall procure their customers to enter into agreement(s) with the Target Company for distributions of Roche Diagnostics Products and BD Products within 180 days from the execution of the Share Transfer Agreement to transact the distributions of Roche Diagnostics Products and BD Products directly. During the period, for customers which have yet entered into new sales and purchase agreement(s) with the Target Company, Nanjing Uno will back to back procure products from the Target Company and sell such products to their customers until a sales and purchase agreement having been entered between the Target Company and Nanjing Uno's customers. To govern the on-going transactions between the Target Company and Nanjing Uno, the Target Company entered into a Master Sales and Purchase Agreement with Nanjing Uno simultaneously upon the entering into of the Share Transfer Agreement. The Master Sales and Purchase Agreement will take effect upon Completion.

Upon Completion, the Target Company will become an indirect non-wholly-owned subsidiary of the Company. Ms. Hang and Ms. Xu, being the directors of the Target Company, will become connected persons of the Company. As Ms. Hang and Ms. Xu also hold the equity interest of Nanjing Uno as to 95% and 5% respectively, Nanjing Uno is an associate of Ms. Hang. Therefore the transaction contemplated under the Master Sales and Purchase Agreement with Nanjing Uno will constitute continuing connected transaction of the Company pursuant to Chapter 14A of the Listing Rules upon Completion.

As the Master Sales and Purchase Agreement is entered into between an prospective indirect non-wholly-owned subsidiary of the Company (namely the Target Company) and a prospective connected person of the Company at the subsidiary level only on normal commercial terms or better, the Company is only required to comply with the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

The Directors (including the independent non-executive Directors) have confirmed and considered that the transactions contemplated under the Master Sales and Purchase Agreement have been subject to arm's length negotiation between the Target Company and Nanjing Uno, and have been entered into by the Target Company in the ordinary and usual course of business and on normal commercial terms or better and which are no less favourable to the Target Company than those available to or from independent third parties and are of the view that the transactions contemplated under Master Sales and Purchase Agreement and the respective proposed annual caps for the period ending 31 December 2014 and for the ten months ending 31 October 2015 are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition, are greater than 25% but less than 100%, the Acquisition will constitute a major transaction of the Company under Chapter 14 of the Listing Rules and accordingly, the Acquisition is subject to the shareholders' approval requirement under the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, each of the Vendor and its ultimate beneficial owner are third party independent of the Company and its connected persons, and do not hold any Shares, accordingly, no Shareholders are required to abstain from voting at the general meeting to approve the relevant resolution(s) regarding the Share Transfer Agreement and the transactions contemplated thereunder. In lieu of holding a general meeting, shareholders' written approval has been obtained on 11 September 2014 from the Controlling Shareholders who, as at the date of this announcement, altogether held approximately 71.06% in nominal value of the Shares then in issue giving the right to attend and vote at that general meeting of the Company (if the Company were to convene one), approving the Acquisition and the transactions contemplated thereunder.

A circular containing, among other things, further details regarding (i) the Share Transfer Agreement; (ii) the financial information of the Target Company; (iii) the pro forma financial statements of the Enlarged Group; and (iv) other disclosure requirements under the Listing Rules regarding the transactions contemplated under the Share Transfer Agreement, will be despatched to the Shareholders on or before 31 October 2014, as the Company will require more time to prepare the information required for inclusion in the circular.

MAJOR ACQUISITION

On 11 September 2014 (after trading hours of the Stock Exchange), the Purchaser, the Vendors, the Target Company, and Nanjing Uno entered into the Share Transfer Agreement, pursuant to which the Purchaser agreed to acquire, and the Vendors agreed to sell, the Sale Capital (representing 70% of the entire equity interests in the Target Company) at an aggregate Consideration of RMB245 million. The Consideration is to be satisfied in cash.

THE SHARE TRANSFER AGREEMENT

Date:

11 September 2014

Parties to the Acquisition Agreement:

(i) Ms. Hang and Ms. Xu, the vendors

(ii) Yestar Shanghai, a wholly-owned subsidiary of the Company, the purchaser;

(iii) The Target Company, owned by Ms. Hang and Ms. Xu as to 69.23% and 30.77% respectively before completion of the Acquisition; and

(iv) Nanjing Uno, owned by Ms. Hang and Ms. Xu as to 95.0% and 5.0% respectively.

Interest to be acquired of under the Acquisition

Pursuant to the Share Transfer Agreement, the Purchaser will acquire from the Vendors 70% of the entire equity interests of the Target Company (of which 39.23% shall be acquired from Ms. Hang and 30.77% to be acquired from Ms. Xu). Immediately after Completion, the entire equity interests of the Target Company will be owned as to 70% by the Purchaser and 30% by Ms. Hang respectively.

Consideration

The Consideration for the Acquisition is RMB245.0 million (equivalent to approximately HK$308.7 million), of which approximately RMB137.3 million will be paid in cash by the Purchaser to Ms. Hang and approximately RMB107.7 million will be paid in cash by the Purchaser to Ms. Xu.

The Consideration of RMB245.0 million (equivalent to approximately HK$308.7 million) shall be paid by the Purchaser in the following manner:

(i) as to RMB147 million (equivalent to approximately HK$185.3 million) (being 60% of the total Consideration) within 30 days after Completion;

(ii) as to RMB49 million (equivalent to approximately HK$61.7 million) (20% to of the Consideration) within 90 days after the execution of the Share Transfer Agreement or within 30 days after the completion of the change in business registration (whichever is later); and

(iii) as to RMB49 million (equivalent to approximately HK$61.7 million) (20% to of the Consideration) within 180 days after the execution of the Share Transfer Agreement or 30 days after the cessation of the operation of Nanjing Uno (whichever is later).

The Vendor and the Purchaser shall use its best endeavours to complete the relevant share transfer registration procedures 30 days upon the fulfilment of all condition precedents. If the share transfer registration procedures is not completed 60 days after fulfilment of all condition precedents, the Purchaser shall have the right to notify the Vendor to terminate the Share Transfer Agreement and all Consideration paid by the Purchaser shall be returned by the Vendors to the Purchaser.

All the payment above shall only be made by the Purchaser upon the due payment of relevant tax in respect of the Acquisition by the Vendors. The Purchaser shall pay the Vendors within 5 days after Vendors have paid all relevant tax expenses.

All professional fees incurred by the each of the parties to the Share Transfer Agreement shall be responsible by the each of the parties. The Purchaser at the request of the Vendors shall pay on behalf of the Vendors the professional fees payable to their financial advisers out of the Consideration net of tax payable to the Vendors.

The Vendors have also guaranteed under the Share Transfer Agreement to recover the outstanding account receivable of the Target Company as at the date of the Share Transfer Agreement. Such account receivable shall be recovered within 180 days from the date of recording such receivable on the accounting records of the Target Company, if such account receivable shall not be settled by within 180 days from the date of recording such receivable on the accounting records of the Target Company, the Purchaser shall withhold the unsettled account receivable balance from the Consideration payable and the Pre-Acquisition Profit (as defined below) to be distributed to the Vendors. The amount of Consideration and the Pre-Acquisition Profit so withheld by the Purchaser shall be paid to the Vendors 30 days after the settlement of account receivable balance, provided that distribution of the Pre-Acquisition Profit shall also be subject to the fulfilment of the Annual Guarantee Profit as discussed below in this announcement.

On the Pre-Acquisition Profit mentioned above, it has been agreed by the parties to the Share Transfer Agreement that the Vendors shall be the owners of the pre-acquisition and undistributed profit as at 30 June 2014 (the "**Pre-Acquisition Profit**").

Non-compete arrangements

Nanjing Uno was owned by Ms. Hang and Ms. Xu as to 95.0% and 5.0% respectively. The principal business of Nanjing Uno includes but not limited to sales and distribution of medical equipment, medical equipment research and development and medical equipment consultation. Nanjing Uno is currently a distributor of BD medical equipment in Jiangsu, the relevant distribution agreements will expire on 30 September 2014. Target Company entered into a distribution agreement of BD medical equipment on 1 September 2014 with BD and became a distributor of BD medical equipment for the period up to 30 September 2014. The distribution agreement entered into by the Target Company will be further renewed upon expiry.

Apart from distributing BD Products, Nanjing Uno also acted as distributor for the Target Company's Roche Diagnostics Products in Anhui and Jiangsu.

As the business of Nanjing Uno will directly compete with the Target Company, the Vendors agreed that within 1 year after the execution of the Share Transfer Agreement, to cease the business operation of Nanjing Uno and to commence the relevant procedures to dissolve Nanjing Uno. If Nanjing Uno is unable to complete the dissolution within 1 year after the execution of the Share Transfer Agreement, the Target Company shall not distribute any Pre-Acquisition Profit to the Vendors.

As at the date of this announcement, Nanjing Uno have also entered into long-term supplier agreement with their customers, in order to dissolve Nanjing Uno, Nanjing Uno shall procure their customer to enter into agreement into with the Target Company, so as to Nanjing Uno to fulfill Nanjing Uno's commitment in the Share Transfer Agreement to cease operation with 180 days from the execution of the Share Transfer Agreement and to complete dissolution within one year from the date of fulfillment of condition precedents. The Target Company will continue to be the supplier of relevant products to the customers after entering into of the agreement with the customers of Nanjing Uno.

If Nanjing Uno was unable to procure the customers to enter into relevant supplier agreement with the Target Company, Nanjing Uno shall procure the Target Company to direct supply the relevant products to Nanjing Uno's customer and Nanjing Uno's customers shall paid directly to the Target Company. All economic risk and benefits in respect of the above mentioned arrangement shall be accountable and beneficial to the Target Company. Please also refer to the section headed "Continuing connected transaction" below for more details.

After the execution of the Share Transfer Agreement, save as the distribution of products on-behalf of the Target Company prior to the Target Company enter into agreement with Nanjing Uno's customers, Nanjing Uno shall not carry out any other business activities.

Upon Completion, should any employee of Nanjing Uno would like to join the Target Company as their own discretion, the Target Company shall hire them on the same terms and condition currently offered by Nanjing Uno to the employees.

During the period between the fulfillment of the condition precedents of the Share Transfer Agreement and the completion of the dissolution of Nanjing Uno:

(i) the Purchaser shall appoint a financial controller to Nanjing Uno on the date of the fulfilment of the condition precedents;

(ii) all relevant authorized stamps of Nanjing Uno shall be kept by the financial controller appointed by the Purchaser;

(iii) the execution of any agreement by Nanjing Uno shall be approved by the financial controller;

(iv) if any of the above was violated by Nanjing Uno, the Purchaser shall have the right to terminate the Share Transfer Agreement.

In order to avoid any possible future competition between the Vendors and the Target Company, the Vendors irrevocably and unconditionally undertakes that within 5 years from executing the Share Transfer Agreement, or within 2 years after the Vendors ceased to be employed by the Target Company (whichever is the later), the Vendors shall not involve in any business in competition with the Target Company including acting as directors, supervisors, consultant or any form of employment.

When business opportunities which may compete with the business of the Target Company arise, the Vendors shall notify the Purchaser, regardless of whether the Purchaser decided to proceed with the business opportunities or not, the Vendors and its associates shall not proceed with such business opportunities.

First right of refusal

Ms. Hang irrevocably and unconditionally undertakes in favour of the Purchaser that during the three years ending 31 December 2016, being the profit guarantee period, shall not dispose of the remaining 30% equity interest in the Target Company without obtaining prior consent from the Purchaser. Subsequent to the profit guarantee period, should Ms. Hang decide to dispose of her interest in the Target Company, subject to compliance of all applicable laws and regulations in full, the Purchaser shall have the first right of refusal to acquire the remaining interest in the Target Company.

Profit guarantee

As mentioned above, the Vendors shall be entitled to the Pre-Acquisition Profit of the Target Company. According to the terms of the Share Transfer Agreement, the Pre-Acquisition Profit of the Target Company shall be distributed in accordance to the following proportions: 34% in 2015, 34% in 2016 and 32% in 2017.

Pursuant to the Share Transfer Agreement, the Vendors irrevocably and unconditionally guarantee to the Purchaser that each of the 2014 Net Profit, 2015 Net Profit and 2016 Net Profit shall not be less than RMB45 million, RMB54 million and RMB64 million ("**Annual Guarantee Profit**") respectively.

In the event that actual profit of the Target Company for the three years ending 31 December 2016 are less than the 2014 Net Profit, 2015 Net Profit and 2016 Net Profit the Vendor shall, compensate to the Purchaser according to the following formula:

(Annual Guarantee Profit – 2014 Net Profit/2015 Net Profit/2016 Net Profit) *2

Note

Annual Guarantee Profit of 2014 is equals to RMB45million divided by 12 months and then times the number of months after Completion up to year end.

The compensation shall be deducted from the Pre-Acquisition Profit to be distributed to the Vendors. If the Pre-Acquisition Profit is insufficient to cover the entire compensation amount, the remaining balance shall be payable by the Vendors to the Purchaser within 30 days after the issue of the relevant audited report. The maximum compensation shall be up to the total Consideration received by the Vendors during the relevant period of time.

Post-acquisition right

The Vendors and the Purchaser mutually agreed that should the net profit of the Target Company in the upcoming three years ending 31 December 2016 be able to reach the Annual Guarantee Profit, Ms. Hang subject to the compliance of relevant rules and regulations (including the Listing Rules) shall have the right to require the Purchaser to acquire the remaining 30% equity interest in the Target Company at a consideration representing a price earnings ratio of 10 times to the audited net profit of the Target Company in 2016 audited by the auditor appointed by the Purchaser up to a maximum of RMB250 million. The consideration for the remaining 30% equity interest in the Target Company to be acquired shall also be satisfied by way of cash. The acquisition of the remaining 30% equity interest in the Target Company shall be conducted in a manner to be mutually agreed by the Purchaser and Ms. Hang and a separate agreement will be entered into for such acquisition, if materialised.

Conditions Precedents

Completion of the Acquisition is subject to the following conditions precedent being fulfilled or waived (as the case may be):

(i) Yestar Shanghai being satisfied that all information disclosed in the due diligence process by the Vendors and the Target Company remains true and accurate in all material respects, and that there are no misleading statements nor material omission;

(ii) there being no change in the principal business of the Target Company;

(iii) there being no material adverse change in the assets, business, operations, financial position and projections of the Target Company; and there being no circumstances leading to the discontinuation of the business operations of the Target Company or the existence of mortgage, pledge, seizure, or freezing order or any other encumbrances or third party claims against the Target Company;

(iv) Ms. Xu having ceased to serve as supervisor in the Target Company;

(v) the audited consolidated net profit after tax of the Target Company and Nanjing Uno for the year ended 31 December 2013 shall be no less than RMB35 million;

(vi) all agreements executed between Nanjing Uno and BD having been expired and not renewed and the Target Company having officially become the authorized distributor of BD;

(vii) the consents from BD and Roche concerning the change in the shareholding or management of the Target Company having been obtained;

(viii) all transactions between the Target Company, Nanjing Uno and the related companies of the Vendors and its connected persons (including but not limited to Jiangsu Uno Biotechnology, Nanjing Baifu Biotechnology, Nanjing Oudai Technology and Nanjing Oudai Trading) having been terminated and no new transactions having been entered into;

(ix) all borrowings of the Target Company (including but not limited to borrowings from its employees, third parties introduced through Ms. Hang personal connections, and other short term borrowings) having been fully settled;

(x) all loans advanced by the Target Company to the Vendors or other borrowers having been fully settled;

(xi) the chief financial officer delegated by Yestar Shanghai to Nanjing Uno having been appointed;

(xii) the agreements in relation to the transfer of patents, domain names, trademarks and other intellectual property rights (as specified in the Share Transfer Agreement) owned or pending registration from Nanjing Uno to the Target Company having been executed and become effective, and all necessary registrations having been made and granted by the relevant intellectual property department;

(xiii) Nanjing Uno and the Target Company having entered into a license agreement to permit the Target Company the use of the relevant intellectual property rights free of charge before the completion of the transfer of the intellectual property rights (as specified in the Share Transfer Agreement);

(xiv) Yestar Shanghai and Ms. Hang having executed the new articles of association of the Target Company with terms as specified in the Share Transfer Agreement;

(xv) the parties to the Share Transfer Agreement having performed and complied with the representations and guarantees as specified in the Share Transfer Agreement in all material respects;

(xvi) the list containing the names of customers of Nanjing Uno under the long-term supplier agreement having been duly executed and becoming effective;

(xvii) the audited report of the Target Company have been approved by all parties to the Share Transfer Agreement;

(xviii) the passing of necessary ordinary resolution(s) by the shareholders of the Target Company to approve the share transfer as contemplated under the Share Transfer Agreement;

(xix) if necessary, the written shareholders' approval having been obtained from a Shareholder (or a closely allied group of Shareholders) who holds more than 50% in nominal value of all the issued Shares and being accepted in lieu of holding a general meeting in accordance with Rule 14.44 of the Listing Rules; and if not accepted, the passing of necessary resolutions(s) by the Shareholders, except for those who will be required to abstain from voting in accordance with the Listing Rules or other applicable laws and regulations, at a duly convened extraordinary general meeting of the Company to be convened and held to approve the Share Transfer Agreement and the transactions contemplated thereunder (including but not limited to the approval of the Master Sales and Purchase Agreement and the relevant annual caps for the transactions contemplated thereunder); and

(xx) all necessary approvals and consents required under applicable laws and regulations (including the Listing Rules) having been obtained in respect of the Share Transfer Agreement and the transactions contemplated thereunder.

None of the conditions precedent are capable to be waived, except for conditions (i) and (xv) which may be waived at any time before Completion by the Purchaser by notice in writing to the Vendors. Unless mutually agreed by the parties in writing to extend the long stop date for fulfilling the conditions precedent above, the above conditions precedent shall be fulfilled (or waived) no later than 120 days after the execution of the Share Transfer Agreement.

If any of the conditions precedent are not fulfilled or otherwise waived on or before noon of 120 days after the execution of the Share Transfer Agreement, or on such later date as mutually agreed by the parties in writing, Yestar Shanghai shall be entitled to terminate the Share Transfer Agreement by notice in writing to the Vendors, and the Vendors shall refund all monies paid (if any) in relation to the entire equity transfer in accordance with the Share Transfer Agreement.

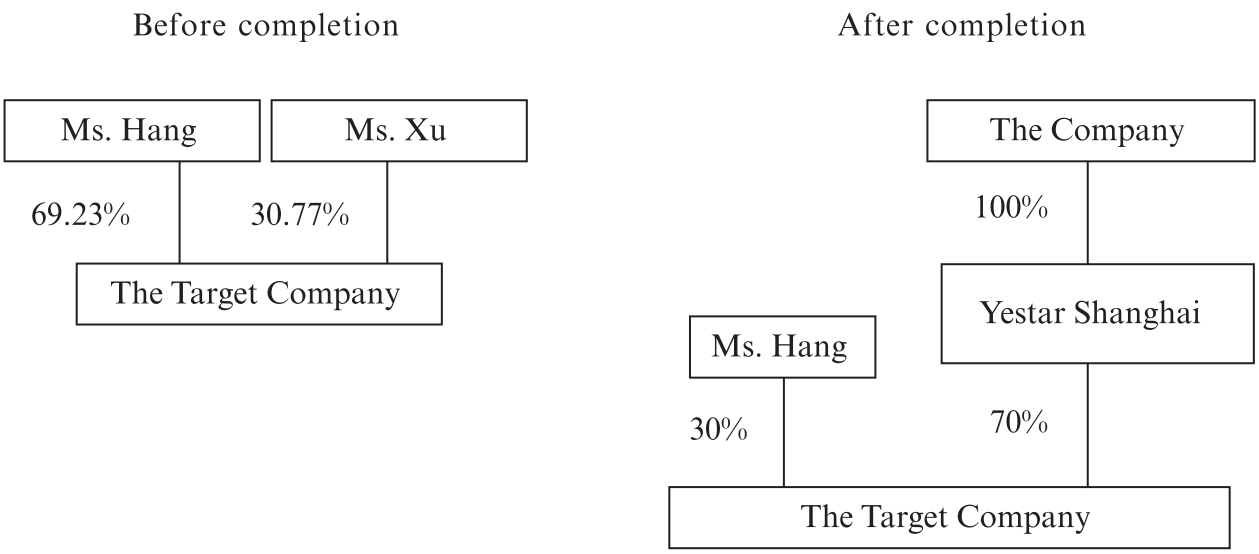
The fulfilment of each of the conditions precedent above is subject to the review and written approval or waiver obtained from Yestar Shanghai.

Completion

The Completion Date shall be the date of fulfilment of all the conditions precedents above.

Shareholding of the Target Company before and immediately upon Completion

The shareholding structure of the Target Company before and after the Completion is set out below:



BASIS OF CONSIDERATION

The maximum consideration of RMB245 million in respect of the Acquisition was determined following commercial negotiations between the parties on an arm's length basis with reference to various factors, including but not limited to the historical earning of the Target Company as well as the business development and future prospects of the Target Company.

The Directors (including the independent non-executive Directors, whose view will be set out in the circular to be issued by the Company) consider that the Consideration payable to the Vendor is fair and reasonable.

The Group will finance the cash portion of the Acquisition by the Group's internal cash resources and available banking facilities.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is one of the leading providers of color photographic paper in the PRC and a provider of a broad range of imaging products in the PRC. The Group process color photographic paper, various image printing films and medical imaging films into ready-to-use form by cutting and slitting master rolls into customized sizes and packaging the products under precisely controlled processing conditions.

It has been the Group strategy to further develop the medical consumable business, so as to diversify the Group's product range. The Group is optimistic about the development of the medical industry in the PRC and considers the medical consumable business to be a core element of the medical industry chain. The Directors considered that with well-established extensive sales network of the Group in the PRC, the Group would be able to leverage the sales network to further enhance the Group's profitability by introducing a wider range of consumable products to its customers. On the other hand, the Target Company also had a well-established distribution hospital network in which the Group could also leverage to enhance direct sales to hospital for its medical film products.

The Company's focus is not only on the current profit level of the Target Company but also its growth prospect. The Board is of the view that the Acquisition represents a valuable business opportunity for the Group to develop in the medical equipment and consumable industry in the PRC and will, in the long run, broaden the Group's revenue base by expanding and diversifying the product base of the Group.

In light of the above, the Directors consider that the terms of the Share Transfer Agreement are fair and reasonable and in the interest of the Company and Shareholders as a whole.

INFORMATION OF THE PURCHASER

The Purchaser is a direct wholly-owned subsidiary of the company, established in the PRC with limited liability on 20 July 2000. The Purchaser principally engages in marketing and sales of color photographic paper, photo-related products, document printing equipment and consumables, industrial NDT x-ray films and dental films.

INFORMATION OF THE VENDORS

The Vendors, namely Ms. Hang and Ms. Xu, are private investors in the medical equipment industry, holding 69.23% and 30.77% equity interest in the Target Company respectively as at the date of this announcement. Ms. Hang and Ms. Xu are also the general manager and supervisor of the Target Company respectively as at the date of the announcement. Apart from their shareholding in the Target Company, Ms. Hang and Ms. Xu also hold 95% and 5% interest respectively in Nanjing Uno as at the date of the announcement.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability. The scope of business of the Target Company includes the licensing of the medical device business (in accordance with the "**Permits for Medical Device Operation Enterprises**"). General business of the Target Company include the provision of research and development and consulting services for medical device, hardware, mechanical and electrical device, office equipment, merchandising goods (including, electronics, machinery, leasing and maintenance of medical device) and conference services. The registered capital of the Target Company is RMB26 million, of which Ms. Hang is interested in RMB18 million of the issued share capital (representing approximately 69.23%) and Ms. Xu is interested in RMB8 million of the issued share capital (representing approximately 30.77%). The Target Company currently holds distribution right of Roche Diagnostics Products in Anhui and Jiangsu. Roche Diagnostics Products distributed by the Target Company include Centralized Diagnostics Products and Tissue Diagnostics Products.

Roche is a subsidiary of Roche Holding AG. According to the public information available, Roche Holding AG was founded in 1896, headquartered in Basel, Switzerland. Roche Holding AG is a leader in research-focused healthcare with combined strengths in pharmaceuticals and diagnostics. Roche Holding AG is also the world leader in in-vitro diagnostics, tissue-based cancer diagnostics and a pioneer in diabetes management.

(i) Financial information

Based on Target Company's unaudited consolidated accounts for the year ended 31 December 2013, prepared in accordance with PRC GAAP, the unaudited net assets value of the Target Company was amounted to RMB51.5 million as at 31 December 2013.

Set out below is the unaudited financial performance of the Target Company for the two years ended 31 December 2013, prepared in accordance with PRC GAAP:

	Financial year ended 31 December	
	2012	**2013**
	(approximately RMB' million)	*(approximately RMB' million)*
Unaudited consolidated (loss)/profit before taxation	(0.1)	34.4
Unaudited consolidated (loss)/profit after taxation	(0.1)	25.6

Following the Completion, the Target Company will become a non-wholly owned subsidiary of the Company. The results of the Target Company will be included in the consolidated financial statements of the Group after Completion.

INFORMATION ON NANJING UNO

Nanjing Uno is a company established in the PRC with limited liability. The scope of business of Nanjing Uno includes the licensing of the medical device business (in accordance with the "**Permits for Medical Device Operation Enterprises**"). General business of the Nanjing Uno include the provision of research and development and consulting services for medical device, hardware, mechanical and electrical device, office equipment, merchandising goods (including, electronics, machinery, leasing and maintenance of medical device) and conference services. The registered capital of Nanjing Uno is RMB5 million, of which Ms. Hang is interested in RMB4.75 million of the issued share capital (representing approximately 95%) and Ms. Xu is interested in RMB0.25 million of the issued share capital (representing approximately 5%).

CONTINUING CONNECTED TRANSACTION

The Target Company is currently a distributor of Roche Diagnostics Products and pursuant to the Share Transfer Agreement, Nanjing Uno shall procure their customers to enter into agreement(s) with the Target Company for distributions of Roche Diagnostics Products and BD Products within 180 days from the execution of the Share Transfer Agreement to transact the distributions of Roche Diagnostics Products and BD Products directly. During the period for customers which have yet entered into new sales and purchase agreement(s) with the Target Company, Nanjing Uno will back to back procure products from the Target Company and sell such products to their customers until a sales and purchase agreement having been entered between the Target Company and Nanjing Uno's customers. To govern the on-going transactions between the Target Company and Nanjing Uno, the Target Company entered into a Master Sales and Purchase Agreement with Nanjing Uno simultaneously upon the entering into of the Share Transfer Agreement. The Master Sales and Purchase Agreement will take effect upon Completion.

THE MASTER SALES AND PURCHASE AGREEMENT

Date:	11 September 2014
Parties:	The Target Company; and Nanjing Uno
Effective Date:	Date of Completion
Term of the Agreement:	From the Completion Date up to 31 October 2015 Despite Nanjing Uno will use its best endeavors to procure all of its' customers to enter into sales and purchase agreement with the Target Company within 180 days from the execution of the Share Transfer Agreement, the Directors in order to cater for any unexpected delay, have built in additional time to the terms of the Master Sales and Purchase Agreement.
Subject matter:	It has been agreed under the Master Sales and Purchase Agreement that: (a) The Target Company has agreed to supply to Nanjing Uno certain Roche Diagnostics Products and BD Products, and that Nanjing Uno may on-sale these products to its customers; (b) Nanjing Uno shall observe the geographical restrictions when distributing such products; (c) With effect from the Effective Date, Nanjing Uno shall not source or acquire any Roche Diagnostics Products or BD Products from suppliers other than the Target Company; and

(d) With effect from the Effective Date, Nanjing Uno shall not be engaged in the distribution of any medical equipment and consumables other than Roche Diagnostics Products and BD Products save as to fulfil the terms of the agreement(s) executed before the Master Sales and Purchase Agreement which continue to remain valid and has not been prohibited under the Share Transfer Agreement.

Roche Diagnostics Products shall only be sold within Anhui and Jiangsu and the BD Products shall only be sold in the Anhui by Nanjing Uno.

As mutually agreed by both parties, Nanjing Uno shall only sell the Roche Diagnostics Products and the BD Products to end users (i.e. Hospital). Without prior consent from the Target Company, Nanjing Uno shall not sell any of the Roche Diagnostics Products and BD Products to other distributors.

Pricing basis: The selling price of the Target Company to Nanjing Uno shall be identical to the selling price of Nanjing Uno to its customers. Nanjing Uno shall not make any profit out of the transactions contemplated under the Master Sales and Purchase Agreement and if any profit is realized, such profit shall be accounted as the profit of the Target Company.

The selling price of Nanjing Uno to its customers shall be determined at arm's length negotiation on normal commercial terms and according to the prevailing market price.

The actual settlement price and the method of payment shall be determined according to the settlement terms and payment method as stipulated in the agreements entered into between Nanjing Uno and its customers.

Annual Caps: Proposed annual caps for the sales of Roche Diagnostics Products and BD products are as follows:

	Annual Cap
From Completion Date up to 31 December 2014	RMB50.0 million
For the ten months ending 31 October 2015	RMB100.0 million

The above proposed annual caps for each period are arrived at by the estimated sales volume multiplied by the projected price of the relevant Roche Diagnostics Products and BD products.

Basis of the annual caps:

The annual caps under the Master Sales and Purchase Agreement were determined based on the followings:

1. The historical transaction amount of Roche Diagnostics Products supplied by the Target Company to Nanjing Uno;

2. The projected price of Roche Diagnostics Products and BD Products during the two financial years ended 31 December 2015;

3. The demand estimated for Roche Diagnostics Products and BD Products by Nanjing Uno's customers for the two years ended 31 December 2015;

4. The scheduled timing to procure the Target Company to entered into sales and purchase agreement with Nanjing Uno's customers directly; and

5. A buffer to accommodate changes in market conditions.

Note:

Shareholders should note that the monetary value of the annual caps should not be constructed as an assurance or forecast by the Company of the future revenues of the Group under the Master Sales and Purchase Agreement.

Historical Transaction between the Target Company and Nanjing Uno:

The following represents the historical transaction amount between the Target Company to Nanjing Uno for the three years ended 31 December 2013 for Roche Diagnostics Products only, during the past three years the Target Company was not a distributor of BD Products.

	Total Historical Sales
Year ended 31 December 2013	RMB150.6 million
Year ended 31 December 2012	Nil
Year ended 31 December 2011	Nil

Extension of Term:

The Purchaser shall be entitled to extend the Master Sales and Purchase Agreement on or before 31 October 2015 and take such action as may be appropriate to comply with the Listing Rules

Termination: Without prejudice to the right of any party to terminate the Master Sales and Purchase Agreement pursuant to the terms therein, the Master Sales and Purchase Agreement shall automatically terminate if:

(a) the Purchaser and/or Nanjing Uno consider(s) that it is not feasible to comply with the Listing Rules at the relevant time; or

(b) compliance with the Listing Rules would require changes to the Master Sales and Purchase Agreement which are not acceptable to any of the parties; or

(c) all the long term supply contracts entered into by Nanjing Uno with its customers have been fully completed and terminated.

The Directors (including the independent non-executive Directors) have confirmed and considered that the transactions contemplated under the Master Sales and Purchase Agreement have been subject to arm's length negotiation between the Target Company and Nanjing Uno, and have been entered into by the Target Company in the ordinary and usual course of business and on normal commercial terms or better and which are no less favorable to the Target Company than those available to or from independent third parties and are of the view that the transactions contemplated under Master Sales and Purchase Agreement and the respective proposed annual caps for the period ending 31 December 2014 and for the ten months ending 31 October 2015 are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Since no Directors is considered to have material interest in the Master Sales and Purchase Agreement and the transactions contemplated thereunder, no Directors have to abstained from voting on the resolutions passed at the Board meeting held on 11 September 2014 to approve the Master Sales and Purchase Agreement and the transactions contemplated thereunder (including the respective proposed annual caps).

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition, are greater than 25% but less than 100%, the Acquisition will constitute a major transaction of the Company under Chapter 14 of the Listing Rules and accordingly, the Acquisition is subject to the shareholders' approval requirement under the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, each of the Vendor and its ultimate beneficial owner are third party independent of the Company and its connected persons, and do not hold any Shares, accordingly, no shareholders are required to abstain from voting at the general meeting to approve the relevant resolution(s) regarding the Share Transfer Agreement and the transactions contemplated thereunder. In lieu of holding a general meeting, shareholders' written approval has been obtained on 11 September 2014 from the Controlling Shareholders who, as at the date of this announcement, altogether held approximately 71.06% in nominal value of the Shares then in issue giving the right to attend and vote at that general meeting (if the Company were to convene one), approving the Acquisition and the transactions contemplated thereunder.

To govern the on-going transaction between the Target Company and Nanjing Uno, the Target Company entered into a Master Sales and Purchase Agreement with Nanjing Uno simultaneously upon the entering into of the Share Transfer Agreement. The Master Sales and Purchase Agreement will take effect upon Completion.

Upon Completion, the Target Company will become an indirect non-wholly-owned subsidiary of the Company. Ms. Hang and Ms. Xu, being the directors of the Target Company, will become connected persons of the Company. As Ms. Hang and Ms. Xu also hold the equity interest of Nanjing Uno as to 95% and 5% respectively, Nanjing Uno is an associate of Ms. Hang. Therefore the transaction contemplated under the Master Sales and Purchase Agreement with Nanjing Uno will constitute continuing connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

As the Master Sales and Purchase Agreement is entered into between an prospective indirect non-wholly-owned subsidiary of the Company (namely the Target Company) and a prospective connected person of the Company at the subsidiary level only on normal commercial terms or better, the Company is only required to comply with the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

GENERAL

A circular containing, among other things, further details regarding (i) the Share Transfer Agreement; (ii) the financial information of the Target Company; (iii) the pro forma financial statements of the Enlarged Group; and (iv) other disclosure requirements under the Listing Rules regarding the transactions contemplated under the Share Transfer Agreement, will be despatched to the Shareholders on or before 31 October 2014, as the Company will require more time to prepare the information required for inclusion in the circular.

As the Acquisition is subject to the conditions precedent set out in the Share Transfer Agreement being satisfied or waived, as applicable, and the Acquisition may or may not proceed to Completion, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

"2014 Net Profit"	the audited consolidated net profits of the Target Company for the financial year ending 31 December 2014, expressed in RMB in respect of the period after completion of the Acquisition up to 31 December 2014
"2015 Net Profit"	the audited consolidated net profits of the Target Company for the financial year ending 31 December 2015, expressed in RMB and agreed or determined as such pursuant to the Share Transfer Agreement

"2016 Net Profit"	the audited consolidated net profits of the Target Company for the financial year ending 31 December 2016, expressed in RMB and agreed or determined as such pursuant to the Share Transfer Agreement
"Acquisition"	the acquisition by the Purchaser from the Vendors of the 70% of the entire equity interest of the Target Company
"associate(s)"	has the meanings given to it under the Listing Rules
"BD"	Becton, Dickinson and Company (Shanghai) Limited* 碧迪醫療器械(上海)有限公司
"BD Products"	The products of BD
"Company"	Yestar International Holdings Company Limited (巨星國際控股有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange
"Completion"	completion of the Acquisition in accordance with the terms and conditions of the Share Transfer Agreement
"Completion Date"	the date on which Completion takes place
"connected person(s)"	has the meaning given to it in the Listing Rules
"Consideration"	maximum Consideration of RMB245.0 million shall be paid by the Purchaser
"Controlling Shareholders"	Ms. Jeane Hartono, Mr. James Hartono, Mr. Rico Hartono and Ms. Chen Chen Irene Hartono, were interested and deemed interested in an aggregate of approximately 71.06% of the issued share capital of Company as at the date of this Announcement
"Director(s)"	director(s) of the Company
"Enlarged Group"	The Group together with the Target Company
"Group"	collectively, the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Jiangsu Uno Biotechnology"	Jiangsu Uno Biotechnology Limited* 江蘇歐諾生物科技有限公司
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Master Sales and Purchase Agreement"	the agreement dated 11 September 2014 entered into between the Target Company and Nanjing Uno whereby Nanjing Uno has agreed to purchase all Roche Diagnostics Products and BD Products exclusively from the Target Company based on the quantity demand by Nanjing Uno's customer

"Ms. Hang"	Ms. Hang Wenxia (杭文霞), interested in 69.23% of the Target Company as at the date of this announcement, an independent third party of the Company prior to Completion.
"Ms. Xu"	Ms. Xu Di (徐迪), interested in 30.77% of the Target Company as at the date of this announcement, an independent third party of the Company prior to Completion.
"Nanjing Baifu Biotechnology"	Nanjing Baifu Biotechnology Limited* 南京柏福萊生物技術有限公司
"Nanjing Oudai Technology"	Nanjing Oudai Technology Limited* 南京歐戴德科技有限公司
"Nanjing Oudai Trading"	Nanjing Oudai Trading Limited* 南京歐戴德商貿有限公司
"Nanjing Uno"	南京歐諾醫療設備有限公司, a company established in the PRC with limited liability, as at the date of this announcement was held by Ms. Hang and Ms. Xu as to 95% and 5% respectively.
"PRC"	the People's Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"PRC GAAP"	Generally accepted accounting standards of the PRC
"Roche"	Roche Diagnostics (Shanghai) Ltd* 羅氏診斷產品(上海)有限公司
"Roche Diagnostics Products"	the diagnostics products of Roche
"Sale Capital"	70% of the entire equity interests in the Target Company
"Share(s)"	ordinary share(s) of HK$0.10 each in the issued share capital of the Company
"Share Transfer Agreement"	the agreement dated 11 September 2014 entered into between the Purchaser and the Vendors to acquire from the Vendors 70% of the equity interests in the Target Company at a consideration of RMB245 million
"Shareholder(s)"	holder(s) of the issued Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	江蘇歐諾科技發展有限公司, a company incorporated in PRC in March 2003 and its principal business is investment holdings
"Vendors"	collectively, Ms. Hang and Ms. Xu, and each a "Vendor"
"Yestar Shanghai" or "Purchaser"	巨星貿易(上海)有限公司 (Yestar (Shanghai) Co., Ltd.), a company established in the PRC with limited liability on 20 July 2000 and a wholly-owned subsidiary of the Company

"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"%"	per cent.

* *For identification purpose*

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, 12 September 2014

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; and the independent non-executive Directors are Dr. Hu Yiming, Mr. Karsono Tirtamarta (Kwee Yoe Chiang) and Mr. Sutikno Liky.

For ease of reference and unless otherwise specified in this announcement, sum in HK$ and RMB in this announcement is translated at the rate of RMB1.0 = HK$1.26. This does not mean that HK$ could be converted into RMB, or vice versa, based on such exchange rate.

In case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.