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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 2013

FINANCIAL HIGHLIGHTS

Revenue increased by approximately 22.8% to approximately RMB1,173.3 million.

Gross profit increased by approximately 25.2% to approximately RMB209.4 million.

Profit for the year increased by approximately 12.6% to approximately RMB65.3 million after taking the one-off listing expenses of RMB15.5 million incurred during the Year into account.

Earnings per share for the year ended 31 December 2013 were RMB0.18.

The Board recommends a payment of a final dividend of HKD8.9 cents (equivalent to RMB7.0 cents 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 2013.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2013

		2013	2012
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
REVENUE	4	1,173,334	955,818
Cost of sales		(963,899)	(788,508)
Gross profit		209,435	167,310
Other income and gains	4	7,176	8,468
Selling and distribution expenses		(52,430)	(49,638)
Administrative expenses		(62,947)	(41,101)
Other expenses		(1,797)	(591)
Finance costs	5	(5,771)	(2,875)
PROFIT BEFORE TAX	6	93,666	81,573
Income tax expense	7	(28,331)	(23,540)
PROFIT FOR THE YEAR		<u>65,335</u>	<u>58,033</u>
Attributable to:			
Owners of the parent		65,072	56,517
Non-controlling interests		263	1,516
		<u>65,335</u>	<u>58,033</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (<i>RMB cents</i>)	10	<u>18</u>	<u>17</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2013

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
PROFIT FOR THE YEAR	65,335	58,033
Other comprehensive income:		
Exchange differences on translation of foreign operations	<u>(1,117)</u>	<u>—</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>64,218</u>	<u>58,033</u>
Attributable to:		
Owners of the parent	63,955	56,517
Non-controlling interests	<u>263</u>	<u>1,516</u>
	<u>64,218</u>	<u>58,033</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		104,352	95,888
Prepaid land lease payments		15,606	15,022
Intangible assets		2,524	2,675
Deferred tax assets		8,350	5,943
		<u>130,832</u>	<u>119,528</u>
CURRENT ASSETS			
Inventories		272,704	177,768
Trade and bills receivables	11	16,848	100,754
Prepayments, deposits and other receivables	12	29,259	24,339
Amount due from a director		—	1,916
Pledged deposits		3,316	2,503
Cash and cash equivalents		283,027	160,393
		<u>605,154</u>	<u>467,673</u>
CURRENT LIABILITIES			
Interest-bearing loans		117,212	25,000
Trade and bills payables	13	215,322	244,246
Other payables and accruals	14	37,066	25,561
Tax payable		7,371	22,422
Dividend payables		3,384	83,972
Amounts due to related parties		—	6,736
		<u>380,355</u>	<u>407,937</u>
NET CURRENT ASSETS		<u>224,799</u>	<u>59,736</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>355,631</u>	<u>179,264</u>
NON-CURRENT LIABILITIES			
Interest-bearing loans		—	20,000
Other payables	14	9,133	9,133
Deferred tax liabilities		4,313	1,028
		<u>13,446</u>	<u>30,161</u>
NET ASSETS		<u><u>342,185</u></u>	<u><u>149,103</u></u>
EQUITY			
Equity attributable to owners of the parent:			
Issued capital		37,044	—
Reserves		263,261	140,153
Proposed final dividend		32,667	—
		<u>332,972</u>	<u>140,153</u>
Non-controlling interests		<u>9,213</u>	<u>8,950</u>
TOTAL EQUITY		<u><u>342,185</u></u>	<u><u>149,103</u></u>

NOTES

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 Jeane Hartono, Rico Hartono, James Hartono and Chen Chen Irene Hartono.

The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 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.

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 the disclosure requirements of the Hong Kong Companies Ordinance. They 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 2013. 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.

IFRS 1 Amendments	Amendments to IFRS 1 <i>First-time Adoption of International Financial Reporting Standards — Government Loans</i>
IFRS 7 Amendments	Amendments to IFRS 7 <i>Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities</i>
IFRS 10	<i>Consolidated Financial Statements</i>
IFRS 11	<i>Joint Arrangements</i>
IFRS 12	<i>Disclosure of Interests in Other Entities</i>
IFRS 10, IFRS 11 and IFRS 12 Amendments	Amendments to IFRS 10, IFRS 11 and IFRS 12 — <i>Transition Guidance</i>
IFRS 13	<i>Fair Value Measurement</i>
IAS 1 Amendments	Amendments to IAS 1 <i>Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income</i>
IAS 19 (2011)	<i>Employee Benefits</i>
IAS 27 (2011)	<i>Separate Financial Statements</i>
IAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i>
IAS 36 Amendments	Amendments to IAS 36 <i>Impairment of Assets — Recoverable Amount Disclosures for Non-Financial Assets</i> (early adopted)
IFRIC 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i>
<i>Annual Improvements 2009–2011 Cycle</i>	Amendments to a number of IFRSs issued in June 2012

Other than as further explained below regarding the impact of IFRS 10, IFRS 12, IFRS 13, IFRS 19 (2011), amendments to IFRS 10, IFRS 11, IFRS 12, IAS 1 and IAS 36, and certain amendments included in *Annual Improvements to IFRSs 2009–2011 Cycle*, the adoption of the new and revised IFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised IFRSs are as follows:

- (a) IFRS 10 replaces the portion of IAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements and addresses the issues in ISIC 12 *Consolidation — Special Purpose Entities*. It establishes a single control model used for determining which entities are consolidated. To meet the definition of control in IFRS 10, an investor must have (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The changes introduced by IFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled.

As a result of the application of IFRS 10, the Group has changed the accounting policy with respect to determining which investees are controlled by the Group.

The application of IFRS 10 does not change any of the consolidation conclusions of the Group in respect of its involvement with investees as at 1 January 2013.

- (b) IFRS 12 sets out the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in IAS 27 *Consolidated and Separate Financial Statements*, IAS 31 *Interests in Joint Ventures* and IAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities.
- (c) The IFRS 10, IFRS 11 and IFRS 12 Amendments clarify the transition guidance in IFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between IFRS 10 and IAS 27 or SIC 12 at the beginning of the annual period in which IFRS 10 is applied for the first time.

- (d) IFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other IFRSs. IFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in IFRS 13, the policies for measuring fair value have been amended.
- (e) The IAS 1 Amendments change the grouping of items presented in other comprehensive income ("OCI"). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group. The Group has chosen to use the new title "statement of profit or loss" as introduced by the amendments in these financial statements.
- (f) IAS 19 (2011) includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. As the Group does not have any defined benefit plan or employee termination plan and the Group does not have any significant employee benefits that are expected to be settled for more than twelve months after the reporting period, the adoption of the revised standard has had no effect on the financial position or performance of the Group.
- (g) The IAS 36 Amendments remove the unintended disclosure requirement made by IFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided IFRS 13 is also applied. The Group has early adopted the amendments in these financial statements. The amendments have had no impact on the financial position or performance of the Group.
- (h) Annual Improvements 2009–2011 Cycle issued in June 2012 sets out amendments to a number of standards. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments have had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:
- *IAS 1 Presentation of Financial Statements:* Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

- *IAS 32 Financial Instruments: Presentation:* Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 *Income Taxes*. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders.

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	<i>Financial Instruments</i> ³
IFRS 9, IFRS 7 and IAS 39 Amendments	<i>Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39</i> ³
IFRS 10, IFRS 12 and IAS 27 (Revised)	Amendments to IFRS 10, IFRS 12 and IAS 27 (2011) — <i>Investment Entities</i> ¹
IAS 19 Amendments	Amendments to IAS 19 <i>Employee Benefits</i> — <i>Defined Benefit Plans: Employee Contributions</i> ²
IAS 32 Amendments	Amendments to IAS 32 <i>Financial Instruments: Presentation</i> — <i>Offsetting Financial Assets and Financial Liabilities</i> ¹
IAS 39 Amendments	Amendments to IAS 39 <i>Financial Instruments: Recognition and Measurement: Novation of Derivatives and Continuation of Hedge Accounting</i> ¹
IFRIC 21	<i>Levies</i> ¹
<i>Annual Improvements 2010–2012 Cycle</i>	Amendments to a number of IFRSs issued in December 2013 ²
<i>Annual Improvements 2011–2013 Cycle</i>	Amendments to a number of IFRSs issued in December 2013 ²

¹ Effective for annual periods beginning on or after 1 January 2014

² Effective for annual periods beginning on or after 1 July 2014

³ No mandatory effective date yet determined but is available for adoption

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that these new and revised IFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organized 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 imaging products: manufacture and sale of medical dry films, medical wet films and dental film.

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 2013

	Imaging printing products <i>RMB'000</i>	Medical imaging products <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue:			
Sales to external customers	699,005	474,329	<u>1,173,334</u>
Segment results	31,435	62,585	94,020
<i>Reconciliation:</i>			
Corporate and other unallocated expenses			<u>(354)</u>
Profit before tax			<u>93,666</u>
Segment assets	437,915	231,798	669,713
<i>Reconciliation:</i>			
Corporate and other unallocated assets			<u>66,273</u>
Total assets			<u>735,986</u>
Segment liabilities	226,691	162,797	389,488
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			<u>4,313</u>
Total liabilities			<u>393,801</u>
Other segment information:			
Depreciation of items of property, plant and equipment	10,506	2,079	12,585
Amortization of prepaid land lease payments	327	—	327
Amortization 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*	<u>22,603</u>	<u>588</u>	<u>23,191</u>

Year ended 31 December 2012

	Imaging printing products <i>RMB'000</i>	Medical imaging products <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue:			
Sales to external customers	661,110	294,708	<u>955,818</u>
Segment results	42,938	38,635	81,573
<i>Reconciliation:</i>			
Corporate and other unallocated expenses			<u>—</u>
Profit before tax			<u>81,573</u>
Segment assets	359,590	224,362	583,952
<i>Reconciliation:</i>			
Corporate and other unallocated assets			<u>3,249</u>
Total assets			<u>587,201</u>
Segment liabilities	234,875	202,195	437,070
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			<u>1,028</u>
Total liabilities			<u>438,098</u>
Other segment information:			
Depreciation of items of property, plant and equipment	7,969	1,347	9,316
Amortization of prepaid land lease payments	309	—	309
Amortization of intangible assets	464	11	475
Reversal of impairment trade receivables	(554)	—	(554)
Loss on disposal of items of property, plant and equipment	376	—	376
Operating lease rentals	7,355	916	8,271
Capital expenditure*	<u>44,822</u>	<u>8,119</u>	<u>52,941</u>

* *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 2012, the Group had one customer from whom the revenue raised by medical imaging products of RMB300,097,000 individually accounted for more than 10% of the Group's total revenue during the year.

During the year ended 31 December 2013, the Group had one customer from whom the revenue raised by medical imaging products and printing imaging products of RMB492,690,000 individually accounted for 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:

	2013 RMB'000	2012 RMB'000
Revenue		
Sale of goods	<u>1,173,334</u>	<u>955,818</u>
Other income and gains		
Government grants (<i>note (a)</i>)	3,675	2,721
Sale of scrap materials	1,914	1,591
Interest income	1,268	3,572
Others	<u>319</u>	<u>584</u>
	<u>7,176</u>	<u>8,468</u>

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:

	2013 RMB'000	2012 RMB'000
Finance costs		
Interest on interest-bearing loans wholly repayable within five years	5,270	2,649
Guarantee fee	426	226
Interest arising from discounted bills	<u>75</u>	<u>—</u>
	<u>5,771</u>	<u>2,875</u>

6. PROFIT BEFORE TAX

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

	2013 RMB'000	2012 RMB'000
Cost of inventories sold	963,899	788,508
Employee benefit expense (including directors' remuneration):		
— Wages and salaries	62,666	47,061
— Pension scheme contributions	<u>6,758</u>	<u>5,155</u>
	<u>69,424</u>	<u>52,216</u>

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Research and development costs	1,567	1,165
Auditors' remuneration	1,468	2,167
Depreciation of items of property, plant and equipment	12,585	9,316
Amortisation of prepaid land lease payments	327	309
Amortisation of other intangible assets	532	475
Impairment of inventories	848	—
Reversal of impairment of trade receivables	—	(554)
Minimum lease payments under operating leases	8,871	8,271
(Gain)/loss on disposal of items of property, plant and equipment	<u>(48)</u>	<u>376</u>

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:

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Current tax		
— Income tax in the PRC for the year	27,453	22,639
— Deferred tax	<u>878</u>	<u>901</u>
Total tax charge for the year	<u>28,331</u>	<u>23,540</u>

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:

	2013 RMB'000	2012 <i>RMB'000</i>
Profit before tax	93,666	81,573
Tax at an applicable tax rate	23,417	20,393
Lower tax rate for certain loss making entities in different jurisdictions	902	—
Income not subject to tax	—	(258)
Adjustments to current tax of previous periods	250	—
Utilisation of tax losses not provided for	—	(256)
Expenses not deductible for tax	477	123
Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries	3,285	3,538
Tax charge at the Group's effective rate	28,331	23,540

8. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated profit attributable to owners of the parent for the year ended 31 December 2013 includes a loss of RMB354,000 (2012: Nil) which has been dealt with in the financial statements of the Company.

9. DIVIDENDS

No dividend has been paid or declared by the Company since its date of incorporation.

(a) Special dividends

The dividends declared by the Company's subsidiaries to its then shareholders during the year were as follows:

	2013 RMB'000	2012 <i>RMB'000</i>
Declared special dividends	—	84,238
Paid during the year	80,588	—

As part of the Group reorganization, special dividends proposed by the board of directors of Yestar (Guangxi) Technology Co., Ltd. ("Yestar Technology") and Yestar (Guangxi) Medical System Co., Ltd. ("Yestar Medical") to its then shareholders were approved on 3 November 2012 and 5 November 2012, respectively. These special dividends were declared in connection with the initial public offering.

(b) Proposed final dividends

	2013 RMB'000	2012 <i>RMB'000</i>
Proposed final — HKD8.9 cents (2012: nil) per ordinary share	32,667	—

On 10 March 2014, the board of directors of the Company resolved to propose a final dividend for the year ended 31 December 2013 of HKD8.9 cents 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 365,594,000 in issue during the year ended 31 December 2013 (2012: 337,500,000), as though the capitalisation issue of shares of 337,499,000 shares prior to the global offering had been issued on 1 January 2012.

The calculation of basic earnings per share is based on:

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Earnings		
Profit attributable to owners of the parent used in the basic earnings per share calculation:	65,072	56,517
Shares		
Weighted average number of ordinary shares in issue (<i>thousands</i>)	365,594	337,500
Basic and diluted earnings per share (<i>RMB cents</i>)	<u>18</u>	<u>17</u>

The diluted earnings per share amount is equal to the basic earnings per share amount for the years ended 31 December 2013 and 2012, as there were no diluting events existed during these years.

11. TRADE AND BILLS RECEIVABLES

Group

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Trade receivables	7,206	96,229
Bills receivable	9,642	4,525
	<u>16,848</u>	<u>100,754</u>

The Group grants different credit periods to customers. The Group generally requires its customers to make payments at various stages of a sale transaction. The credit period of individual customers is considered on a case-by-case basis and set out in the sales contracts, as appropriate. Certain customers are required to make partial 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 are 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

	2013 RMB'000	2012 <i>RMB'000</i>
Within 90 days	6,040	96,229
91 to 180 days	1,006	—
181 to 365 days	160	—
1 to 2 years	—	—
Over 2 years	—	—
	<u>7,206</u>	<u>96,229</u>

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

Group

	2013 RMB'000	2012 <i>RMB'000</i>
At 1 January	—	3,330
Amount written off as uncollectible	—	(2,776)
Impairment losses reversed	—	(554)
	<u>—</u>	<u>—</u>
At 31 December	<u>—</u>	<u>—</u>

The impaired trade receivables relate to individual customers that were in financial difficulties or were in default in payments and the receivables are not expected to be recovered. The Group does not hold any collateral or other credit enhancements over these balances.

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

Group

	2013 RMB'000	2012 <i>RMB'000</i>
Neither past due nor impaired	6,376	96,229
Past due but not impaired:		
Less than 90 days	680	—
91 to 180 days	150	—
181 to 365 days	—	—
1 to 2 years	—	—
	<u>7,206</u>	<u>96,229</u>

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 2013, the Group endorsed certain bills receivable accepted by banks in the PRC (the “Derecognized Bills”), to certain of its suppliers in order to settle the trade payables due to these suppliers with a carrying amount in aggregate of RMB700,000 (31 December 2012: RMB3,188,000). The Derecognized Bills have a maturity from one to three months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognized Bills have a right of recourse against the Group if the PRC banks default (the “Continuing Involvement”). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognized Bills. Accordingly, it has derecognized the full carrying amounts of the Derecognized Bills and the associated trade payables. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognized Bills and the undiscounted cash flows to repurchase these Derecognized Bills equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s Continuing Involvement in the Derecognized Bills are not significant.

During the year, the Group has not recognized any gain or loss on the date of transfer of the Derecognized Bills. No gains or losses were recognized 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 2013 amounted to RMB2,181,000 (2012: nil). The carrying amount of the assets that the Group continued to recognise as at 31 December 2013 amounted to RMB2,181,000 (2012: nil) and that of the associated liabilities as at 31 December 2013 amounted to RMB2,181,000 (2012: nil).

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Group

	2013 <i>RMB’000</i>	2012 <i>RMB’000</i>
Prepayments	3,543	3,910
Value added tax input	19,901	10,247
Other receivables	5,815	10,182
	<u>29,259</u>	<u>24,339</u>
Total	<u>29,259</u>	<u>24,339</u>

The carrying amounts of other receivables approximate to their fair values.

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

	2013 <i>RMB’000</i>	2012 <i>RMB’000</i>
Trade payables	135,342	183,468
Bills payable	79,980	60,778
	<u>215,322</u>	<u>244,246</u>
	<u>215,322</u>	<u>244,246</u>

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

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Within 90 days	135,259	141,824
91 to 180 days	64	41,547
181 to 365 days	19	—
1 to 2 years	—	—
Over 2 years	—	97
	<u>135,342</u>	<u>183,468</u>

The trade payables are non-interest-bearing and are normally settled within 180 days. The carrying amounts of the trade payables approximate to their fair values.

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

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Current portion:		
Advances from customers	17,408	11,025
Other payables	9,086	9,398
Value added tax payable	—	170
Accrued expenses	2,181	1,028
Payroll and welfare payable	8,391	3,940
	<u>37,066</u>	<u>25,561</u>
Non-current portion:		
Other payables (<i>Note</i>)	<u>9,133</u>	<u>9,133</u>

The carrying amounts of other payables and accruals approximate to their fair values.

Note: 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. As at 31 December 2013, this government grant is included in other payables in the consolidated statements of financial position.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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, principally engaging in the processing, marketing, sales and distribution of various Fujifilm imaging products, namely color photographic paper products, medical imaging products, and industrial imaging products. Leverage on the technology know-how and the sales network, the Group also manufactures and sales dental films and industrial NDT (non-destructive testing) x-ray films under our house brand “Yes!Star”.

Sales and distribution network

The Group has a well-established sales and distribution network with 18 sales offices covering major cities across the PRC. Such extensive channel allows us to reach out to local distributors, providing effective aftersales services and to implement customized marketing strategies for different regions in the PRC.

Long-standing and mutually beneficial relationship with Fujifilm

The family of the Group’s founder and Chairman Mr. James Hartono has established long-standing and trustworthy business relationship with Fujifilm since 1971. Over the 43 years, the Hartono family and Fujifilm has jointly developed the imaging consumable markets in Indonesia, Cambodia, Vietnam and India. Since 2001, the Group has joint hands with Fujifilm to co-develop the imaging consumable market in the PRC. Such collaboration has successfully facilitated the penetration of Fujifilm products in the PRC’s imaging consumable market.

Results

For the year ended 31 December 2013, (“the Year”), the Group registered outstanding performance. Capturing the strong growth in the medical film business, and the increasing demand in professional color photographic paper, revenue for the Year surged by 22.8% to RMB1,173.3 million as compared with RMB955.8 million in 2012. Gross profit for the Year increased by 25.2% year-on-year to RMB209.4 million (2012: RMB167.3 million). Gross margin maintained at a stable level of 17.8% (2012: 17.5%). Profit attributable to owners of the parent grew by 15.1 % year-on-year to RMB 65.1 million. Due to the one-off listing expenses of RMB15.5 million incurred during the Year, net profit margin decreased slightly by 0.5 percentage points to 5.6% (2012: 6.1%). Earnings per share for the Year was RMB0.18 (2012: RMB0.17). The Board recommends a payment of a final dividend of HKD8.9 cents (equivalent to RMB7.0 cents) per share.

Color photographic paper business — accounts for 45.2% of overall revenue

The Group is the sole processor and exclusive distributor of Fujifilm color photographic paper in the PRC. The Group processes, markets, sales and distributes, and provides after-sales support for Fujifilm professional and minilab color photographic papers in the PRC.

In the recent years, the color photographic paper industry in the PRC has seen strong demand from the professional color photographic papers. This is attributed to the continual growth in disposable income in the PRC. With the desire to capture unforgettable moments such as wedding, graduation, family gathering and every growing step of a baby, this affluent population are increasingly willing to spend on lifestyle products, such as professional photography. The bloom in the professional

photography business has translated into the strong demand of professional color photographic papers. With our extensive sales network in the PRC and the strong recognition of the Fujifilm brand, the Group has successfully capitalized this growth.

In 2013, revenue contributed by the color photographic paper business decreased by 11.5% year-on-year to RMB530.6 million. A short-term supply disruption due to market consolidation has led to the stock up on Fujifilm products in 2012. This has resulted in an unusually high revenue base for the Group in 2012. Professional photographic papers overtook minilab photographic papers in the Year to be the major revenue contributor to this segment. The revenue generated from the professional photographic paper increased by 9.2% to RMB295.1 million, accounted for 55.6% of the segment revenue.

The overall gross profit margin for the color photographic paper business also saw significant improvement as the brand influence of Fujifilm color photographic paper in the PRC market has given the Group pricing power to increase the average selling prices of both professional and minilab color photographic paper during the year. As such, the gross profit margin of the color photographic paper business increased from 19.4% in 2012 to 22.5% in 2013, representing an encouraging growth of 3.1 percentage points.

Revenue breakdown of core products

For the year ended 31 December	2012 (RMB '000)	2013 (RMB '000)	Year-on-year change
Professional color photographic paper	270,285	295,071	+9.2%
Minilab color photographic paper	329,186	235,568	-28.4%
Total	<u>599,471</u>	<u>530,639</u>	<u>-11.5%</u>

Gross profit margins of core products

For the year ended 31 December	2012	2013	Year-on-year change
Professional color photographic paper	21.6%	24.1%	+2.5%
Minilab color photographic paper	17.6%	20.5%	+2.9%
Overall	<u>19.4%</u>	<u>22.5%</u>	<u>+3.1%</u>

Medical imaging business — accounted for 40.4 % of overall revenue

Currently, the Group is the sole processor of Fujifilm medical film in the PRC. With the established processing capability, the Group also engages in processing, marketing and selling dental film products under our house brand “Yes!Star”.

Chinese has become more and more health conscious, and that partly was supported by the increase in disposable income and living standards. The awareness for health has seen the newly acquired habit to go through routine body checks and preventive diagnosis. As a consumable used in primary diagnostic procedure such as X-ray, Computed Tomography (CT-scans) and Magnetic Resonance Imaging (MRI), medical film demand has since been rising rapidly.

For the year ended 31 December 2013, the medical imaging business recorded outstanding performance with revenue increased by 60.9% year-on-year to RMB474.3 million. In particular, medical film experienced substantial growth with revenue increased by 60.6% year-on-year to RMB470.8 million, accounting for 99.3% of the segment revenue. The revenue of dental film on the other hands, increased by 127.7% to RMB3.5 million.

The overall gross profit margin of the medical imaging business increased by 0.2% from 13.5% in 2012 to 13.7% in 2013, which was mainly attributable to the enhancement in operating efficiency as production volume increased during the Year.

Revenue breakdown of core products

For the year ended 31 December	2012 (RMB '000)	2013 (RMB '000)	Year-on-year change
Medical film	293,171	470,829	+60.6%
Dental film	1,537	3,500	+127.7%
Total	<u>294,708</u>	<u>474,329</u>	<u>+60.9%</u>

Gross profit margin of core products

For the year ended 31 December	2012	2013	Year-on-year change
Medical film	13.3%	13.5%	+0.2%
Dental film	38.5%	35.0%	-3.5%
Overall	<u>13.5%</u>	<u>13.7%</u>	<u>+0.2%</u>

Industrial imaging products — accounted for 13.1 % of overall revenue

The Group markets, sales and distributes Fujifilm NDT x-ray films, and processes Fujifilm PWB (printed wire board) films. Leveraging the technology know-how and distribution channels, the Group also engages in manufacturing, marketing and selling NDT x-ray film under house brand “Yes!Star”. NDT x-ray film is widely used to detect metal defects, and major customers are industrial manufacturers in the automotive, aviation and the petro industries. PWB film is a soft electronic board used in almost all small electronic devices including smartphones and tablets. The major customers for this product are electronic devices manufacturers.

The revenue of the industrial imaging business rises from RMB36.4 million in 2012 to RMB154.1 million in 2013, representing an outstanding growth of 323.2%. NDT x-ray film and PWB film accounted for 27.4% and 72.6% of the segment revenue respectively.

Brand management

In respect of the color photographic paper business, we held 15 promotion fairs for the full line of Fujifilm products and exchange forums for clients in the PRC during the Year. The products were widely admired for their outstanding quality, great value for money and the innovative mode of operation. Through such marketing campaigns and exchange sessions, the full line of Fujifilm products (including photographic paper, solvents, equipment, etc.) were promoted and we were able to strengthen our relationship with the customers. We achieved considerable success in terms of marketing results as the brand awareness of Fujifilm products among customers in the market was enhanced, and the overall image, market influence and appeal of Yes!Star as exclusive distributor of Fujifilm were reinforced.

We held 5 professional dental equipment exhibitions for Yes!Star dental films. This allowed us to introduce dental films under our own brand to potential customers and to keep abreast of the latest industry information, which gives us new ideas to develop the Yes!Star dental diagnostic product line.

For the promotion of Yes!Star industrial films, we participated in the exhibitions in Beijing and Shanghai in order to promote our brand and enhance our corporate image. We were able to increase our brand awareness within the industry and attract potential customers. In addition, to foster our relationship with major distributors of industrial films, we also organized an appreciation reception to discussed future development and cooperation plans.

Financial Review

Liquidity and Financial Resources

The Group maintained a sound financial position during the year under review. As at 31 December 2013, the Group had a cash and bank balance of approximately RMB283 million, and its gearing ratio and current ratio were 34.25% and 1.59, respectively. Trade and bills receivables as at the end of the Year were RMB16.84 million, and inventory amounted to RMB272.7 million. The total interest-bearing loans of the Group as at 31 December 2013 was approximately RMB117.21 million.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by about 5.6% from RMB49.6 million for the year ended 31 December 2012 to RMB52.4 million for the year ended 31 December 2013, and accounted for about 5.2% and 4.5%, respectively, of the Group's revenue for the respective reporting periods.

Administrative Expenses

The Group's administrative expenses increased by about 53% from RMB41.1 million for the year ended 31 December 2012 to RMB62.9 million for the year ended 31 December 2013, and accounted for about 4.3% and 5.4%, respectively, of the Group's revenue for the respective reporting periods. This was mainly attributable to the listing expenses of RMB15.5 million and the increases in depreciation charge of property, plant and equipment and staff remuneration.

Finance Costs

The Group's finance costs increased by about 100%, from RMB2.9 million for the year ended 31 December 2012 to RMB5.8 million for the year ended 31 December 2013. This was mainly attributable to the increase in average interest-bearing loans during the reporting period.

For the year ended 31 December 2013, interest rates of the interest-bearing loans ranged from 3.3% to 7.5%, while those for the year ended 31 December 2012 ranged from 5.4% 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 ended 31 December 2013, the Group was exposed to the foreign currency risk arising from the purchasing in US Dollars. The Group will monitor its foreign currency exposure closely.

Capital structure

The shares of the Company were listed on the Stock Exchange on 11 October 2013. On 1 November 2013, the over-allotment option was exercised fully and 16,875,000 shares were allotted and issued by the Company. Since then, there has been no change to the capital structure of the Company. The capital of the Company comprises ordinary shares and capital reserves.

Information on employees

As at 31 December 2013, the Group had 719 (2012: 703) employees, including the executive Directors. Total staff costs (including Directors' emoluments) were approximately RMB69.42 million for the year ended 31 December 2013 as compared to approximately RMB52.22 million for the year ended 31 December 2012. 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 2013, 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

Except for investment in subsidiaries during the year ended 31 December 2013, 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 Company's prospectus of the Company dated 27 September 2013, the Group did not have other plans for material investments and capital assets.

Material acquisitions and disposals of subsidiaries and affiliated companies

During the year ended 31 December 2013, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

Charges of assets

As at 31 December 2013, the Group did not have any charges on its assets (2012: Nil).

Contingent liabilities

The Group had no material contingent liabilities as at 31 December 2013 (2012: Nil).

PROSPECTS

Color photographic paper business

The demand for professional color photographic papers will continue to grow, and this is driven by the increasingly popular artistic wedding photos and baby photos. This is made possible with the sharp increase in disposable income, and hence the uplift in living standards. The thinking that one set of wedding photo is enough is already outdated. New couples nowadays are taking numerous sets of photos over multiple locations, both within the PRC and abroad. All these valuable photos taken register their fond memories and hence certain to be printed and assembled into photo albums. This is why the demand for professional photographic paper is rising. At the other end, the Chinese government just relaxed the long standing ‘One-Child Policy’ finally in late 2013. It allows family to have a second baby if either one of the parents was the sole child in their respective families. It is estimated an additional 9.5 million babies would be given birth. This new population bloom will further drive the market of artistic baby photos, and in turn the demand for professional color photographic paper.

Given this promising market potential ahead, the Group will focus on marketing and reinforcing our sales force in 2014. Through the collaboration with professional photographer associations, the Group will initiate marketing campaigns targeting the end users such as professional photo processing labs and photo studios. Such initiatives will further enhance the awareness of the Fujifilm brand and promote the use of professional photographic papers. Furthermore, the Group plans to expand the sales team by bringing in experienced personnel. All these strategies are necessary for the Group to capture greater market share and further strengthen our leading position in the market.

Medical film business

The PRC is facing an aging population. According to the PRC’s Ministry of Civil Affairs, the population over the age of 65 will rise to 330 million by 2025, representing approximately 25% of the total population. Hence, the need for preventive and medical diagnostic screening will continue to grow, thereby driving the demand of medical film.

In view of this rapidly growing market demand, the Group plans to increase production capacity by means of adding work shifts. Such strategy allows us to easily adjust production capacity with the minimum capital expenditure. On top of that, the Group will continue to extend our collaboration with Fujifilm Group in the medical film business by launching new product lines. Leverage on our cost-effective processing platform and the growing market demand, the Group believes the medical film business will continue to bring us promising organic growth.

We plan to further develop the medical consumable business and venture into the medical device industry. This would allow us to move further on the value chain, and in the process creating synergy with our medical imaging business. Based on the target’s sales network and manufacturing capability, we are prepared to evaluate any potential merger and acquisition projects that may arise in our course of business. In addition, we will actively seek strategic collaboration with Fujifilm in order to co-develop the medical device and consumable business.

Industrial imaging business

The rapid development of the Chinese economy has facilitated the boom in the application of the industrial NDT technology. The government also places a great deal of importance on the use of Chinese NDT technology in industrial production and has formulated various regulations that meet international standards. Characterized by its correctness, reliability, storability and traceability, X-ray

detection is the most important way of NDT and is widely applied in critical tests. NDT has enormous market potential and is expecting a very promising future as the demand for facilities, devices and consumables required for X-ray testing in China has doubled, particularly in the manufacturing of vessels and pressure vessels, aeronautics and astronautics, nuclear and national defense sectors. Industrial film is one of the key consumables of X-ray testing and has an annual demand of millions square meters in China.

Yes!Star industrial films are cut with high precision out of the master rolls imported from Japan. They deliver better value for money and are more popular in the market as compared with similar products due to their high definition, large contrast, low granularity and reasonable prices. As Yes!Star offers a wide range of products which can sufficiently cater to every market need, its industrial films are well-received by all sectors of the manufacturing industry in China.

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 2013, the net proceeds of the Global Offering has not been applied and utilized.

The directors of the Company (the “Directors”) considers that all the net 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 authorized financial institutions in Hong Kong as at the date of this announcement.

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

During the period from the Listing Date to 31 December 2013 (the “Review Period”), 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

At the time of Listing, 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 such controlling shareholders have been in compliance with the non-competition undertaking in favour of the Company.

Code of Conduct for Securities Transactions by Directors

The Company has adopted a code of conduct regarding directors’ securities transactions on the terms set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 of the Listing Rules. 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 Review Period.

Corporate Governance Practices

During the Review Period, the Directors consider that the Company has complied with all the code provisions of the Corporate Governance Code (the “CG Code”), 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 independent non-executive directors during the Review Period as the Company was listed on the Stock Exchange on 11 October 2013. The Chairman intends to hold at least one meeting per year with non-executive directors (including independent non-executive directors) without the executive directors present.

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. Since the Company was listed on the Stock Exchange on 11 October 2013 and each newly appointed Director has received formal, comprehensive and tailored induction on the first occasion of his/her appointment, the Company did not arrange any training to the Board members during the Review Period. From 2014 onwards, the Company will invite professionals to provide trainings or briefing to the Directors from time to time to refresh their knowledge and skills.

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 Audit Committee has reviewed the consolidated financial statements of the Group for the year ended 31 December 2013, including the accounting principles and practices adopted by the Group, selection and appointment of the external auditor, and also reviewed the effectiveness of the internal control and risk management systems of the Company.

Final Dividend

The Board recommends the payment of a final dividend of HKD8.9 cents (equivalent to RMB7.0 cents) per share for the year ended 31 December 2013 to all shareholders whose names appear on the register of members of the Company on 26 May 2014. Subject to the approval of the shareholders at the forthcoming annual general meeting, the proposed final dividend is expected to be paid on or about 6 June 2014.

Annual General Meeting

The annual general meeting of the Company (the “AGM”) will be held on 15 May 2014. 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 13 May 2014 to 15 May 2014 (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 12 May 2014.

In addition, the Board has resolved to recommend the payment of a final dividend of HKD8.9 cents (equivalent to RMB7.0 cents) per share to members whose names appear on the Register of Members of the Company on 26 May 2014. The Register of Members of the Company will also be closed from 23 May 2014 to 26 May 2014 (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 22 May 2014.

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 2013 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
Hartono James
Chairman, CEO and Executive Director

Shanghai, the PRC, 10 March 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; the independent non-executive Directors are Dr. Hu Yiming, Mr. Karsono Tirtamarta (Kwee Yoe Chiang) and Mr. Sutikno Liky.