Yestar Healthcare Holdings Company Limited

巨星醫療控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2393)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

THE SUBSCRIPTION

On 30 November 2018 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, a total of 230,000,000 Subscription Shares at the Subscription Price of HK$1.79 per Subscription Share.

The Subscription Shares under the Subscription represent approximately 10.57% of the existing issued share capital of the Company of 2,175,200,000 Shares as at the date of this announcement and approximately 9.56% of the issued share capital of the Company of 2,405,200,000 Shares as enlarged by the allotment and issue of the Subscription Shares, assuming that there will be no further change in the number of issued shares from the date of this announcement up to the Completion of the Subscription.

The gross proceeds raised from the Subscription will be approximately HK$411.7 million. The net proceeds from the Subscription of approximately HK$409.7 million are intended to be used for general corporate purposes including (i) as to 40% for possible acquisition on yet to identify target to expand the Group's market share; (ii) as to 40% for repayment of interest bearing borrowings; and (iii) as to 20% for the general working capital.

GENERAL

Shareholders and potential investors should note that Completion is subject to fulfillment of the conditions precedents under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE SUBSCRIPTION

Introduction

On 30 November 2018 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, a total of 230,000,000 Subscription Shares at the Subscription Price of HK$1.79 per Subscription Share.

The Subscription Agreement

Date: 30 November 2018 (after trading hours)

Parties:
(i) The Company as the issuer; and

(ii) FUJIFILM Corporation, a company incorporated in Japan, as the Subscriber.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Subscriber and its ultimate substantial beneficial owners as publicly disclosed at https://www.fujifilmholdings.com are Independent Third Parties.

The Subscription Shares

As at the date of this announcement, the authorized share capital of the Company is HK$100,000,000 divided into 4,000,000,000 Shares of HK$0.025 each, of which 2,175,200,000 Shares are in issue.

The number of new Subscription Shares is 230,000,000, representing approximately 10.57% of the existing issued share capital of the Company of 2,175,200,000 Shares as at the date of this announcement and approximately 9.56% of the issued share capital of the Company of 2,405,200,000 Shares as enlarged by the allotment and issue of the Subscription Shares, assuming that there will be no further change in the number of issued shares from the date of this announcement up to the Completion of the Subscription, pursuant to the terms and subject to the conditions set out in the Subscription Agreement, which is summarized and set out under the paragraph headed "Conditions Precedent".

The aggregate nominal value of the Subscription Shares under the Subscription is HK$5,750,000.

Subscription Price

The Subscription Price is HK$1.79 per Subscription Share, which was arrived at after arm's length negotiation between the Company and the Subscriber with reference to the market condition and the prevailing market price of the Shares. The Directors are of the opinion that the Subscription Price is fair and reasonable and is in the best interests of the Company and the Shareholders as a whole.

The Subscription Price represents:

(i) a discount of approximately 7.25% to the closing price of HK$1.93 per Share as quoted on the Stock Exchange on 30 November 2018, being the closing price on the date of the Subscription Agreement; and

(ii) the discount of approximately 8.21% to the average of the closing prices of approximately HK$1.95 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Subscription Agreement.

The Directors (including independent non-executive Directors) considered that the terms of the Subscription Agreement and the Subscription Price are on normal commercial terms determined after arm's length negotiation between the Company and the Subscriber, are fair and reasonable based on the current market conditions and in the best interests of the Company and Shareholders as a whole.

Ranking and application for listing

The Subscription Shares, when fully paid, will rank *pari passu* in all respects with the existing Shares in issue as at the date of issue of the Subscription Shares.

Application will be made to the Listing Committee of the Stock Exchange to grant the listing of, and permission to deal in, the Subscription Shares.

Conditions Precedent

The Completion shall be conditional upon satisfaction of the following conditions:

1) the Listing Committee of the Stock Exchange having granted the listing of and permission to deal in all the Subscription Shares subject to the allotment and issue of the Subscription Shares;

2) the Shares remaining listed and traded on the Main Board of the Stock Exchange (save for any temporary suspension (as defined in the Listing Rules) of not more than ten consecutive Trading Days or any suspension pending clearance of any announcement in connection with the Subscription Agreement and other transaction document);

3) there being no trading halt, suspension or limitation of trading in the Shares on the Stock Exchange on the Completion Date;

4) there not having occurred, at any time on and from the date of the Subscription Agreement, until or on the Completion Date:

   (i) any creation, granting, issue or allotment of any Shares, Equity Securities or instruments convertible into or exercisable or exchangeable for, or that represent the right to receive, any Share or Equity Securities, or issue of any other equity or ownership interests in the Company or any other event which would or contingently or conditionally would increase the total issued share capital in the Company, save for (i) the issue of the Subscription Shares; and (ii) the issue of Shares under the Share Option Scheme, provided that such options are not capable of being exercised prior to the Completion Date; or

   (ii) any trading halt, suspension or limitation of trading in any of the Shares listed on the Stock Exchange which lasts more than ten consecutive Trading Days; and

5) there being no material breach immediately prior to Completion of any warranty as stipulated in the Subscription Agreement which is given on the date of the Subscription Agreement and immediately prior to and upon Completion.

The above-mentioned condition (1) cannot be waived by either party. The Subscriber may waive in whole or in part, conditionally or unconditionally, any of the above-mentioned conditions (2) to (5).

In the event that any of the conditions precedent has not been satisfied or waived in accordance with the above clause on or before 31 December 2018 (the "**Long Stop Date**"), the parties to the Subscription Agreement shall consult each other and discuss a later date for the satisfaction of the conditions precedent and completion as the parties may agree in writing.

Termination

In the event that the parties to the Subscription Agreement cannot agree to a later date within five Business Days after the Long Stop Date, either party to the Subscription Agreement shall be entitled to terminate the Subscription Agreement by written notice to the other party and the Subscription Agreement and all rights and obligations of the parties under the Subscription Agreement shall cease and terminate save for any accrued rights and obligations of the parties under the Subscription Agreement.

Completion and Settlement

Subject to the above conditions precedent being satisfied or waived (as the case may be), Completion shall take place on the tenth Business Day following the date on which the last in time of the conditions precedent (other than those conditions precedent which are expressed to be satisfied on or as at the Completion Date, but subject to the waiver or satisfaction of such conditions precedent) shall have been satisfied or waived in accordance with the Subscription Agreement, or such other earlier time or date as the parties to the Subscription Agreement may agree in writing.

On Completion Date, the Subscriber shall issue an irrevocable banking instruction and initiate full payment of the Subscription Price in Hong Kong dollars in immediately available funds without any deduction or set-off by direct transfer to the designated bank account of the Company and the Company shall, subject to the receipt of the aforementioned irrevocable banking instruction, deliver the original share certificate in respect of the Subscription Shares to the offices of the Subscriber's agent.

Lock-up

Subject to terms of the Subscription Agreement, the Subscriber undertakes that for a period of six (6) months from the Completion Date, it shall not dispose in whole or in part of any of the Subscription Shares to any person without the prior written consent of the Company (such consent not be unreasonably withheld or delayed).

General Mandate to issue the Subscription Shares

The Subscription Shares will be allotted and issued pursuant to the General Mandate and is not subject to Shareholders' approval. The Company is authorised to allot, issue or otherwise deal with up to 435,040,000 new Shares under the general mandate. As at the date of this announcement, no new Shares have been issued under the General Mandate.

Effects of the Subscription

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon Completion of the Subscription are set out below.

Shareholders	As at the date of this announcement		Upon Completion of the Subscription	
	Number of Shares	*%*	*Number of Shares*	*%*
Director				
Hartono James	546,090,000 *(Note 1)*	25.11%	546,090,000 *(Note 1)*	22.70%
Substantial shareholder				
Hartono Jeane	459,370,000	21.12%	459,370,000	19.10%
Hartono Rico	265,810,000	12.22%	265,810,000	11.05%
Hartono Chen Chen Irene	119,475,000	5.49%	119,475,000	4.97%
Li Bin	164,600,600	7.57%	164,600,600	6.85%
Public shareholder				
Subscriber	—	—	230,000,000	9.56%
Other public Shareholders	619,854,400	28.49%	619,854,400	25.77% *(Note 2)*
Total	**2,175,200,000**	**100.00%**	**2,405,200,000**	**100.00%**

Notes:

1. Out of the 546,090,000 Shares, 20,000,000 Shares were beneficially owned by Amrosia Investments Limited, a company wholly-owned by Mr. Hartono James.

2. The above percentage figures are subject to rounding adjustments. Accordingly, figures shown as total may not be an arithmetic aggregation of the figures preceding it.

Reasons for the Share Subscription

The Group is principally engaged in the distribution of In Vitro Diagnostic ("**IVD**") products in Beijing, Guangzhou, Shanghai, Shenzhen Cities, Anhui, Fujian, Guangdong, Hainan, Hebei, Hunan, Jiangsu Provinces; and the manufacturing of medical films (used in X-Ray, Magnetic Resonance Imaging (MRI) and Computer Tomography (CT-scan) etc. for the Subscriber in the PRC. The Group also manufactures, markets and sells dental film (medical dry film and medical dry film printer) under the house brand "Yes! Star".

During 2018, the Group has been proactively seeking opportunities to extend its business scope vertically along the supply chain, in order to provide one-stop solutions for its clients in order to increase further converge with the tier-three and tier-two public hospitals in the PRC and increase its penetration in the market. With such establishment, the Group is aiming to build its presence in the downstream of the supply chain, widening its service range. The Group has also devoted to optimize its current offering and reinforce its position as a one-stop solution provider within the market. To achieve the goal, the Group has been continuing to reinforce its well-established relationships with its business partners including Roche Diagnostics China and the Subscriber, exploring opportunities along the value chain; and expand its network empire with the thirst to further enhance its market share.

The Subscriber has been co-operating with the Group since 2010 in the Group's medical films operation. With the Subscriber subscribing for the Subscription Shares and becoming a shareholder of the Company, the business relationship between both parties would be enhanced and the proceeds from the Subscription would provide additional funding for the Group to further enhance its market share.

The Directors are of the opinion that the terms of the Subscription Agreement, including but not limited to the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Intended Use of Proceeds

The gross proceeds raised from the Subscription will be approximately HK$411.7 million. The net proceeds from the Subscription of approximately HK$409.7 million are intended to be used for general corporate purposes including (i) as to 40% for possible acquisition on yet to identify target to expand the Group's market share; (ii) as to 40% for repayment of interest bearing borrowings; and (iii) as to 20% for the general working capital.

The net Subscription Price will be about HK$1.78 per Share.

Fund Raising Activities in the Past Twelve Months

The Company has not conducted any fund raising activities in the past twelve months immediately preceding the date of this announcement.

INFORMATION OF THE GROUP

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 processes 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. The Group is also one of the largest IVD products distributors and service providers in the PRC.

INFORMATION OF THE SUBSCRIBER

FUJIFILM Corporation, being the Subscriber, is one of the major operating companies of FUJIFILM Holdings Corporation. The company brings innovative solutions to a broad range of global industries by leveraging its depth of knowledge and fundamental technologies derived from photographic film. Its proprietary core technologies contribute to the fields of healthcare, graphic systems, highly functional materials, optical devices, digital imaging and document products. These products and services are based on its extensive portfolio of chemical, mechanical, optical, electronic and imaging technologies.

GENERAL

Shareholders and potential investors should note that Completion is subject to fulfillment of the conditions precedent under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings:

"Board"	the board of Directors
"Business Day"	a day on which licensed banks are open for business in Hong Kong and in Tokyo, Japan (other than a Saturday, Sunday or a public holiday or a day on which a tropical cyclone warning No. 8 or above or a "black rainstorm warning signal" is hoisted or remains hoisted in Hong Kong at any time between 9:00 am and 5:00 pm)
"Company"	Yestar Healthcare Holdings Company Limited (巨星醫療控股有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange
"Completion"	the completion of the Subscription

"Completion Date"	the actual date of completion of the Subscription pursuant to the Subscription Agreement
"Consent(s)"	including any license, consent, approval, authorization, permission, waiver, order or exemption
"Director(s)"	director(s) of the Company
"Equity Securities"	securities which which by their terms are convertible into or exchangeable for Shares, or any option or securities which confer on the holder the right to call for an issue of, or to receive, Shares or securities which are by their terms convertible into or exchangeable or exercisable for Shares, or any other type of equity or ownership interest in the Company
"General Mandate"	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 15 May 2018
"Group"	the Company and its subsidiary
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Third Party"	person(s) who or company(ies) together with its/their ultimate beneficial owner(s) which, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, is/are third party(ies) independent of the Company and the connected persons of the Company (as defined in the Listing Rules)
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"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
"Share Option Scheme"	share option scheme adopted by the Company on 18 September 2013
"SFC"	the Securities and Futures Commission
"Shareholders"	holders of the issued Shares
"Shares"	ordinary shares of HK$0.025 each in the share capital of the Company

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscriber" or "FUJIFILM Corporation"	FUJIFILM Corporation, an Independent Third Party being the Subscriber of the Subscription Shares under the Subscription Agreement
"Subscription Agreement"	the subscription agreement dated 30 November 2018 entered into between the Company and the Subscriber
"Subscriber Price"	the subscription price of HK$1.79 per Subscription Share
"Subscription Shares"	an aggregate of 230,000,000 Shares to be subscribed by the Subscriber pursuant to the Subscription Agreement
"Trading Day"	a day on which the Stock Exchange is open for business
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent.

By Order of the Board
Yestar Healthcare Holdings Company Limited
Hartono James
Chairman, CEO and Executive Director

Shanghai, 30 November 2018

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