

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

INTERIM RESULTS FOR SIX MONTHS ENDED 30 JUNE 2024

INTERIM RESULTS

The board (the “Board”) of directors (the “Directors”) of Yestar Healthcare Holdings Company Limited (the “Company”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2024 prepared in accordance with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”) issued by the International Accounting Standards Board, together with the comparative figures for the corresponding period of 2023, as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS*For the six months ended 30 June 2024*

	<i>Notes</i>	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited) (Re-presented)
CONTINUING OPERATIONS			
Revenue	4	1,273,785	1,472,679
Cost of sales		(1,056,145)	(1,168,411)
Gross profit		217,640	304,268
Other income and gains		1,094,425	5,066
Selling and distribution expenses		(76,459)	(65,094)
Administrative expenses		(101,844)	(129,429)
Reversal of impairment of financial assets		12,394	17,763
Other expenses		(12,593)	(5,274)
Finance costs		(21,240)	(89,302)
PROFIT BEFORE TAX	5	1,112,323	37,998
Income tax expense	6	(19,798)	(28,743)
PROFIT FOR THE PERIOD		1,092,525	9,255
DISCONTINUED OPERATION			
Profit for the year from discontinued operation, net of tax	13	536	2,364
		1,093,061	11,619

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2024

	<i>Note</i>	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited) (Re-presented)
Attributable to:			
Owners of the Company			
— from continuing operations		1,089,239	1,391
— from discontinued operation		<u>—</u>	<u>2,226</u>
		<u>1,089,239</u>	<u>3,617</u>
Non-controlling interests			
— from continuing operations		3,822	7,864
— from discontinued operation		<u>—</u>	<u>138</u>
		<u>3,822</u>	<u>8,002</u>
EARNINGS PER SHARE FROM CONTINUING OPERATIONS ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted			
— For profit for the period	<i>8</i>	<u>RMB0.47</u>	<u>RMB0.06 cents</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted			
— For profit for the period	<i>8</i>	<u>RMB0.47</u>	<u>RMB0.16 cents</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited) (Re-presented)
PROFIT FOR THE PERIOD	<u>1,093,061</u>	<u>11,619</u>
OTHER COMPREHENSIVE INCOME		
<i>Item that may be reclassified to profit or loss:</i>		
Exchange differences on translation of foreign operations	(9,172)	(55,659)
<i>Item that will not be reclassified to profit or loss:</i>		
Exchange differences on translation of the Company	<u>(3,840)</u>	<u>(3,035)</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>(13,012)</u>	<u>(58,694)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>1,080,049</u>	<u>(47,075)</u>
Attributable to:		
Owners of the Company		
— From continuing operations	1,076,227	(57,303)
— From discontinued operation	<u>—</u>	<u>2,226</u>
	<u>1,076,227</u>	<u>(55,077)</u>
Non-controlling interests		
— From continuing operations	3,822	7,864
— From discontinued operation	<u>—</u>	<u>138</u>
	<u>3,822</u>	<u>8,002</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		30 June 2024	31 December 2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		174,782	180,466
Right-of-use assets		78,179	77,859
Other intangible assets		166,696	177,958
Goodwill		100,650	100,650
Deferred tax assets		22,909	22,190
		<hr/>	<hr/>
Total non-current assets		543,216	559,123
CURRENT ASSETS			
Inventories		348,989	295,784
Trade and bills receivables	9	658,262	690,423
Prepayments, other receivables and other assets		155,405	124,075
Pledged deposits		10	10
Cash and cash equivalents		132,880	203,130
Assets classified as held for sale		—	1,553,642
		<hr/>	<hr/>
Total current assets		1,295,546	2,867,064
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	10	276,629	1,571,642
Trade payables	11	360,777	404,508
Contract liabilities		34,056	33,843
Other payables and accruals	12	277,693	646,590
Lease liabilities		36,503	27,154
Tax payable		58,154	58,229
Liabilities associated with assets classified as held for sale		—	979,425
		<hr/>	<hr/>
Total current liabilities		1,043,812	3,721,391
		<hr/>	<hr/>
NET CURRENT ASSETS/(LIABILITIES)		251,734	(854,327)

		30 June	31 December
		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	<i>10</i>	27,048	—
Lease liabilities		19,140	29,601
Deferred tax liabilities		63,878	66,693
Other long-term payables	<i>12</i>	6,837	6,944
		<hr/>	<hr/>
Total non-current liabilities		116,903	103,238
		<hr/>	<hr/>
NET ASSETS/(LIABILITIES)		678,047	(398,442)
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the company			
Share capital		46,576	46,576
Reserves		571,975	(504,077)
		<hr/>	<hr/>
		618,551	(457,501)
Non-controlling interests		59,496	59,059
		<hr/>	<hr/>
TOTAL EQUITY/(CAPITAL DEFICIENCY)		678,047	(398,442)
		<hr/> <hr/>	<hr/> <hr/>

NOTES

For the six months ended 30 June 2024

1. GENERAL

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

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

The Company is an investment holding company. During the six months ended 30 June 2024, the Company’s subsidiaries were involved in the following principal activities:

- manufacture and sale of color photographic paper, industrial NDT x-ray films and PWB films, and trading of imaging equipment; and
- manufacture and sale of medical dry films, medical wet films and dental films, and distribution of medical equipment and diagnostic reagents.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP’S ACCOUNTING POLICIES

(a) Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2023. These financial information is presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand exception when otherwise indicated.

(b) Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 1 January 2024, except for the adoption of the following revised International Financial Reporting Standards (“IFRSs”) for the first time for the current period’s financial information.

IAS 1	Classification of Liabilities as Current or Non-current (amendments)
IAS 1	Non-current Liabilities with Covenants (amendments)

The adoption of the above new or revised IFRSs in the current period has no material effect on the amounts reported and/or disclosures set out in these interim condensed consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

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

- (a) Imaging printing products: manufacture and sale of color photographic paper, industrial NDT x-ray films and PWB films, and trading of imaging equipment; and
- (b) Medical products and equipment: manufacture and sale of medical dry films, medical wet films and dental films, and distribution of medical equipment and diagnostic reagents.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss 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.

The following tables present revenue and profit/loss information regarding the Group operating segments for the six months ended 30 June 2024 and 2023:

Six months ended 30 June 2024

	Continuing operations		
	Imaging printing products RMB'000 (Unaudited)	Medical products and equipment RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue (note 4)			
Sales to external customers	111,399	1,162,386	1,273,785
Intersegment sales	<u>2,551</u>	<u>719</u>	<u>3,270</u>
			1,277,055
<i>Reconciliation:</i>			
Elimination of intersegment sales			<u>(3,270)</u>
Revenue			<u><u>1,273,785</u></u>
Segment results	2,170	26,904	29,074
<i>Reconciliation:</i>			
Gain on extinguishment of senior notes			1,083,407
Net corporate and other unallocated expenses			<u>(158)</u>
Profit before tax			<u><u>1,112,323</u></u>
Other segment information:			
Depreciation of items of property, plant equipment	2,217	10,096	12,313
Depreciation of items of right-of-use assets	1,703	16,777	18,480
Amortisation of other intangible assets	8	11,300	11,308
Impairment loss/(reversal of impairment) recognised in the statement of profit or loss	13,160	(3,354)	9,806
Gain on disposal of property, plant and equipment	(8)	(96)	(104)
Capital expenditure*	80	7,103	7,183

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

Six months ended 30 June 2023

	Continuing operations		Total <i>RMB'000</i> (Unaudited) (Re-presented)
	Imaging printing products <i>RMB'000</i> (Unaudited)	Medical products and equipment <i>RMB'000</i> (Unaudited) (Re-presented)	
Segment revenue (note 4)			
Sales to external customers	139,320	1,333,359	1,472,679
Intersegment sales	<u>2,508</u>	<u>4,226</u>	<u>6,734</u>
			1,479,413
<i>Reconciliation:</i>			
Elimination of intersegment sales			<u>(6,734)</u>
Revenue			<u><u>1,472,679</u></u>
Segment results	13,201	26,679	39,880
<i>Reconciliation:</i>			
Corporate and other unallocated expenses			<u>(1,882)</u>
Profit before tax			<u><u>37,998</u></u>
Other segment information:			
Depreciation of items of property, plant equipment	1,767	11,342	13,109
Depreciation of items of right-of-use assets	854	14,746	15,600
Amortisation of other intangible assets	90	10,766	10,856
Impairment loss recognised in the statement of profit or loss	361	14,431	14,792
Loss/(gain) on disposal of property, plant and equipment	75	(315)	(240)
Capital expenditure*	87	44,007	44,094

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

The following table presents the asset and liability information of the Group's operating segments as at 30 June 2024 and 31 December 2023:

As at 30 June 2024

	Continuing operations			Discontinued operation	
	Imaging printing products	Medical products and equipment	Subtotal	Medical products and Equipment	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment assets	376,832	1,455,855	1,832,687	—	1,832,687
<i>Reconciliation:</i>					
Corporate and other unallocated assets			6,075		6,075
Total assets			<u>1,838,762</u>		<u>1,838,762</u>
Segment liabilities	181,630	978,335	1,159,965	—	1,159,965
<i>Reconciliation:</i>					
Corporate and other unallocated liabilities			750		750
Total liabilities			<u>1,160,715</u>		<u>1,160,715</u>

As at 31 December 2023

	Continuing operations			Discontinued operation	
	Imaging printing products	Medical products and equipment	Subtotal	Medical products and Equipment	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Segment assets	134,647	1,720,847	1,855,494	1,553,642	3,409,136
<i>Reconciliation:</i>					
Corporate and other unallocated assets			17,051		17,051
Total assets			<u>1,872,545</u>		<u>3,426,187</u>
Segment liabilities	152,749	2,669,457	2,822,206	979,425	3,801,631
<i>Reconciliation:</i>					
Corporate and other unallocated liabilities			22,998		22,998
Total liabilities			<u>2,845,204</u>		<u>3,824,629</u>

Information about major customers

During the six months ended 30 June 2024, the Group had one individual customer from whom the revenue derived by selling medical imaging products and imaging printing products of RMB270,093,000 (six months ended 30 June 2023: RMB376,842,000) accounted for about 21.20% (six months ended 30 June 2023: 25.59%) of the Group's total revenue during the six months ended 30 June 2024.

Geographical information

Since the Group solely operates business in Mainland China and all of the non-current assets of the Group are located in Mainland China, geographical information required by IFRS 8 *Operating Segments* is not presented.

Seasonality of operations

The Group's operations are not subject to seasonality.

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited) (Re-presented)
Continuing operations		
Revenue from contracts with customers	<u>1,273,785</u>	<u>1,472,679</u>

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2024

Segments	Imaging printing products <i>RMB'000</i> (Unaudited)	Medical products and equipment <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Continuing operations			
Types of goods or services			
Sale of goods	110,234	1,142,920	1,253,154
Rendering of services	<u>1,165</u>	<u>19,466</u>	<u>20,631</u>
Total revenue from contracts with customers	<u><u>111,399</u></u>	<u><u>1,162,386</u></u>	<u><u>1,273,785</u></u>
Timing of revenue recognition			
Goods transferred at a point in time	110,234	1,142,920	1,253,154
Services transferred over time	<u>1,165</u>	<u>19,466</u>	<u>20,631</u>
Total revenue from contracts with customers	<u><u>111,399</u></u>	<u><u>1,162,386</u></u>	<u><u>1,273,785</u></u>

For the six months ended 30 June 2023

Segments	Imaging printing products <i>RMB'000</i> (Unaudited)	Medical products and equipment <i>RMB'000</i> (Unaudited) (Re-presented)	Total <i>RMB'000</i> (Unaudited) (Re-presented)
Continuing operations			
Types of goods or services			
Sale of goods	138,147	1,312,456	1,450,603
Rendering of services	<u>1,173</u>	<u>20,903</u>	<u>22,076</u>
Total revenue from contracts with customers	<u><u>139,320</u></u>	<u><u>1,333,359</u></u>	<u><u>1,472,679</u></u>
Timing of revenue recognition			
Goods transferred at a point in time	138,147	1,312,456	1,450,603
Services transferred over time	<u>1,173</u>	<u>20,903</u>	<u>22,076</u>
Total revenue from contracts with customers	<u><u>139,320</u></u>	<u><u>1,333,359</u></u>	<u><u>1,472,679</u></u>

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

For the six months ended 30 June 2024

Segments	Imaging printing products RMB'000 (Unaudited)	Medical products and equipment RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Continuing operations			
Revenue from contracts with customers			
External customers	111,399	1,162,386	1,273,785
Intersegment sales	<u>2,551</u>	<u>719</u>	<u>3,270</u>
	113,950	1,163,105	1,277,055
Intersegment adjustments and eliminations	<u>(2,551)</u>	<u>(719)</u>	<u>(3,270)</u>
Total revenue from contracts with customers	<u><u>111,399</u></u>	<u><u>1,162,386</u></u>	<u><u>1,273,785</u></u>

For the six months ended 30 June 2023

Segments	Imaging printing products RMB'000 (Unaudited)	Medical products and equipment RMB'000 (Unaudited) (Re-presented)	Total RMB'000 (Unaudited) (Re-presented)
Continuing operations			
Revenue from contracts with customers			
External customers	139,320	1,333,359	1,472,679
Intersegment sales	<u>2,508</u>	<u>4,226</u>	<u>6,734</u>
	141,828	1,337,585	1,479,413
Intersegment adjustments and eliminations	<u>(2,508)</u>	<u>(4,226)</u>	<u>(6,734)</u>
Total revenue from contracts with customers	<u><u>139,320</u></u>	<u><u>1,333,359</u></u>	<u><u>1,472,679</u></u>

5. PROFIT BEFORE INCOME TAX

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

	For the six months ended	
	30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Re-presented)
Continuing operations		
Cost of inventories sold and services provided	1,056,145	1,168,411
Gain on extinguishment of senior notes	(1,083,407)	—
Depreciation of items of property, plant and equipment	12,313	13,109
Depreciation of right-of-use assets	18,480	15,600
Amortisation of other intangible assets	11,308	10,856
Lease payments not included in the measurement of lease liabilities	12,795	17,826
Employee benefit expense including		
— Wages and salaries	73,595	62,809
— Pension scheme contributions	7,426	6,512
	<u>81,021</u>	<u>69,321</u>
Exchange differences, net	6,843	(2,475)
Gain on disposal of property, plant and equipment	(102)	(270)

6. 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 six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

The provision for current income tax in Mainland China is based on the statutory rate of 25% of the assessable profits of the Group as determined in accordance with the PRC. Corporation Income Tax Law which was approved and became effective on 1 January 2008.

Yestar Medical was accredited as a high and new technology enterprise (“HNTE”) in the year ended 31 December 2019. The HNTE certificate needs to be renewed every three years so as to enable Yestar Medical to enjoy the preferential CIT rate of 15%. For the six months ended 30 June 2024, Yestar Medical was entitled to a Corporate Income Tax (“CIT”) rate of 15% (six months ended 30 June 2023: 15%) due to HNTE.

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

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited) (Re-presented)
Continuing operations		
Current — charged for the period	23,332	32,805
Deferred tax	<u>(3,534)</u>	<u>(4,062)</u>
Total tax charge for the period	<u><u>19,798</u></u>	<u><u>28,743</u></u>

7. DIVIDENDS

The directors did not recommend the payment of an interim dividend in respect of the six months ended 2024 (six months ended 30 June 2023: Nil).

The shareholders did not declare any dividend for the year ended 31 December 2023 at the annual general meeting of the Company on 31 May 2024.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit for the six months ended 30 June 2024 attributable to owners of the Company, and the weighted average number of ordinary shares of 2,331,590,000 in issue during the six months ended 30 June 2024 (six months ended 30 June 2023: 2,331,590,000).

The calculation of basic earnings per share is based on:

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited) (Re-presented)
Profit		
Profit attributable to owners of the Company, used in the basic earnings per share calculation:		
— from continuing operations	1,089,239	1,391
— from discontinued operation	<u>—</u>	<u>2,226</u>
	<u><u>1,089,239</u></u>	<u><u>3,617</u></u>
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation (thousands)	<u><u>2,331,590</u></u>	<u><u>2,331,590</u></u>

The diluted earnings per share amounts were equal to the basic earnings per share amounts for the six months ended 30 June 2024 and 2023 as no diluting events occurred.

9. TRADE AND BILLS RECEIVABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade receivable	698,101	721,832
Bills receivables	19,808	27,479
Impairment provision	<u>(59,647)</u>	<u>(58,888)</u>
	<u>658,262</u>	<u>690,423</u>

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 90 days	294,383	320,808
91 to 180 days	115,776	135,096
181 to 365 days	143,522	110,678
1 to 2 years	44,179	60,247
2 to 3 years	33,611	36,115
Over 3 years	<u>6,983</u>	<u>—</u>
	<u>638,454</u>	<u>662,944</u>

10. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Other loans (<i>note (1)</i>)	—	1,377,632
Bank loans (<i>note (2)</i>)	<u>303,677</u>	<u>194,010</u>
	<u>303,677</u>	<u>1,571,642</u>
Analysed as:		
Secured (<i>note (3)</i>)	<u>259,777</u>	145,124
Unsecured	<u>43,900</u>	<u>1,426,518</u>
	<u>303,677</u>	<u>1,571,642</u>
Analysed as:		
Current	<u>276,629</u>	1,571,642
Non-current	<u>27,048</u>	<u>—</u>
	<u>303,677</u>	<u>1,571,642</u>

Notes:

- (1) On 30 December 2021, the Company issued five-year senior notes with a par value of USD197.9 million and an effective interest rate of 9.50% per annum. The interest is paid semi-annually in arrears. The maturity date of the senior notes is 29 December 2026.

The shares of Yestar BVI Limited and Yestar International (HK) Company Limited are pledged to the holders of and the senior notes.

Since 30 December 2022, the Group defaulted on the repayment of overdue senior notes including 15% of the original principal amount of RMB206,645,000 and the interest of RMB196,313,000, which met the default condition, leading to the principal amounted to RMB1,377,632,000 and accrued and unpaid interest on the senior notes amounted to RMB196,313,000 become and be immediately due and payable.

On 7 December 2023, the Company announced a proposed offshore debt restructuring of the existing liabilities outstanding under the 9.5% senior notes due 2026 issued by the Company in the principal amount of US\$194,506,648 by way of a Cayman scheme (the “Scheme”). The proposed debt restructuring was completed on 14 March 2024 and accordingly the default as described above was remedied.

- (2) As at 31 December 2023, due to the Group defaulted on the repayment of overdue senior note, the Group's bank loans of RMB194,000,000 become and be immediately due and payable.
- (3) As at 30 June 2024, the Group's bank loans of RMB215,260,000 (31 December 2023: RMB61,124,000) were secured by the pledge of the Group's buildings and guaranteed by the Company's subsidiaries.

As at 30 June 2024, the Group's bank loans of RMB44,517,000 (31 December 2023: RMB84,000,000) were guaranteed by a non-controlling shareholder and the Company's subsidiaries.

11. TRADE PAYABLES

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 90 days	346,740	382,869
91 to 180 days	7,188	17,540
181 to 365 days	5,149	2,211
1 to 2 years	194	127
Over 2 years	1,506	1,761
	<u>360,777</u>	<u>404,508</u>

12. OTHER PAYABLES AND ACCRUALS AND OTHER LONG TERM PAYABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Current portion:		
Other payables	25,025	29,281
Value added tax payable	37,296	39,442
Payroll and welfare payable	5,355	18,214
Interest payable	1,725	197,022
Payables to non-controlling interests (<i>Notes (a), (b) and (c)</i>)	<u>208,292</u>	<u>362,631</u>
	<u>277,693</u>	<u>646,590</u>
Non-current portion:		
Deferred government grant	<u>6,837</u>	<u>6,944</u>

Notes:

As at 30 June 2024, payables to non-controlling interests mainly represent the contractual obligations of the Group to acquire the remaining 30% interests in each of Guangzhou Shengshiyuan Trading Co., Ltd. (“Shengshiyuan”) and Beijing Kaihongda Technologies Co., Ltd. (“Kaihongda”).

The details during the acquisition by the Company of the 70% interests in each of Anbaida Group Companies, Shengshiyuan and Kaihongda and the payables to non-controlling interests are as below:

- a) Pursuant to the share purchase agreement entered into between Yestar (Guangxi) Medical System Co., Ltd. (“Yestar Medical”), a subsidiary of the Company, Mr. Li Bin, Mr. Li Changgui, Mr. Li Changkuan, Ms. Yu Liping and Ms. Liu Hong on 9 April 2015, Yestar Medical acquired the 70% equity interests in Shanghai Emphasis Investment, Shanghai Chaolian Trading, Shanghai Jianchu Medical, Shanghai Haole Industrial and Shanghai Dingpei Industrial (totally referred as Anbaida Group Companies) and Mr. Li Bin and Mr. Li Changgui held the remaining 30% equity interest. The non-controlling equity interest holders shall have the right to require Yestar Medical to acquire the remaining 30% equity interest in Anbaida Group Companies if the respective net profits of Anbaida Group Companies in 2015, 2016 and 2017 have reached the annual guarantee profits. The maximum consideration shall not exceed RMB675 million. Since Anbaida Group Companies have met the annual guarantee profit targets for the years from 2015 to 2017, the Group is obligated to acquire the remaining 30% equity interest in Anbaida Group Companies. Yestar Medical reached a new separate share transfer agreement on 7 August 2020 with Mr. Li Bin and Mr. Li Changgui to acquire the remaining 30% equity interest in Anbaida Group Companies. Yestar Medical shall purchase the remaining 30% equity interest in each of Anbaida Group Companies at a consideration of RMB675 million. Since 2021, the Company completed the acquisition of a 24.17% equity interest and paid RMB543,750,000 to Mr. Li Bin and Mr. Li Changgui, the remaining unpaid amount of RMB131,250,000 and related interest of RMB25,148,000 was recorded in payables to non-controlling interests as at 31 December 2023.

As at 31 December 2023, the carrying amount of RMB125,325,000 related to dividend payable to Mr. Li Bin and Mr. Li Changgui, which was reclassified to liabilities directly associated with assets classified as held for sale).

During the six months ended 30 June 2024, the Group has disposed of the equity interests in Anbaida Group Companies, details of the disposal are set out in note 13.

- b) Pursuant to the share purchase agreement entered between Yestar Medical, Ms. Liu Yanling, Ms. Li Xu, Mr. Ai Jiaying, Mr. Zhang Lixiong and Mr. Li Shenlian on 11 November 2016, Yestar Medical acquired the 70% equity interest in Shengshiyuan. Yestar Medical is obligated to acquire the remaining 30% equity interest in Shengshiyuan if the respective net profits of Shengshiyuan in 2017, 2018 and 2019 have reached the annual guarantee profits. The maximum consideration shall not exceed RMB120 million. Since Shengshiyuan has met the annual guarantee profit targets for the years from 2017 to 2019, Yestar Medical is negotiating with Mr. Li Shenlian to purchase the remaining 30% equity interest. No agreement was reached as of the end of the reporting period.

As of 30 June 2024, the Group recognised the consideration payable of RMB112,702,000 (31 December 2023: RMB112,702,000) and dividend payable to the above shareholders of Shengshiyuan of RMB22,457,000 (31 December 2023: RMB20,989,000) in the payables to non-controlling interests.

- c) Pursuant to the share purchase agreement entered between Yestar Medical, Mr. Pang Haibin, Mr. Xie Dingjie, Ms. An Hong, Mr. Yu Huimin and Mr. Zhu Yongping on 20 September 2017, Yestar Medical acquired the 70% equity interest in Kaihongda. Yestar Medical is obligated to acquire the remaining 30% equity interest in Kaihongda if the respective net profits of Kaihongda in 2017, 2018 and 2019 have reached the annual guarantee profits. The maximum consideration shall not exceed RMB71.28 million. Since Kaihongda has met the annual guarantee profit targets for the years from 2017 to 2019, Yestar Medical is negotiating with Mr. Pang Haibin to purchase the remaining 30% equity interest. No agreement was reached as of the end of the reporting period.

As of 30 June 2024, the Group recognised the consideration payable of RMB65,336,000 (31 December 2023: RMB65,336,000) and dividend payable to the above shareholders of Kaihongda of RMB7,797,000 (31 December 2023: RMB7,206,000) in the payables to non-controlling interests.

13. DISCONTINUED OPERATION

On 30 December 2022, Yestar Medical (“the Vendor”), the indirect wholly-owned subsidiary of the Company, and Mr. Li Bin (the “Purchaser”), the non-controlling shareholders of the Anbaida Group Companies (the “Disposal Group”), entered into an equity transfer agreement (the “2022 Equity Transfer Agreement”) to sell the 94.2% equity interests in the Disposal Group to the Purchaser, at a consideration of RMB574,750,000.

The Purchaser was the founder of the Disposal Group and was appointed as an executive director of the Company on 18 June 2021 and resigned on 31 December 2021. As at 31 December 2023, the Purchaser held 164,600,600 shares, representing approximately 7.1% equity interests in the Company.

According to the 2022 Equity Transfer Agreement, the consideration is RMB574,750,000. The Purchaser agreed to pay the consideration less the outstanding amount of RMB131,250,000 and the interest expenses of RMB25,148,000 to be paid by the Vendor to the Purchaser. Pursuant to the 2022 Equity Transfer Agreement, the dividend payable of RMB125,325,000, which representing the undistributed profits shall be payable by the Vendor to the Purchaser, is exempted from payment.

Details in relation to the 2022 Equity Transfer Agreement were set out in the Company's announcement and circular dated 30 December 2022 and 13 December 2023 respectively.

The disposal of the Group's interest in the Disposal Group was to improve the liquidity and the overall financial position of the Group. On 28 December 2023, the terms of the 2022 Equity Transfer Agreement were approved by the shareholders in an extraordinary general meeting of the Company. The disposal transaction was completed subsequently on 12 January 2024. As such, the Disposal Group was classified as disposal group held for sale and are presented separately in the consolidated statement of the financial position at 31 December 2023. Since the operation of the Disposal Group represents a separate major geographical area of operations, i.e. sales and distribution of In-Vitro Diagnostic products, medical equipment and other related consumables in Shanghai, it is therefore reclassified to discontinued operation in the consolidated statement of profit or loss and other comprehensive income. Comparative figures have been restated to conform with the presentation where applicable.

The financial performance of the discontinued operation presented below are for the six months ended 30 June 2024 and 2023.

	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	—	890,323
Cost of sales	—	(690,325)
Gross profit	—	199,998
Other income and gains	536	5,171
Selling and distribution expenses	—	(102,875)
Administrative expenses	—	(48,491)
Impairment loss of financial assets	—	(8,696)
Other expenses	—	(52)
Finance costs	—	(28,473)
Share of profit of an associate	—	4,830
PROFIT BEFORE TAX	536	21,412
Income tax expense	—	(19,048)
PROFIT FOR THE PERIOD	536	2,364

MANAGEMENT DISCUSSION AND ANALYSIS

ABOUT YESTAR

Yestar Healthcare Holdings Company Limited (“Yestar” or the “Company”, together with its subsidiaries, the “Group”) is one of the largest distributors and service providers of in vitro diagnostic (“IVD”) products in the People’s Republic of China (the “PRC”). The Group principally engages in the distribution of IVD products in Beijing, Shanghai, Guangzhou and Shenzhen cities, Anhui, Fujian, Guangdong, Guangxi, Hainan, Hunan, Jiangsu and Hebei provinces and Inner Mongolia Autonomous Region. The Group also manufactures medical films (used in X-Ray, magnetic resonance imaging (MRI) and computer tomography (CT-scan) etc.) for Fujifilm in the PRC, and manufactures, markets and sells dental film and medical dry film products under the house brand “Yes!Star”.

MARKET OVERVIEW

According to the “China In Vitro Diagnostics Industry Market Development Monitoring and Investment Strategy Consultation Report 2024–2029” published by ASKCI Consulting Co., Ltd (中商產業研究院), the size of China’s IVD market has reached RMB125.3 billion (equivalent to approximately US\$18.2 billion) in 2023, representing a year-on-year (“yoy”) growth of 12.6%. The size of China’s IVD market is expected to grow further to RMB133.2 billion in 2024. This indicates that China’s IVD market is expanding and has maintained rapid growth. The growth of China’s IVD market is mainly attributed to various factors such as economic development, aging population, rising health expenditure per capita and technological advancement. With the improvement in healthcare security policies and increasing public awareness about health, the market demand for IVD as an important means of disease prevention, diagnosis and treatment will continue to grow. However, domestic and foreign enterprises are competing fiercely in the IVD market. Being one of the major distributors of IVD products in China, Yestar has seized opportunities in times of crisis to continuously optimise its operations and reinforce its leadership position.

With the rapid development of biotechnology and continuous innovation in IVD technology, the introduction of new products and technologies will drive market growth. For instance, the application of technologies such as DNA sequencing, digital PCR and liquid chip will further improve the accuracy and convenience of testing. In some fields, domestic IVD products have reached the equivalent international level, thereby starting to realise domestic substitution. As the country is paying increasing attention to the level of localisation of medical products, the market share of domestic IVD products is expected to increase further. In the meantime, increasing public awareness about health and the improvement in healthcare security policies will facilitate the diversification of demand in the IVD market. Medical institutions and patients will lay greater emphasis on the accuracy, convenience and efficiency of testing, thus promoting the continuous upgrading and optimisation of IVD products.

BUSINESS OVERVIEW

Status of the Debt Restructuring

In respect of the Company's proposed offshore debt restructuring of its 9.5% senior notes due 2026 in the principal amount of US\$197,864,523, the Company has entered into a restructuring support agreement with the noteholders in support of the implementation of the debt restructuring via a scheme of arrangement (the "Scheme") in the Cayman Islands. The Scheme was approved by the creditors under the Scheme on 19 February 2024. On 28 February 2024, the Court ordered to approve the Scheme. Pursuant to the order, the Company agreed to pay the noteholders US\$60,500,000, less certain costs and expenses (the "Redemption Payment"). On 14 March 2024, the Company has fully settled the Redemption Payment in accordance with the terms of the Scheme. Following the completion of the debt restructuring, the Group expects to recognise a gain of US\$152,704,000 (equivalent to approximately RMB1,083,407,000) from the extinguishment of the senior notes in the profit or loss for 2024.

New Progress in the Research and Development of House Brand Products

The Group has continued to step up its research and development ("R&D") investment in house brand products. It has started and carried on projects in biochemistry, immunofluorescence and other sub-disciplines, expanded its R&D team, developed new products, pushed through product filing and registration, and proactively explored new technologies and new fields with a forward-looking mind. During the first half of 2024, the Group obtained 34 IVD product registration/filing certificates, including 2 for biochemical reagents, 1 for fully automatic chemiluminescent immunoassay devices and 31 for the filing of cleansing agents. As of 30 June 2024, the Group has obtained a total of 134 IVD product registration/filing certificates. The Group will also further study the feasibility of entering emerging fields such as POCT (point-of-care testing) and DNA sequencing so as to further enrich its house brand product portfolio.

RESULTS OVERVIEW

The Group's overall revenue decreased by 13.5% yoy to RMB1,273.8 million (six months ended 30 June 2023: RMB1,472.7 million). Gross profit decreased by 28.5% yoy to RMB217.6 million (six months ended 30 June 2023: RMB304.3 million). The decrease in both revenue and gross profit margin was mainly due to the fact that the medical segment, being the Group's main source of income, was impacted by the centralised procurement policy in the PRC.

Selling and distribution expenses increased by 17.5% yoy to RMB76.5 million (six months ended 30 June 2023: RMB65.1 million), which was mainly due to the expenses incurred as a result of the Company's vigorous efforts in expanding into new regions and developing new products. Administrative expenses decreased by 21.3% yoy to RMB101.8 million (six months ended 30 June 2023: RMB129.4 million). Finance costs dropped significantly by 76.2% yoy to RMB21.2 million (six months ended 30 June 2023: RMB89.3 million), mainly because a large amount of interest was accrued on the Company's senior notes in the same period of last year, while no more interest payment was needed this year following the completion of the redemption of the senior notes. Other expenses increased by 138.8% yoy to RMB12.6 million (six months ended 30 June 2023: RMB5.3 million), which was principally the result of exchange rate fluctuations. Other income rose by 21,359% yoy to RMB1,094.4 million (six months ended 30 June 2023: RMB5.1 million), which was mainly due to the recognition of profit upon the redemption of the senior notes during the Period. Basic earnings per share amounted to RMB0.47 (six months ended 30 June 2023: basic earnings per share of RMB0.06 cent).

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

Medical Business — 91.3% of Overall Revenue

During the Period, the Group noted a decline in the demand for IVD consumables, which was mainly attributable to policies such as the national healthcare insurance reform and the centralised procurement. Segment revenue was RMB1,162.4 million (six months ended 30 June 2023: RMB1,333.4 million), representing a yoy decrease of 12.8%. The gross profit margin of this segment decreased by 4.4 percentage points ("p.p.") to approximately 18.1% (six months ended 30 June 2023: approximately 22.5%).

Non-medical Business — 8.7% of Overall Revenue

Apart from the medical business segment, the Group's non-medical business mainly consists of the manufacturing, marketing, distribution and sale of Fujifilm colour photographic paper (professional and minilab), as well as industrial imaging products (NDT x-ray films and PWB films) in the PRC. The Group also manufactures, markets and sells NDT x-ray film under the house brand "Yes!Star". The demand for this segment has been relatively stable over the past few years and has therefore been generating stable cash flow for the Group. Revenue from the non-medical business for the Period was RMB111.4 million (six months ended 30 June 2023: RMB139.3 million), representing a yoy decrease of approximately 20.0%. However, the gross profit margin of this segment rose by 1.6 p.p. to 17.1%, which was mainly attributable to the Group's efforts in actively optimising its cost management and price hikes in a systematic manner with full understanding of market changes.

OUTLOOK

It is worth noting that the future of the IVD business in China will be affected by a number of complex and interconnecting factors, including economic condition, technological advancement and global healthcare trends. It will be crucial for IVD companies to monitor and adapt to these factors in navigating the market and seizing opportunities. Whilst it is difficult to accurately predict the outlook for the IVD business in China's healthcare industry beyond 2024, there are a number of factors that Yestar will take into account in charting its path to sustainability and growth.

Technological advancement

Technologies such as artificial intelligence (AI), robotic science and automation are ever-changing, and will continue to revolutionise the IVD industry as they have the potential to increase the accuracy, speed and efficiency of diagnostic tests while saving costs. The combination of digital healthcare platforms, remote diagnosis, and IVD-equipped wearables will further enhance patient care and disease management.

Enhancement of personalised medicine

Personalised medicine, i.e. medical treatment tailored to the characteristics of individual patients, is expected to develop further in China. The combination of genome sequencing, biomarker identification and advanced diagnosis will contribute to more accurate diagnosis and targeted treatment. IVD companies that can provide comprehensive genomic profiling, corresponding diagnosis and innovative personalised testing solutions will stand out in the industry's evolution.

Challenges to global hygiene

Global health challenges such as the emergence of infectious diseases and the persistence of pandemics will continue to influence the direction of IVD. The ability to rapidly develop and apply tests for the diagnosis of novel causative pathogens will remain important. Furthermore, the emergence of new variants of viruses and the need for effective observation and monitoring will drive the demand for advanced IVD technologies and testing capabilities. The current momentum and development of the Chinese IVD market have demonstrated a vibrant and evolving market in 2024 and beyond. Yestar is well-positioned to take on these challenges, adopt appropriate measures according to market conditions and provide innovative solutions tailored to the Chinese healthcare landscape, with an aim to strengthen the Group's position and market share in the evolving healthcare industry.

FINANCIAL REVIEW

Liquidity and financial resources

During the Period, the Group finances its daily operation through a combination of net internally-generated funds from operation and borrowings. As at 30 June 2024, the Group had cash and cash equivalents of approximately RMB132.9 million (31 December 2023: approximately RMB203.1 million). The decrease in cash and cash equivalents was mainly due to the payment of redemption of senior notes of the Company during the Period.

The total interest-bearing bank loans and other borrowings of the Group as at 30 June 2024 was approximately RMB276.6 million (31 December 2023: approximately RMB1,571.6 million). Except for the secured bank loans of RMB259.7 million which are denominated in USD, all borrowings of the Group are principally dominated in Chinese Yuan (“RMB”), which is the presentation currency of the Group.

Current Ratio

As at 30 June 2024, the Group’s current ratio was approximately 1.24 (31 December 2023: approximately 0.77), which was calculated based on the total current assets of approximately RMB1,295.5 million and the total current liabilities of approximately RMB1,043.8 million.

Gearing Ratio

As at 30 June 2024, the Group’s gearing ratio was approximately 22% (31 December 2023: approximately 150%), which was calculated as the net debt which includes the interest-bearing bank loans and other borrowings less cash and cash equivalents divided by equity attributable to owners of the parent plus net debt at the end of 30 June 2024.

Selling and Distribution Expenses

The Group’s selling and distribution expenses increased by approximately 17.5% from approximately RMB65.1 million for the six months ended 30 June 2023 to approximately RMB76.5 million for the Period, and accounted for approximately 4.4% and 6.0%, respectively, of the Group’s revenue for the respective reporting periods. Such increase in selling and distribution expenses was mainly due to the expenses incurred as a result of the Company’s vigorous efforts in expanding into new regions and developing new products during the Period.

Administrative Expenses

The Group’s administrative expenses decreased by approximately 21.3% from approximately RMB129.4 million for the six months ended 30 June 2023 to approximately RMB101.8 million for the Period, and accounted for approximately 9.0%

and approximately 8.0%, respectively, of the Group's revenue for the respective reporting periods. Such decrease in administrative expenses was due to the strict measures of the Group to optimise its cost management to reduce unnecessary operating expenses as well as the reduction of staff.

Finance Costs

The Group's finance costs consisted mainly of interest expenses on bank loans and other borrowings and payables to non-controlling interests. The aggregate amount of interest incurred during the Period was approximately RMB21.2 million (six months ended 30 June 2023: approximately RMB89.3 million). Such significant decrease was mainly due to the redemption of senior notes during the Period and the Company is no longer required to pay interest on its senior notes.

During the Period, interest rates of the interest-bearing loans ranged from 2.5% to 9.86%, while those for the six months ended 30 June 2023 ranged from 2.5% to 9.5%.

Foreign Exchange Exposure

Most of the revenue-generating operations of the Group conducted their transactions in Chinese Yuan, which is the presentation currency of the Group.

During the Period, the Group was exposed to minimal foreign exchange risk arising from the purchase of US dollars and hence did not enter into any agreement to hedge its currency exposure. The Group will continue to closely monitor its foreign exchange exposure in order to minimize the exchange risk.

Share Capital and Capital Structure

During the Period, there has been no change to the shares in issue and capital structure of the Company. The capital of the Company comprises ordinary shares and capital reserve.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group finances its working capital requirements through a combination of funds generated from operations, disposal of assets of the Company and bank borrowings.

Employees and Remuneration Policies

As at 30 June 2024, the Group had a total of 726 employees (six months ended 30 June 2023: 878 employees), including the Directors. The total staff cost (including the Directors' emoluments) for the Period was approximately RMB81.0 million (six months ended 30 June 2023: approximately RMB69.3 million).

The remuneration policy of the Group is to ensure the fairness and competitiveness of total remuneration. The emoluments of executive Directors are determined based on the skills, knowledge, individual performance as well as contributions, the scope of responsibility and accountability of such Directors, taking into consideration the Company's performance and prevailing market conditions. The remuneration policy of independent non-executive Directors is to ensure that they are adequately compensated for their efforts and time dedicated to the Company's affairs including their participation in respective Board committees. Their emoluments are determined with reference to their skills, experience, knowledge, duties and market trends.

On top of basic salaries, bonuses may be paid by reference to the Group's performance as well as individual's performance. Other staff benefits include provision of welfare schemes covering pension insurance, unemployment insurance, maternity insurance, injury insurance, medical insurance, and central pension scheme.

Since the contribution to the pension schemes and for the Period, there was no contributions forfeited by the Group (31 December 2023: Nil) on behalf of its employees who leave the plan prior to vesting fully in such contribution, nor had there been any utilization of such forfeited contributions to reduce future contributions.

As at 30 June 2024, no forfeited contributions were available for utilization by the Group to reduce the existing level of contributions as described in paragraph 26(2) of Appendix D2 to the Listing Rules.

Significant Investments Held

The Group holds two one-year fixed-interest (annual interest rate: 6%) investment products from a company with the principal amount of US\$3.7 million and US\$4.4 million since 2022, which were expired on 31 May 2023 and 4 July 2023, respectively without renewal by the Group upon expiry.

The Group then agreed on the repayment plan with that company for the outstanding principal and interest relating to the above two investment products.

As at 30 June 2024, that company has not settled any outstanding amount (31 December 2023: US\$4.9 million (equivalent to approximately RMB33.6 million)). The Company will keep a close monitor on collecting the outstanding receivable (principal and interest) of approximately US\$4.7 million (equivalent to approximately RMB33.2 million).

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

Reversal of Financial Assets Impairment Loss under Expected Credit Loss Model

Reversal of certain financial assets impairment losses of RMB13.2 million under expected credit loss methodology recorded for the Period, which was primarily due to the settlement of principal amount of investment products from a company and short-term loans from a business party during the Period.

Securities Investments

The Group did not have any securities investment in any investee company with a value of 5% or more of the total assets of the Group as at 30 June 2024, which is required to be disclosed under the Listing Rules.

Future Plans for Material Investments and Capital Assets

The Group did not have any other plans for material investments and capital assets as at 30 June 2024.

Material acquisitions and disposals of subsidiaries and affiliated companies

Save as disclosed in the annual results announcement dated 27 March 2024 and 2023 annual report in relation to the disposal of a subsidiary of the Company at a consideration of RMB574,750,000 with completion took place on 12 January 2024, the Group did not have any material acquisitions and other disposals of subsidiaries and affiliated companies during the Period.

Guarantee Performance in relation to the Acquisitions

The Group did not enter into any acquisition, which is required to be disclosed under the Listing Rules, that the party in contract required to commit or guarantee on the financial performance in any kinds for the Period.

Charge of assets

As at 30 June 2024, certain of the Group's buildings with a net carrying amount of approximately RMB74,583,000 (31 December 2023: RMB77,444,000) were pledged to secure banking loans granted to the Group.

In addition, the following was the pledge of assets as at 30 June 2024:

- (i) the Group's bank loans of RMB215,260,000 (31 December 2023: RMB61,124,000) were secured by the pledge of the Group's buildings and guaranteed by the Company's subsidiaries.
- (ii) the Group's bank loans of RMB44,517,000 (31 December 2023: RMB84,000,000) were guaranteed either a non-controlling shareholder or the Company's subsidiaries.

Contingent liabilities

Save as disclosed in this announcement and the arbitration mentioned below, as at 30 June 2024 and up to the date of this announcement, the Group did not have any material contingent liabilities (31 December 2023: Nil). There was no other significant event relevant to the business and financial performance of the Group that has come to the attention of the Directors after the Period.

Material Adverse Changes

Save as disclosed in this announcement, the Directors are not aware of any material adverse changes in the Group's financial or trading position since 30 June 2024.

OTHER INFORMATION

Arbitration

Reference is made to the announcement of the Company dated 11 November 2016 (the "Announcement") in respect of, amongst other things, the acquisition of 70% equity interests in Guangzhou Shengshiyuan Trading Company Limited ("Shengshiyuan") and announcements of the Company dated 14 June 2023, 6 March 2024 and 8 April 2024 (the "Arbitration Announcements") in relation to arbitration from two vendors of Shengshiyuan against the Company. Unless otherwise stated herein, capitalised terms used herein shall have the same meanings as those defined in the Announcement and Arbitration Announcements.

During the Period, two of the vendors of the Shengshiyuan holding 6% and 3% of Shengshiyuan, respectively, requested the Company to acquire their respective equity interests in the 30% equity interest of Shengshiyuan at a consideration of RMB22,542,000 and RMB11,270,000, respectively, calculated according to a 10 times price to 2019 Net Profit (being RMB37,570,000), and demanded for liquidated damage from the Company for being not honor the Share Transfer Agreement to acquire the Remaining Interest upon their fulfilment of profit guarantee for the three years ended 31 December 2019 without any separate agreement being entered among the vendors of Shengshiyuan for such acquisition.

Subsequent to the Period and in July 2024, the Group has received a withdrawal decision from Arbitration Centre for the termination of the Second Arbitration as the Company and one of the vendors of Shengshiyuan has reached a mutual consent on the purchase of his remaining 3% of equity interest of Shengshiyuan.

The Company has sought legal representative to defense for the Company for the First Arbitration, and will keep the shareholders and potential investors of the Company informed of any further significant development in relation to the final decision of revocation of verdict results concluded on 28 February 2024 in relation to the First Arbitration as and when appropriate as the legal proceeding is still in progress as at the date of this announcement.

For details, please refer to the Arbitration Announcements of the Company dated 14 June 2023, 6 March 2024, 8 April 2024 and 22 July 2024.

Offshore Debt Restructuring

In order to provide a solution for the New Senior Notes that have remained in default since December 2022 given the Company's continued liquidity situation, and provide an important exit for noteholders in a market where there is otherwise close to no trading liquidity for the New Senior Notes, for the year ended 31 December 2023 (the "Year"), the Company has announced the proposed restructuring of the existing liabilities outstanding under the New Senior Notes, which is intended to be implemented by way of a Cayman Scheme (the "Restructuring Scheme").

Subsequent to the Year and during the Period, notice of scheme meeting in the Grand Court of the Cayman Islands has been issued to scheme creditors for the purpose of considering and, if thought fit, approving the Restructuring Scheme, and on 28 February 2024, the Grand Court of the Cayman Islands sanctioned the Restructuring Scheme without modification. The Company has paid the redemption amount to redeem all of the outstanding Senior Notes together with accrued but unpaid interest on 14 March 2024. On 18 March 2024, the Senior Notes have all been redeemed and cancelled thereafter. After such redemption and cancellation, there was no outstanding Senior Notes and the Senior Notes has been delisted from the Singapore Exchange Securities Trading Limited.

For details, please refer to the Company's announcements dated 6 December 2023, 24 January, 8 February, 20 February, 1 March, 11 March and 14 March 2024 as well as the annual results announcement dated 27 March 2024 and the 2023 annual report of the Company.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the Period (six months ended 30 June 2023: Nil).

COMPETITION AND CONFLICT OF INTERESTS

Save as disclosed above and except for the interests in the Group, none of the Directors, the controlling shareholders or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group during the Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Period, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares). As of 30 June 2024, there were no treasury shares (as defined under the Listing Rules) held by the Company.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules (the "Model Code") as its own code of conduct for dealing in securities of the Company by the Directors, which is also applicable to its employees who are likely to possess unpublished inside information (the "Relevant Employees").

Specific enquiries have been made with all Directors and Relevant Employees and, all of them have confirmed in writing that they have complied with the required standard set out in the Model Code regarding their securities transactions for the Period.

CORPORATE GOVERNANCE PRACTICES

The Board believes that good corporate governance is one of the areas leading to the success of the Company and balancing the interests of shareholders, customers and employees, and the Board is devoted to ongoing enhancement of the efficiency and effectiveness of such principles and practices.

During the Period, the Board consider that the Company has complied with all the corporate governance codes (the "CG Code") as set out in Appendix C1 to the Listing Rules, save for the following:

Code Provisions C.1.6

Under code provision C.1.6 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings. Mr. Hartono James ("Mr. Hartono"), the non-executive director, had not attended the annual general meeting held on 31 May 2024 ("2024 AGM") due to his prior business commitment.

Code Provision F.2.2

Under Code Provision F.2.2 of the CG Code, the chairman of the Board should attend the annual general meeting. Mr. Hartono, the chairman of the Board, who did not attend the 2024 AGM due to his prior business commitment.

AUDIT COMMITTEE

The audit committee of the Company was established in compliance with the Listing Rules and with written terms of reference in compliance with the relevant CG Code, its revised which are available on the websites of the Company and the Stock Exchange.

The responsibility of the audit committee is to assist the Board in fulfilling its audit duties through the review and supervision of the Company's financial reporting system, risk management and internal control systems, and to provide advice and comments to the Board. The members meet regularly with the external auditor and/or the Company's senior management for the review, supervision and discussion of the Company's financial reporting, risk management and internal control systems and ensure that the management has discharged its duty to have an effective risk management and internal control systems.

The audit committee comprises three independent non-executive Directors, Mr. Zhao Ziwei (Chairman of the audit committee), Mr. Zeng Jinsong and Koeswondo Michael David.

The interim results of the Group for the Period are unaudited but have been reviewed by the audit committee of the Company, which is of the opinion that the preparation of the interim financial information of the Group complied with the applicable accounting principles and standard, practices adopted by the Group, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The Company's interim results announcement for the six months ended 30 June 2024 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 interim report of the Company for the six months ended 30 June 2024 containing the information required by Appendix D2 to the Listing Rules will be dispatched to the shareholders of the Company who wish to receive a printed copy of the corporate communication in due course, and the same will also be published on the above websites in due course.

By Order of the Board
Yestar Healthcare Holdings Company Limited
Liao Changxiang
CEO and executive Director

29 August 2024

As at the date of this announcement, the executive Directors are Ms. Liao Changxiang and Ms. Wang Hong; the non-executive Director is Mr. Hartono James; and the independent non-executive Directors are Mr. Zeng Jinsong, Mr. Zhao Ziwei and Mr. Koeswondo Michael David.