Yestar International Holdings Company Limited
巨星國際控股有限公司

(Stock code: 2393.HK)

2015 Annual Results
March 2016

Agenda

1. About Yestar International
2. 2015 Annual Results Highlights
3. Growth and Development Strategy
4. Appendix

Yestar International Holdings Company Limited

A High-margin Medical Consumable Player in the PRC

Stock Information

Stock code	:	2393.HK
Listing date	:	11 Oct 2013
Offering price	:	HK$1.38
No. of issued shares (as of 28 Feb 2016)	:	2,175,200,000
Stock price (as of 11 Mar 2016)	:	HK$3.05
Market cap (as of 11 Mar 2016)	:	HK$6.63 bn

- A ***high-margin*** medical consumable and equipment company in the PRC
  → ***One of the largest IVD product distributors of Roche Diagnostic***
- As of 31 Dec 2015, a well-established distribution network in Shanghai, Jiangsu and Anhui provinces with direct access to 236 hospitals and 372 secondary distributors
- Extensive sales and distribution network nationwide with 18 representative offices covering 18 cities in the PRC to serve imaging product business

A trust partner of global leaders

FUJIFILM

- Pioneering global photographic paper maker
- Well-known brand name
- Well-established application network of medical devices
- World class R&D capability

Yes!Star

Roche
- Largest IVD products provider in the world

BD
- A world leading medical technological device manufacturer

ThermoFisher SCIENTIFIC
- World leader in providing analytical instruments and diagnostic equipment

Business Scope

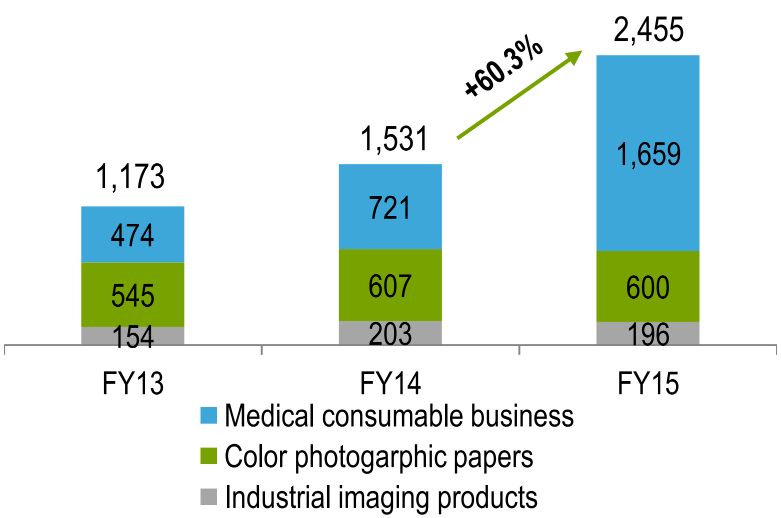
	GROWTH DRIVER Medical Consumable Products			Color Photographic Papers and Others		Industrial Imaging Products	
	In Vitro Diagnostic (IVD) Products	Medical film	Dental film	Professional	Minilab	NDT x-ray films	PWB films
Products	 						
Uses	■ Used in performing medical examination e.g. blood, tissues test for medical diagnosis	■ Used in diagnostic imaging from x-ray and other image modalities	■ Dental x-ray examination showing pictures of teeth, bones, etc.	■ Customized ready-to-use sized color photographic papers		■ For checking structural integrity of machinery	■ Photo-tooling film for production of printed circuit boards
Strategies	■ High market share ■ Leading IVD player in Eastern China	■ Stable cash flows ■ Long-term relationship with Fujifilm ■ Low financial leverage business model					
FY15 Revenues	RMB1,659 mn (67.6%)			RMB600 mn (24.4%)		RMB196 mn (8.0%)	
Brands	Roche, BD, ThermoFisher SCIENTIFIC ■ Distribution	FUJIFILM Yes!Star ■ Manufacturing ■ Distribution	FUJIFILM Yes!Star ■ Manufacturing ■ Distribution	FUJIFILM Yes!Star ■ Manufacturing ■ Distribution	FUJIFILM Yes!Star ■ Manufacturing ■ Distribution	FUJIFILM Yes!Star ■ Manufacturing ■ Distribution	FUJIFILM ■ Manufacturing
Market position	■ Roche has the no.1 market share in the PRC at c. 22%	■ c.20-22% market share (no.2)	■ n/a	■ c.55% share (no.1)		■ 2012: c.5.4% share (no.4)	■ 2012: c.37.3% share (no.1)
Customers	■ Hospitals, clinics and wholesalers	■ Fujifilm Group ■ Hospitals, clinics and wholesalers	■ Hospitals, clinics and wholesalers	■ Wholesalers and end users (e.g. professional photo processing labs)	■ Wholesalers and end users (e.g. image printing shops)	■ Wholesalers and end users	■ Fujifilm Group

Outstanding Financial Performance

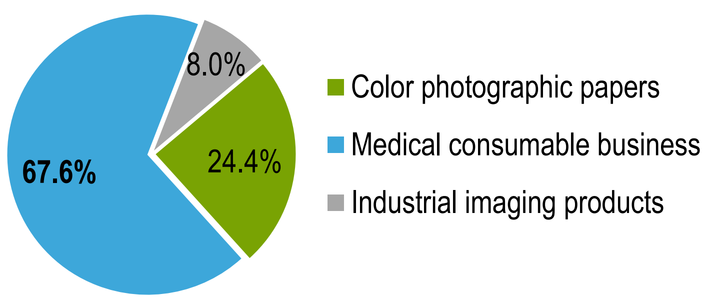
Medical consumable products is the dominant revenue contributor, accounting for 67.6% of FY15 revenue

Revenue

RMB mn

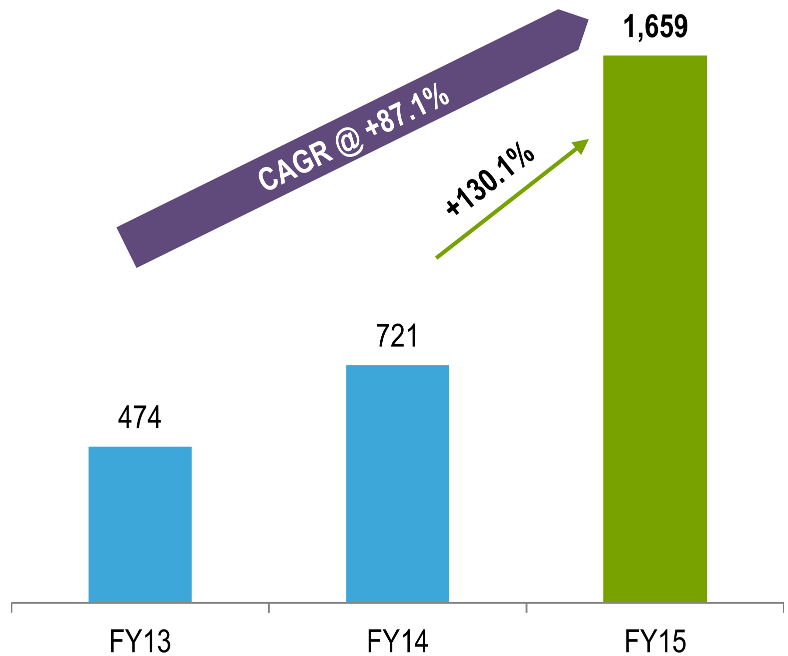


Revenue mix in FY15



Medical Consumable Business

RMB mn

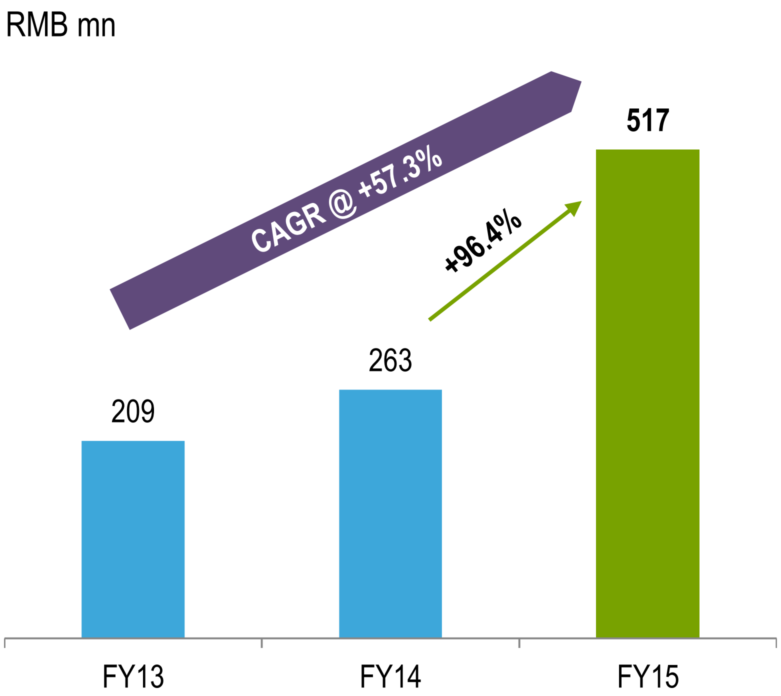


FY13	FY14	FY15
13.7%	13.3%	**23.3%**

Gross profit and EBITDA

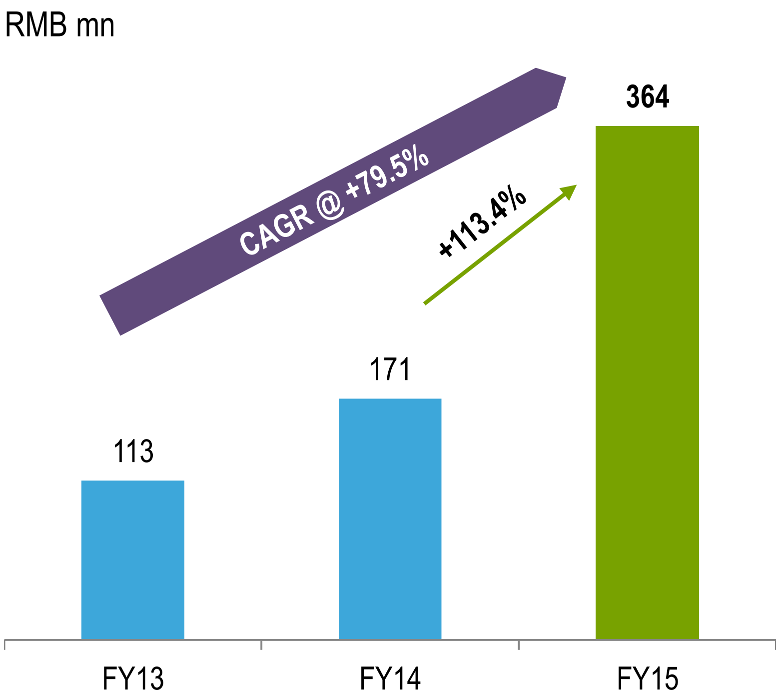
With an average GP margin at 32.2%, IVD products are the major profit contributor

Gross profit and gross profit margin



FY13	FY14	FY15
17.8%	17.2%	**21.1%**

EBITDA and EBITDA margin

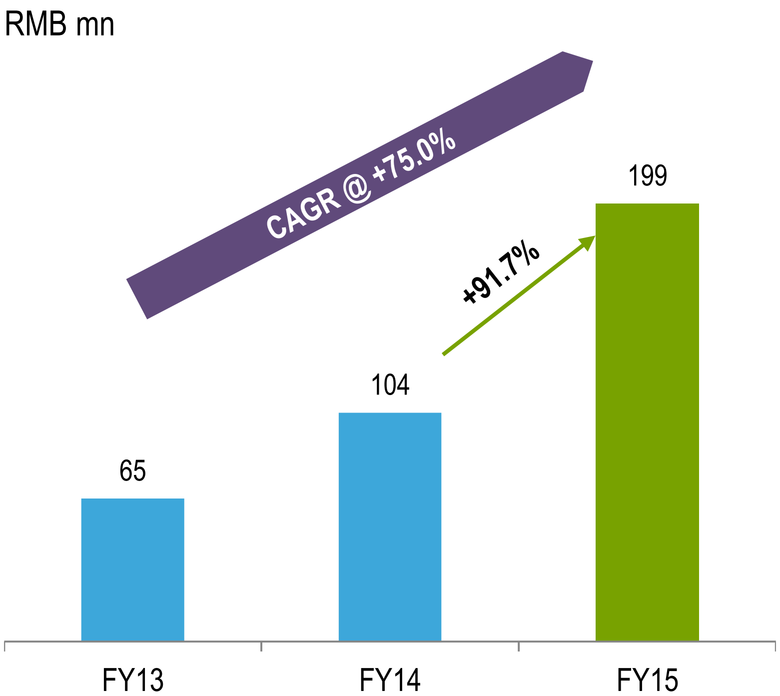


FY13	FY14	FY15
9.6%	11.1%	**14.8%**

Profit for the Year, Net Profit and Net Profit Margin

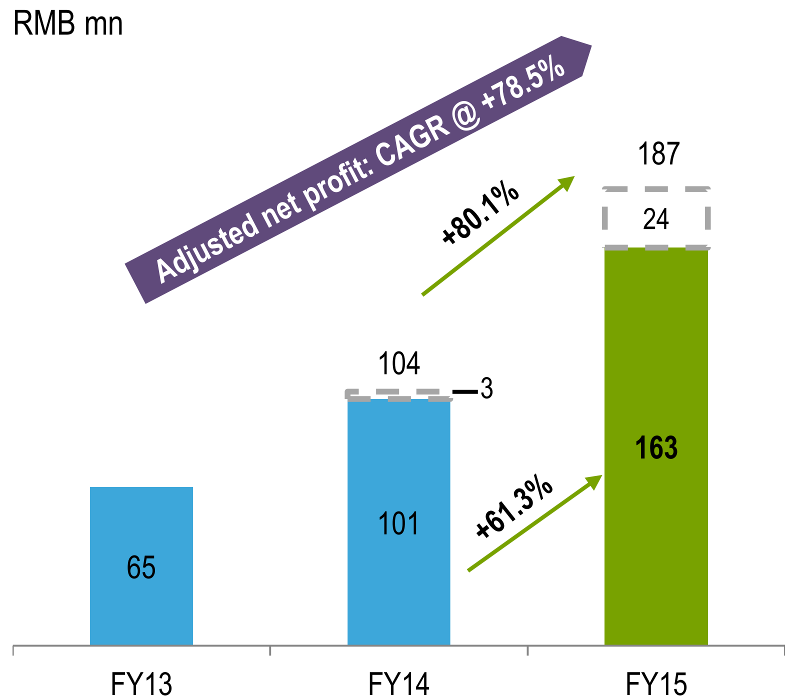
When excluding intangible asset amortization, one-off expenses from acquisition and placement, the adjusted net profit would have been RMB187 mn in FY15

Profit for the year and profit margin



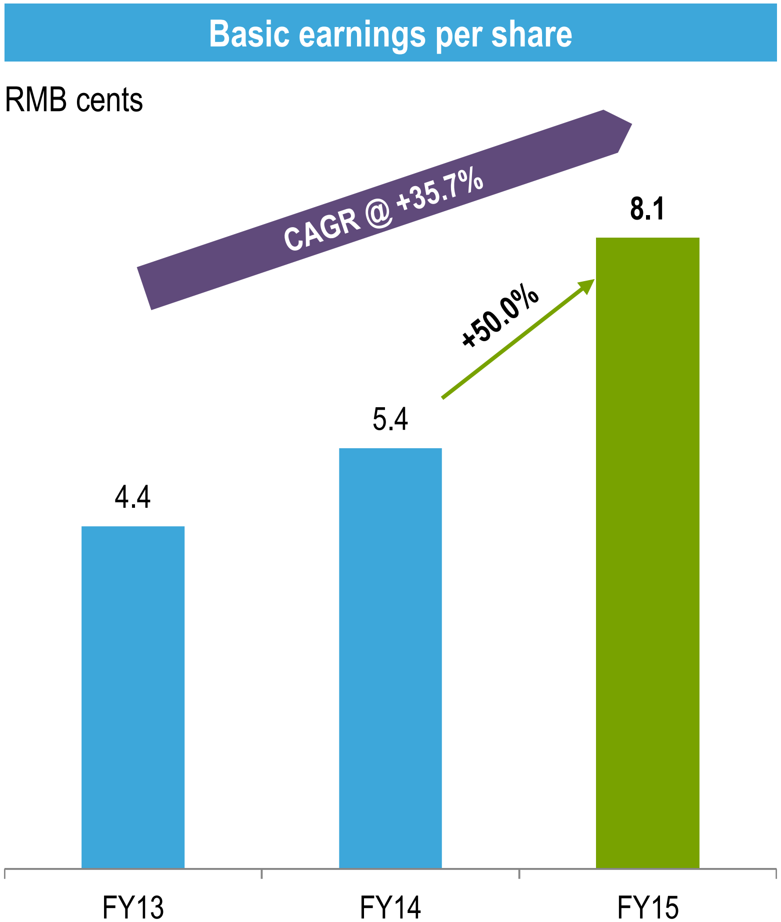
FY13	FY14	FY15
5.6%	6.8%	**8.1%**

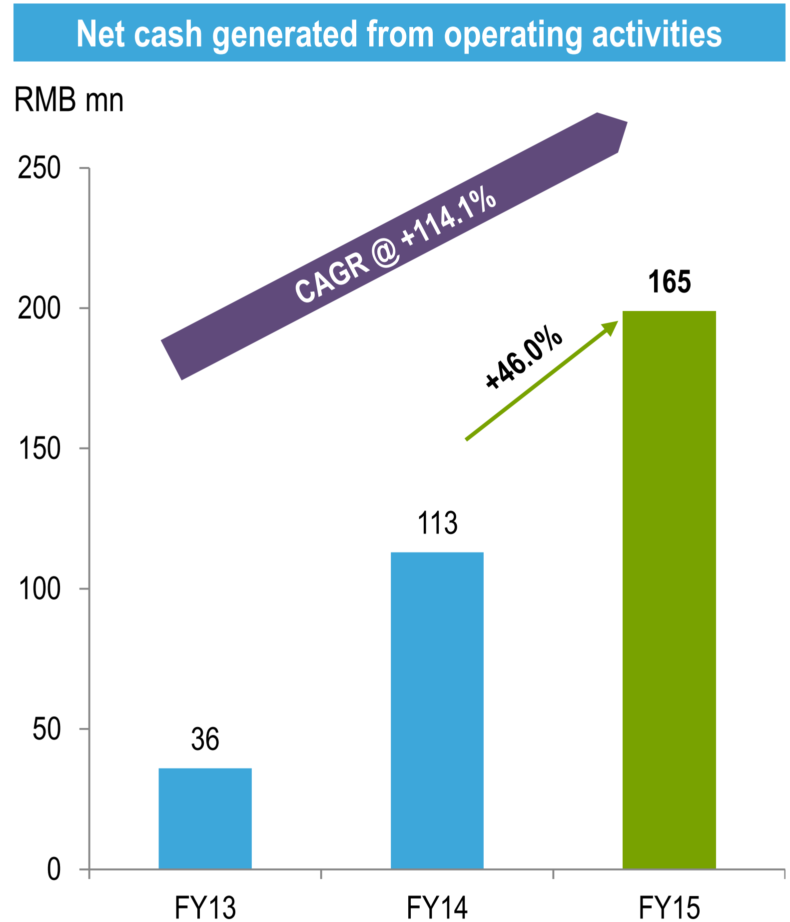
Net Profit, Adjusted Net Profit and Margins



	FY13	FY14	FY15
Net Profit Margin	5.5%	6.6%	**6.6%**
Adjusted Net Profit Margin	--	6.9%	**7.4%**

EPS and Net Cash Generated from Operating Activities



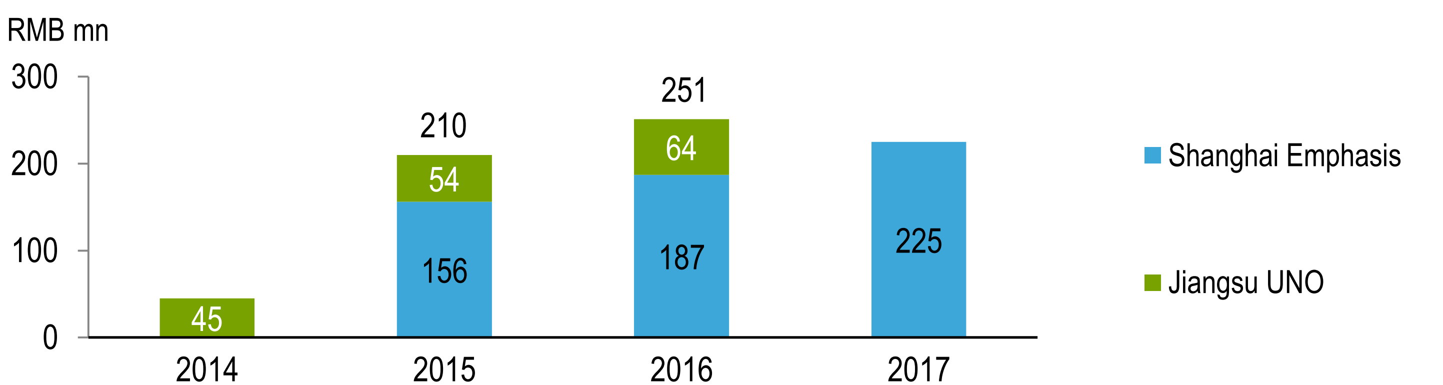


Successful M&A Track Records

Acquired and integrated two IVD distributors in two years with profit guarantees

	安百达 EMPHASIS	UNO
Status	Aug 2015 (Completed)	Nov 2014 (Completed)
Target Company	Shanghai Emphasis	Jiangsu Uno
Acquisition details	Acquire 70% stake in Shanghai Emphasis for RMB910 million Acquire the remaining 30% interest, when all the profit guarantees had been achieved for RMB675 million	Acquire 70% stake in Jiangsu Uno for RMB245 million Acquire the remaining 30% interest, when all the profit guarantees had been achieved for RMB250 million
Valuation	13.0x 2014 net profit (based on IFRS) 8.3x 2015 net profit (based on 2015 net profit guarantee)	7.8x 2014 net profit (based on 2014 net profit guarantee) 6.5x 2015 net profit (based on 2015 net profit guarantee)

Profit guarantee



Well Established Distribution Network in the PRC

IVD distribution channel covers some of the most populous and affluent regions in the PRC

IVD distribution channels	Shanghai	Jiangsu	Anhui
Brand	Roche, ThermoFisher Scientific	Roche, BD	Roche, BD
Direct sales to hospital and clinic	101	115	20
Distributors	157	145	50
Total hospital and clinic distribution	**258**	**260**	**70**

2015 Annual Results Highlights

2015 Annual Results Overview

RMB'000	FY14	FY15	Change
Revenue	1,531,353	**2,454,684**	+60.3%
Gross profit	263,465	**517,408**	+96.4%
Profit for the year	103,546	**198,513**	+91.7%
Profit attributable to owners of the parent	100,900	**162,756**	+61.3%
Gross margin	17.2%	**21.1%**	+3.9p.p.
Profit margin for the year	6.8%	**8.1%**	+1.3p.p.
Net margin+	6.6%	**6.6%**	--
Weighted average number of ordinary shares ('000)	1,867,500	**2,011,710**	--
Basic earnings per share (RMB cents)	5.4	**8.1**	50.0%
Dividend per share (HK cents)	3.4	**3.9**	--
Payout ratio	50.4%	**44.0%**	--

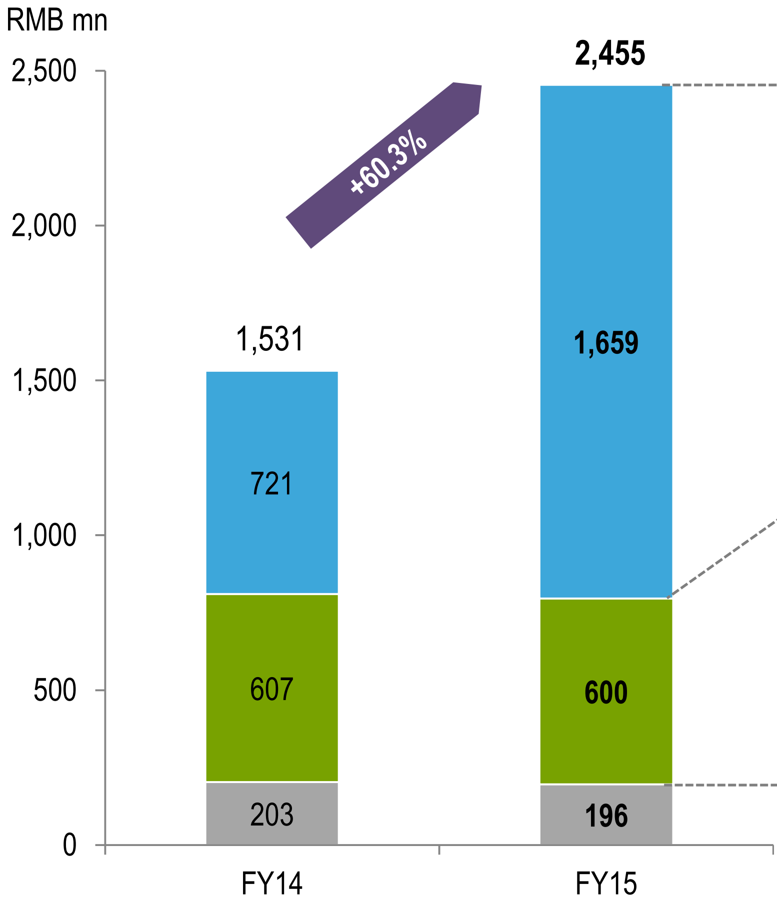
+ *Net margin = profit attributable to owners of the parent / revenue*

- Revenue of medical consumable business ***up by 130.1% yoy to RMB1,659 mn***
- IVD business has a significant ***higher gross profit margin at 32.2%***

Revenue Analysis

Medical consumable products recorded a year-on-year growth of 130.1%

Revenue by core business segments



Medical consumable products | +130.1%YoY

- As 67.6% of FY15 revenue
- Full-year contribution of Jiangsu UNO
- 5 month contribution from Shanghai Emphasis

Color photographic paper and others | -1.2%YoY

- As 24.4% of FY15 revenue
- Lowered the average selling price capture greater market share

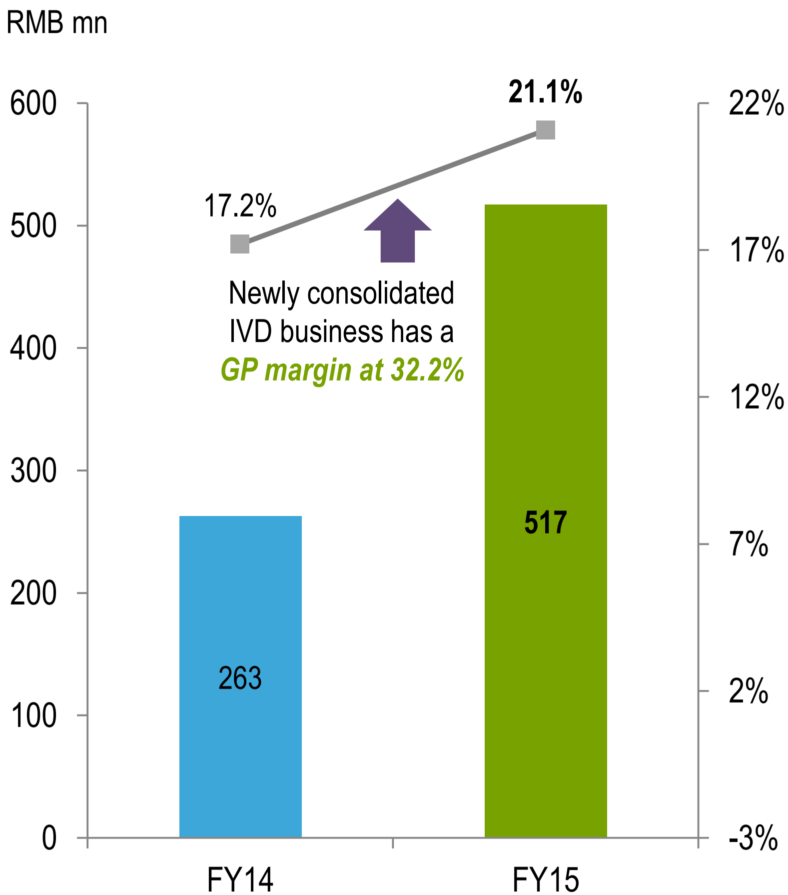
Industrial imaging products | -3.6%YoY

- As 8.0% of FY15 revenue
- The ASP of NDT X-ray films decreased by 10% in FY15

Gross Profit and Gross Margin Analysis

With an average GP margin at 32.2%, IVD product has become the major margin enhancer

Gross profit and gross margin



Medical consumable products

FY14	FY15	Change
13.3%	**23.3%**	+10.0p.p.

- IVD product has a significantly higher gross margin at 32.2%

Color photographic paper and others

FY14	FY15	Change
21.6%	**16.6%**	-5.0p.p.

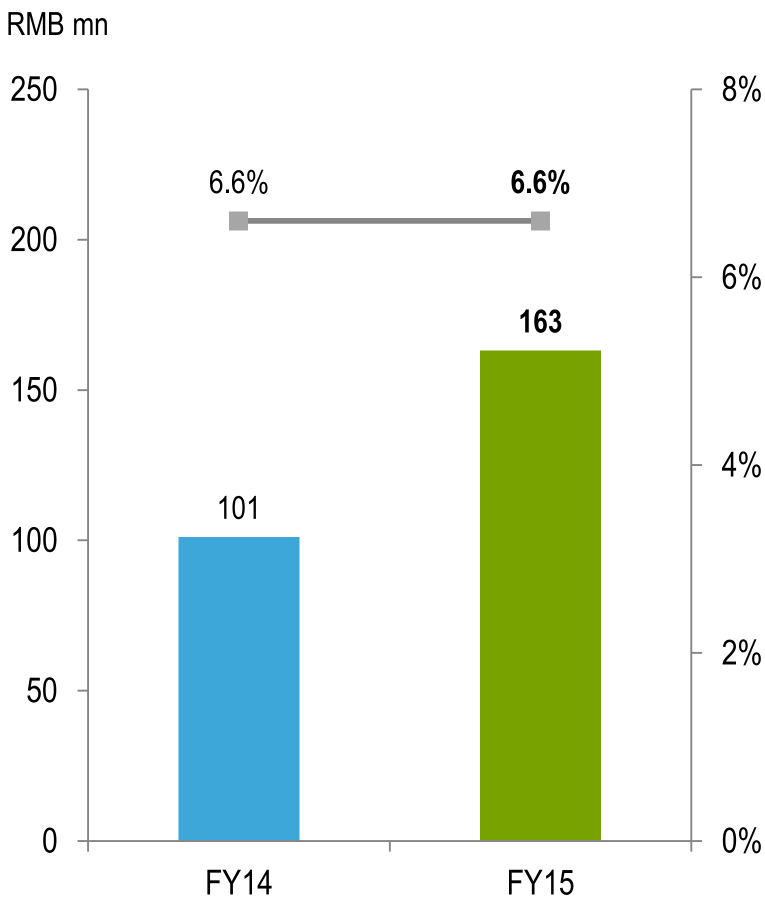
- Lowered the average selling price by -5.4% to capture greater market share

Industrial imaging products

FY14	FY15	Change
17.9%	**15.9%**	-2.0p.p.

Net Profit and Net Margin Analysis

Profit Attributable to Owners of the Parent



Profit Attributable to Owners of the Parent

RMB'000 (% of revenue)	FY14	FY15	Change
Selling and distribution costs	3.7%	**3.4%**	-0.3p.p.
Administrative expenses	3.8%	**5.8%**	+2.0p.p.
Finance costs	0.4%	**1.0%**	+0.6p.p.
Effective tax rate (% of profit before tax)	29.6%	**29.1%**	-0.5p.p.

- Total of RMB39 mn of intangible asset amortization from Jiangsu UNO and Shanghai Emphasis

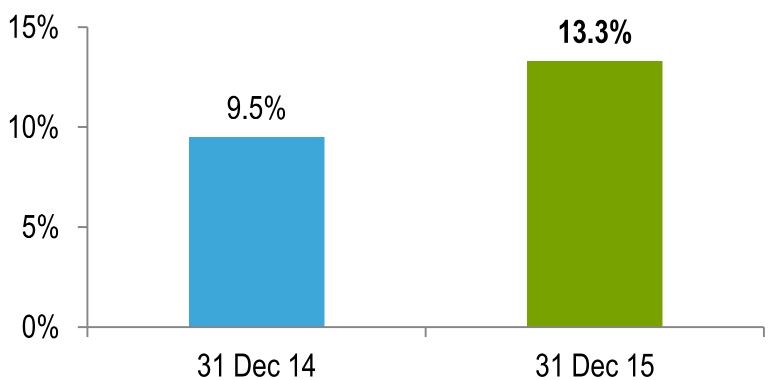
- Interest-bearing loans increased by 295.8% to fund acquisition

Healthy Financial Position

RMB mn	As at 31 Dec 2014	As at 31 Dec 2015	Change
Total assets	1,118	**3,164**	+183.0%
Cash and cash equivalents	195	**506**	+159.8%
Total liabilities	793	**2,246**	+183.3%
Interest-bearing bank and other borrowings	106	**420**	+295.8%
Total equity	325	**917**	+182.2%

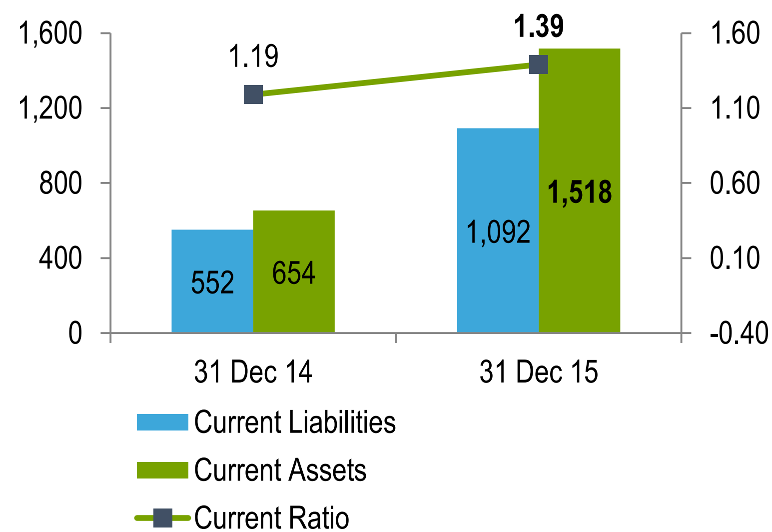
- Raised bank loan to fund acquisition

Debt ratio



Debt ratio = Interest-bearing bank and other borrowings / total assets

Liquidity



Cash Conversion Cycle

	FY14	FY15	Changes
Average inventory turnover days	86.4	**69.9**	-16.5
+ Average debtors' turnover days	14.5	**48.9**	+34.4
- Average creditors' turnover days	71.7	**69.0**	-2.7
Cash conversion cycle (days)	29.2	**49.8**	+20.6

Successfully Allotted & Issued307.7 mn Shares @ HK$3.00

Details of Placement

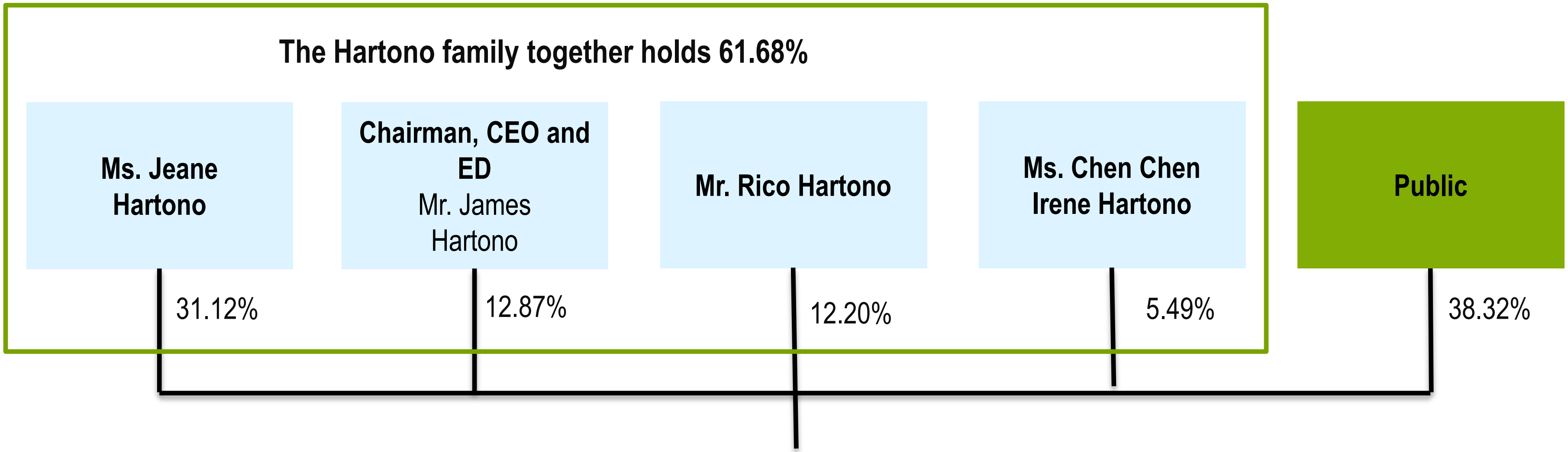
Date of completion	:	17 July 2015
No. of shares allotted and issued	:	307,700,000 shares
Subscription price	:	**HK$3.00** (a premium of 15.8% to the closing price of HK$2.59 per share as quoted on 17 July 2015)
Net proceeds	:	HK$904,400,000 ▪ HK$770,000,000 - for the purpose of financing part of the acquisition ▪ HK$114,400,000 - for the purpose of possible future potential acquisition ▪ HK$20,000,000 - for the purpose of increasing the general working capital
No. of subscribers	:	18

Recognition from Healthcare Specific Investors

- Vivo VII Galaxy Investment Limited and
- OrbiMed Global Healthcare Master Fund, L.P.
- Worldwide Healthcare Trust PLC (Managed by OrbiMed)

→ ***Will not sell or dispose the subscription shares within six months starting from the completion date of the subscription***

Shareholding Structure



No. of issued shares (As of 29 Feb 2016) : 2,175,200,000

Note 1. Ms. Jeane Hartono, Mr. Rico Hartono and Ms. Chen Chen Irene Hartono are all siblings of Mr. James Hartono, the Company's Chairman, Chief Executive Officer and one of the Executive Directors.

Note 2. On 28 June, 2015, allotted and issued not more than 320,400,000 Subscription Shares to 18 subscribers. Among the subscribers, Vivo VII Galaxy Investment Limited and OrbiMed Global Healthcare Master Fund, L.P. are healthcare specific investors.

Growth and Development Strategy

Growth Drivers in the PRC's IVD Market

Healthy China 2020 as the main goal in the healthcare reform

- By 2020, the Chinese Government wishes to provide **universal healthcare access** and treatment for both urban and rural citizens

Rising Investment in Hospitals

- Under the 13th Five Year Plan, the Chinese Government will:
  - ➢ Encourage investment in private hospitals
  - ➢ Increase public hospital bed by 30% to almost **triple** the number of private hospitals beds

Increasing Ageing Population

- According to the United Nations forecast, the PRC's elderly population over 65 will **rise by 93% to 243 million** between 2014 to 2030
- The growing elderly population will primarily increase demand for cancer and infectious diseases testing, in which Roche Diagnostics is specialised in

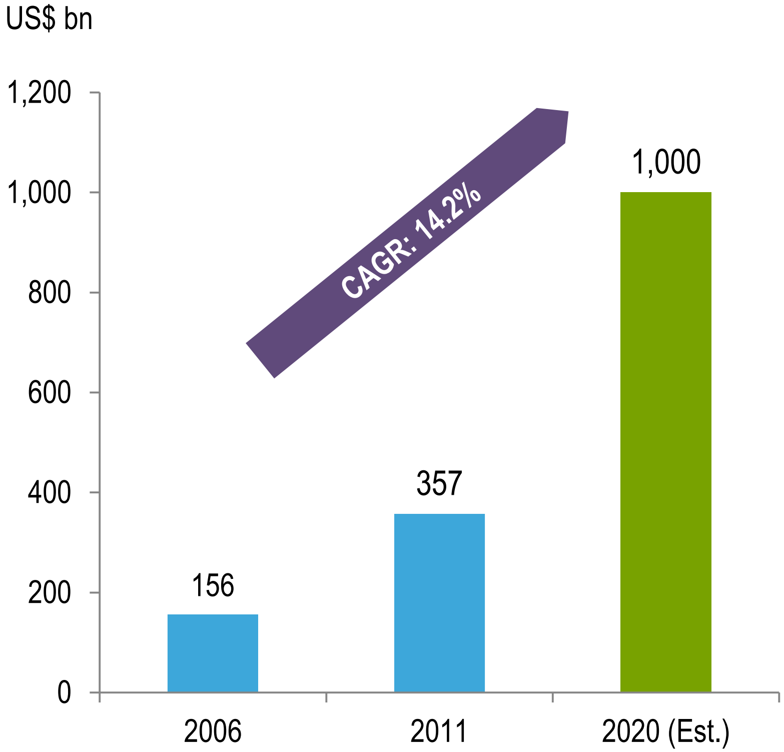
The Abandon of One-child Policy

- Relaxation of one-child policy may result in **2.1 million** additional births a year

IVD Market is Expected to Reach US$6.3 Billion in 2018

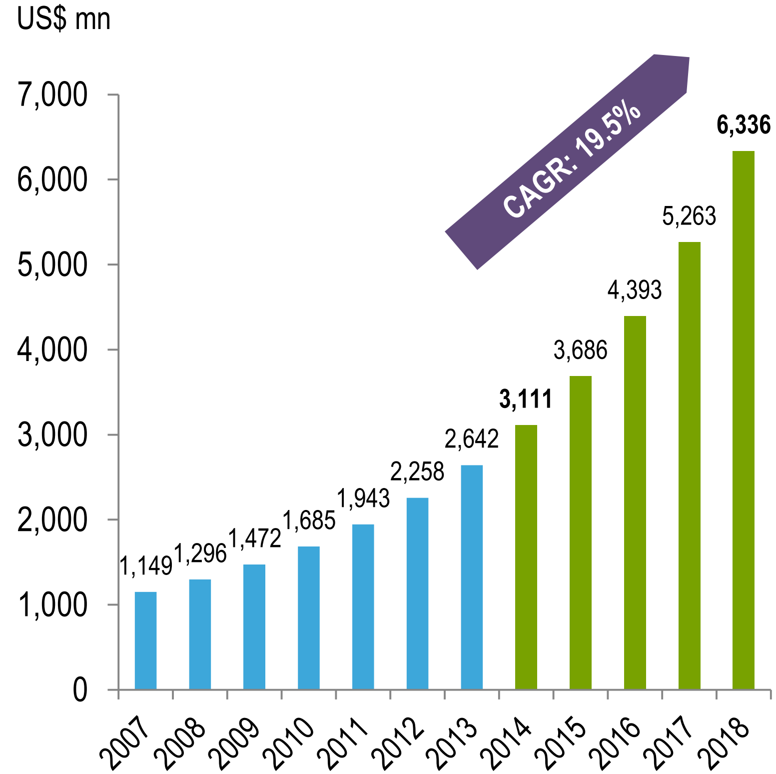
PRC's healthcare sector continues to develop at an astonishing rate --- *Mckinsey & Co. report*

Expenditure on healthcare



*Source: report issued by Mckinsey & Co. in July 2012

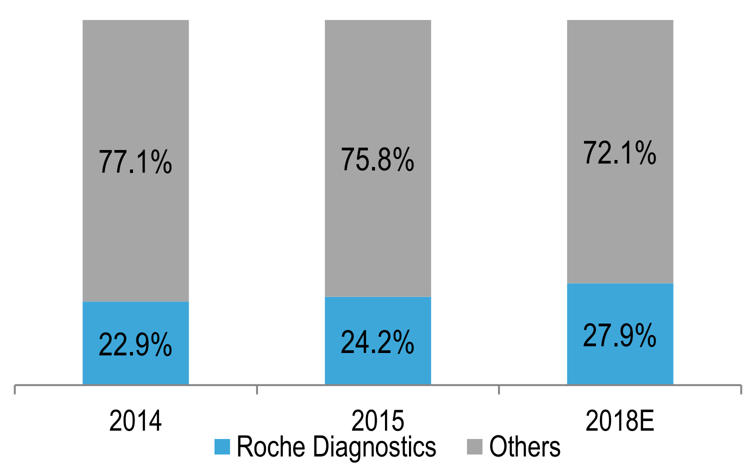
IVD market in the PRC (2007-2018)



*Source: report issued by Renub Research in December 2014

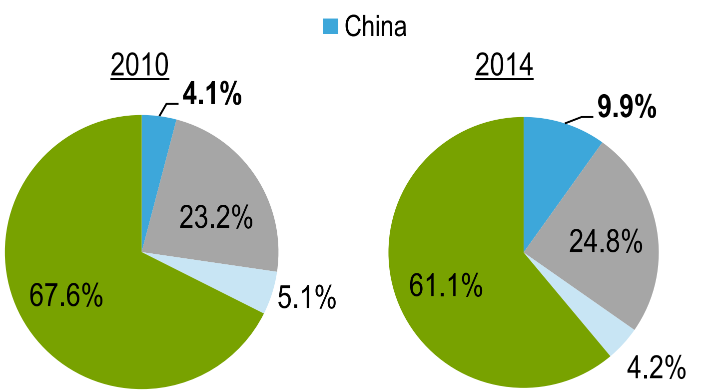
Roche Diagnostics Dominates the PRC IVD Market

The PRC's IVD Market Players Share



Source: Renub Research Analysis

Roche Diagnostics Revenue Mix



Source: Roche, Bloomberg

- Revenue growth in PRC has outpaced the other markets
  - ➢ PRC has become Roche's second-largest revenue contributor, only behind the US
  - ➢ No growth in Roche Holding's global revenue in 2010-2014, while China business revenue rose at a CAGR of 22% over the same period
- In November 2014, Roche Holdings announced that it would be investing CHF450m to build a diagnostics manufacturing facility in Suzhou. By 2018, the plant is designed to produce about 180 different reagents, calibrators and controls for clinical chemistry and immunodiagnostics
  - ➢ The increasing investments in China signal its bullish view on the PRC's business prospects

Major Types of Roche's IVD Products

Yestar carries all of the following types

Type	Application
PD	Use blood samples to screen: • Infectious diseases, • cancer, • hormones, • thyroid function, • cardiac markers, • diabetes, • anemia, • bone and other immunoassay
Molecular diagnostic products	• Hepatitis B • Cervical cancer and others
TD	Use cell or tissue staining process to screen for damages or diseases
NPT	Use myoglobin, troponin, brain natriuretic peptide testing kits to diagnose patients with acute myocardial disease

Appendix

Transforming into a major PRC medical consumables company

2000

2000

- Yestar Shanghai was established to engage in the imaging business

2001 – 2005

2004

- 25 branch companies and representative offices in various cities in the PRC
- Authorized by Fujifilm to establish Fujifilm Yestar Digital Imaging Stores in the PRC

2005

- First production line for color photographic paper and color film commenced operation in Gaoxin Processing Plant

2006 – 2011

2010

- Commenced processing and sales of Fujifilm medical dry films to Fujifilm Group in the PRC

2011

- Started to manufacture and sell dental film and industrial NDT x-ray film under own Yes!Star brand in the PRC

2012 – 2013

2012

- Began to distribute Fujifilm industrial NDT x-ray film in the PRC

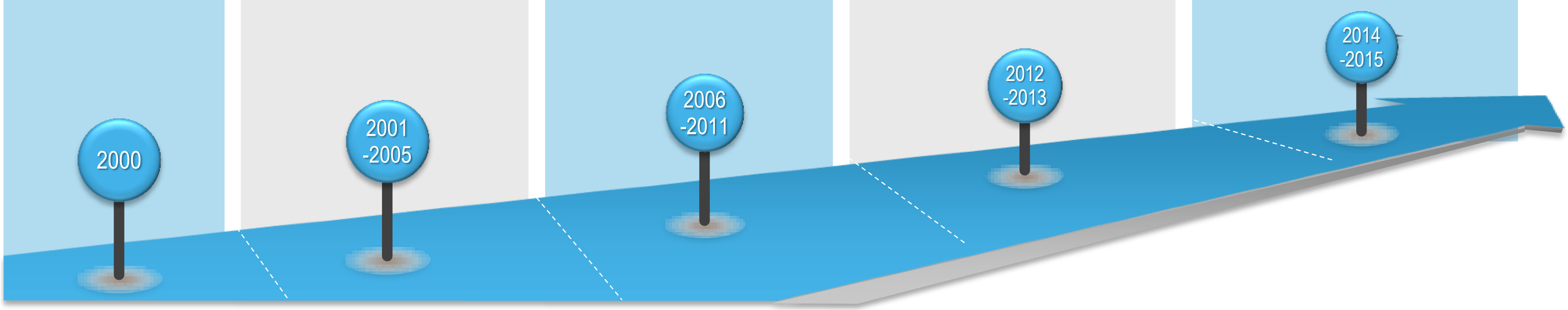
2013

- Appointed by Fujifilm China Investment as the sole and exclusive distributor of Fujifilm color photographic paper in the PRC
- Listed on the Main Board of the Hong Kong Stock Exchange

2014 – present

2014/2015

- Extensive sales and distribution network nationwide with 18 representative offices covering 18 cities in the PRC A dominating player with leading market share in the PRC's color photographic paper market in 2014
- Became a distributor of Roche Diagnostic (the largest IVD researcher and provider in the world), BD products and Thermal Fisher products in Shanghai, Jiangsu and Anhui Provinces through the acquisition of Jiangsu UNO and Shanghai Emphasis



Experienced Management

Mr. HARTONO James
Chairman / CEO / Executive Director

- Responsible for the overall strategic development
- Over 14 years of experience in the distribution of image printing products
- Awarded the Honored citizenship from Nanning city in 2009

Ms. WANG Hong
CFO / Executive Director

- Responsible for overseeing finance and accounting and financial planning
- Over 12 years of experience in the PRC financial accounting and auditing field
- Worked as an accountant for different companies for more than 5 years

Mr. CHAN To Keung
Executive Director

- Responsible for overseeing the Group's production
- Over 34 years of experience in the production of image printing products
- Worked in Fuji Photo Products Co., Ltd, engaging in the distribution of Fujifilm products in Hong Kong and Macau

Ms. WANG Ying
Executive Director

- Responsible for formulating sales strategies and product development
- Over 31 years of experience in image industry
- A committee member of the Chinese Society for Imaging Science and Technology since 2001

Mr. CHAN Chung Man
Executive Director

- Responsible for the business development, marketing and management of the medical consumable division
- Over 15 years of distribution development and management experiences in both overseas and China market
- Held the position of Chief Executive Officer of International MinhViet Joint Stock Company

Consolidated Income Statements

	As at 31 December	
	2014 RMB'000	**2015** RMB'000
Revenue	1,531,353	**2,454,684**
Cost of sales	(1,267,888)	**(1,937,276)**
Gross profit	263,465	**517,408**
Other income and gains	10,719	**20,730**
Selling and distribution costs	(57,005)	**(83,360)**
Administrative expenses	(58,673)	**(141,875)**
Other expenses	(5,733)	**(7,261)**
Finance costs	(5,725)	**(25,716)**
Profit before tax	147,048	**279,926**
Income tax expense	(43,502)	**(81,413)**
Profit for the year	103,546	**198,513**
Attributable to:		
Owners of the parent	100,900	**162,756**
Non-controlling interests	2,646	**35,757**
Earnings per share		
Basic and diluted earning per share (RMB cents)	5.4	**8.1**

Consolidated Statements of Financial Position

	As at 31 December 2014 RMB'000	As at 31 December 2015 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	104,009	**116,939**
Prepaid land lease payments	15,279	**14,952**
Intangible assets	249,718	**1,028,688**
Goodwill	87,315	**481,718**
Deferred tax assets	7,477	**5,552**
	463,798	**1,647,849**
CURRENT ASSETS		
Inventories	327,201	**414,767**
Trade and bills receivables	105,197	**552,852**
Prepayments, deposits and other receivables	22,899	**41,554**
Pledged deposits	4,100	**500**
Cash and cash equivalents	194,724	**505,987**
	654,121	**1,515,660**
CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	101,713	**247,912**
Trade and bills payables	282,778	**449,975**
Other payables and accruals	39,815	**143,454**
Tax payable	29,409	**118,744**
Amounts due to non-controlling interests	98,000	**182,000**
	551,715	**1,142,085**
NET CURRENT ASSETS	102,406	**373,575**
TOTAL ASSETS LESS CURRENT LIABILITIES	566,204	**2,021,424**
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	4,500	**172,500**
Other long term payables	164,277	**656,022**
Deferred tax liabilities	72,370	**275,505**
	241,147	**1,104,027**
Net assets	325,057	**917,397**
EQUITY		
Equity attributable to owners of the parent		
Issued capital	37,044	**43,116**
Other reserves	278,615	**864,298**
Proposed final dividend	50,450	**71,071**
	315,659	**907,944**
Non-controlling interests	9,398	**9,983**
Total equity	325,057	**917,397**

Disclaimer

These materials have been prepared by Yestar International Holdings Company Limited (the "Company", and together with its subsidiaries, "Yestar") solely for informational purposes in its presentation to research analysts, and are strictly confidential and may not be taken away, published, reproduced or redistributed, directly or indirectly, in whole or in part, to any other person. By attending this presentation, you are agreeing to maintain absolute confidentiality regarding the information disclosed in this presentation and be bound by the restrictions contained herein. Any failure to comply with these restrictions may result in a violation of applicable laws.

It is not the Company's intention to provide, and you may not rely on these materials as providing, a complete or comprehensive analysis of the Company's financial position or prospects. The information contained in these materials has not been independently verified and is subject to verification, completion and change without notice. The information contained in these materials is current as of the date hereof and are subject to change without notice, and its accuracy is not guaranteed. None of the Company and its affiliates, advisers and representatives nor any other person are under any obligation to update or keep current the information contained in these materials subsequent to the date hereof. Accordingly, no representation or warranty, express or implied, is made or given by or on behalf of the Company or any of its affiliates, advisers or representatives or any other person, as to, and no reliance should be placed for any purposes whatsoever on, the fairness, accuracy, completeness or correctness of the information contained in these materials. By attending this presentation you acknowledge that you will be solely responsible for your own assessment of the market and the market position of the Company and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of the business of the Company, neither the Company nor any other person accepts any liability whatsoever for any loss howsoever arising from any use of these materials or their contents or otherwise arising in connection therewith.

These materials contain historical information of the Company which should not be regarded as an indication of its future performance or results. These materials also contain forward-looking statements that speak only as of the date of this presentation and are, by their nature, subject to significant risks and uncertainties. These forward-looking statements reflect the Company's current views with respect to future events and are not a guarantee of future performance or results. Actual results, performance or achievements of the Company may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future, and must be read together with such assumptions. Predictions, projections or forecasts of the economy or economic trends of the markets are not necessarily indicative of the future or likely performance of the Company, and the forecast financial performance of the Company is not guaranteed. You are cautioned not to place undue reliance on these forward-looking statements.

These materials are for informational purposes only and do not constitute or form a part of an offer or solicitation to purchase or subscribe for any securities of the Company for sale in the United States or anywhere else. Securities of the Company may not be offered or sold in the United States absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended and the applicable securities laws of any state or other jurisdiction of the United States. No part of these materials shall form the basis of, or be relied upon in connection with, any contract, commitment or investment decision whatsoever. Any decision to purchase or subscribe for any securities of the Company in any offering shall be made solely on the basis of the information contained in a prospectus or offering circular to be issued by the Company in connection with such offering. By attending this meeting or receiving these materials, you shall be deemed as not having obtained from the Company or its advisers any material information, including forward looking information, whether qualitative or quantitative, concerning the Company that is not reasonably expected to be included in the prospectus or publicly available.

Neither these materials nor any part or copy of them may be taken or transmitted into or distributed in or into, directly or indirectly, the United States (including its territories and possessions, any state of the United States and the District of Columbia). Any failure to comply with these restrictions may constitute a violation of United States securities laws. The distribution of these materials in other jurisdictions may be restricted by law, and persons into whose possession these materials come should inform themselves about, and observe, any such restrictions. These materials are not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident in any jurisdiction where such distribution or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction. Neither these materials nor any copy of them may be taken or transmitted into the United Kingdom, Australia, Canada or Japan and these materials do not constitute an offer of securities in the United Kingdom, Australia, Canada or Japan or elsewhere.