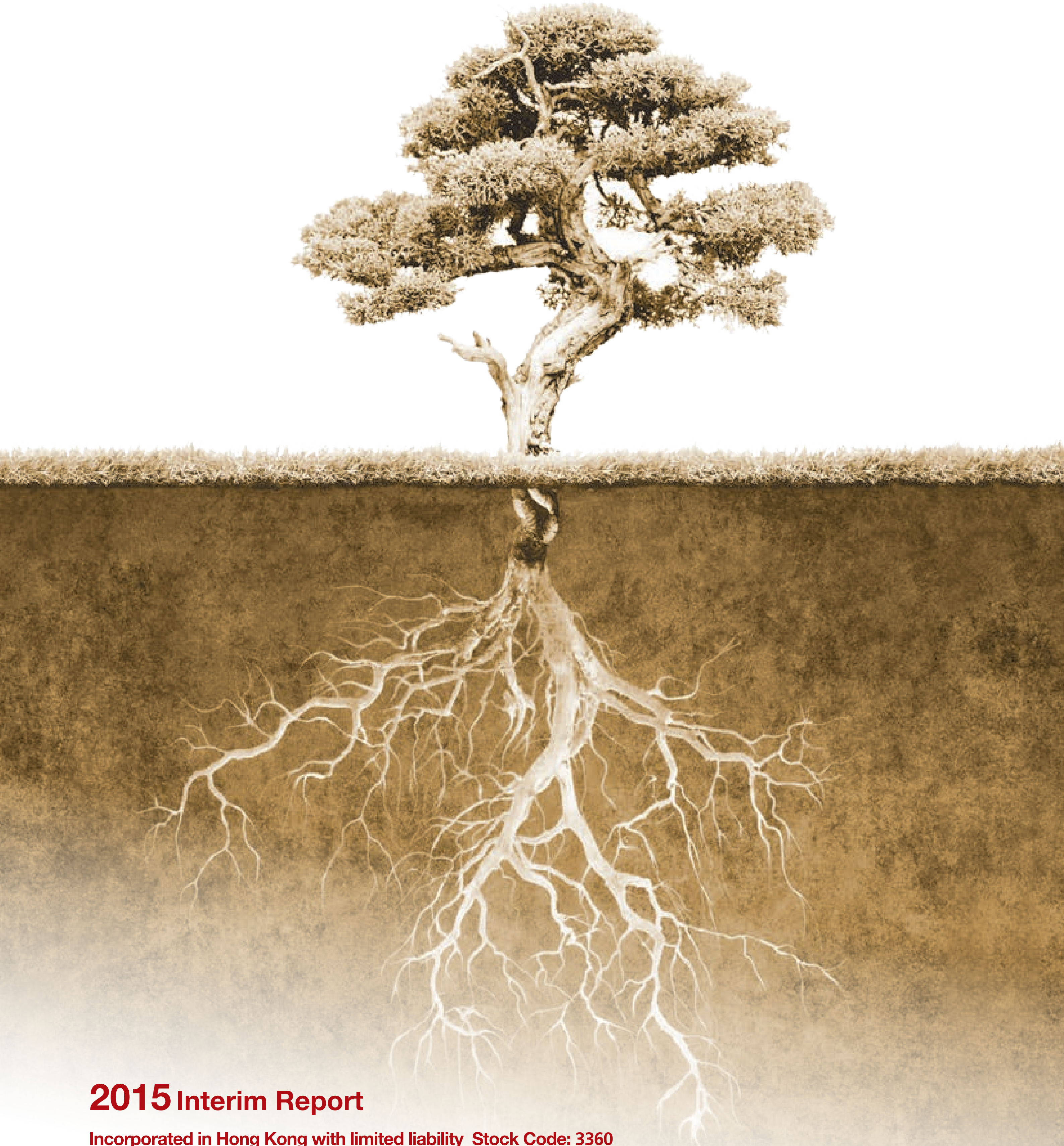
遠東宏信
FAR EAST HORIZON



2015 Interim Report

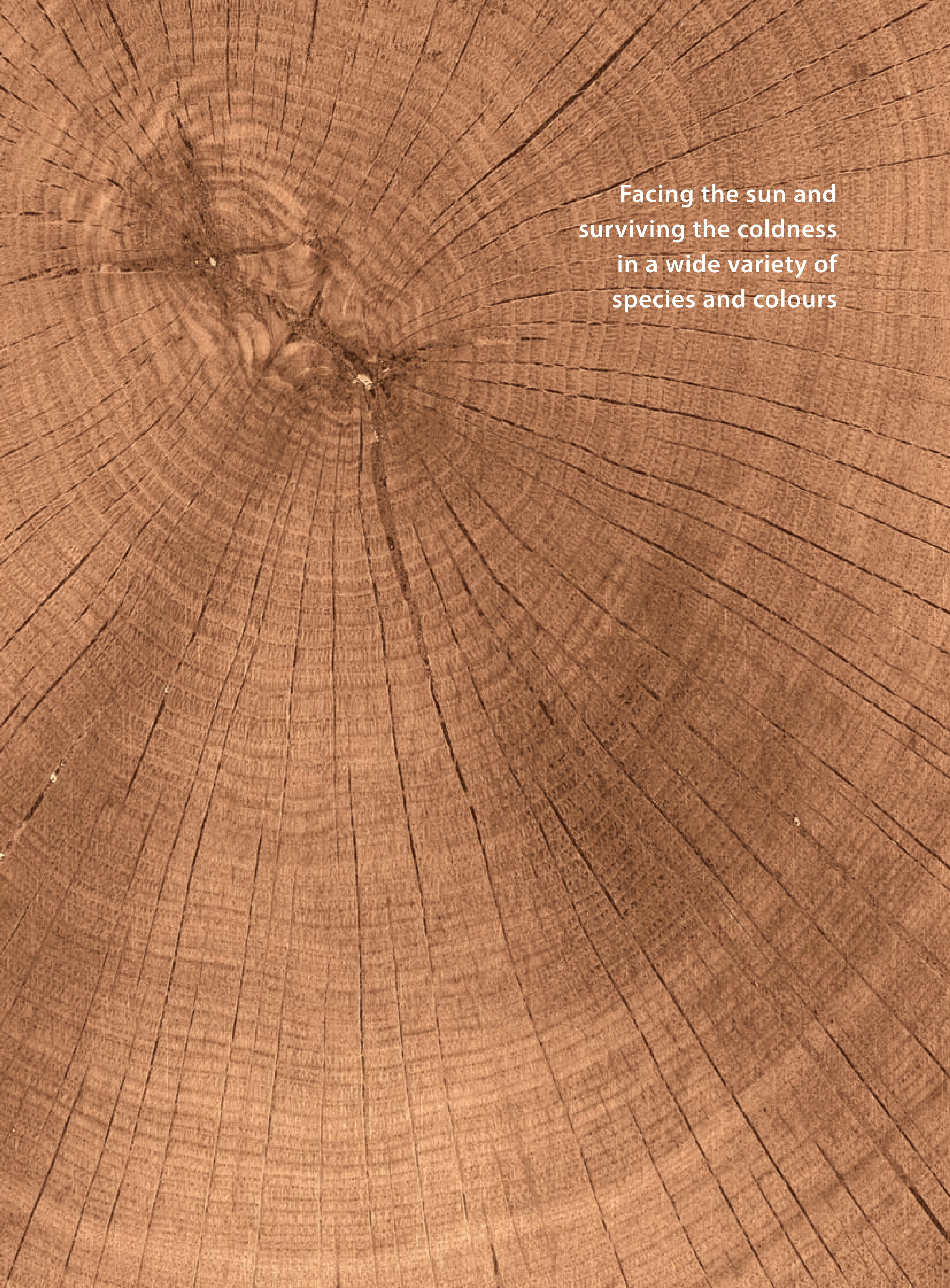
Incorporated in Hong Kong with limited liability Stock Code: 3360

Leaves flourish with deep roots

Deep cultivation of the industry with layout extension

Deeply rooted in solid foundation

Fearless of adverse fluctuation due to concrete bases



Facing the sun and
surviving the coldness
in a wide variety of
species and colours

根
深

蒂固

Corporate Information

Board of Directors

Chairman and Non-Executive Director
Mr. LIU Deshu *(Chairman)*

Executive Director
Mr. KONG Fanxing *(Vice Chairman, Chief Executive Officer)*
Mr. WANG Mingzhe *(Chief Financial Officer)*

Non-Executive Director
Mr. YANG Lin
Mr. LIU Haifeng David
Mr. KUO Ming-Jian
Mr. John LAW

Independent Non-Executive Director
Mr. CAI Cunqiang
Mr. HAN Xiaojing
Mr. LIU Jialin
Mr. YIP Wai Ming

Composition of Committee

Audit Committee
Mr. YIP Wai Ming *(Chairman)*
Mr. HAN Xiaojing
Mr. John LAW

Remuneration and Nomination Committee
Mr. LIU Jialin *(Chairman)*
Mr. HAN Xiaojing
Mr. KUO Ming-Jian

Strategy and Investment Committee
Mr. LIU Haifeng David *(Chairman)*
Mr. KONG Fanxing
Mr. CAI Cunqiang

Company Secretary

Ms. MAK Sze Man

Authorised Representatives

Mr. KONG Fanxing
Ms. MAK Sze Man

Registered Office

Room 4701, Office Tower,
Convention Plaza,
1 Harbour Road,
Wanchai, Hong Kong

Principal Place of Business in the PRC

35th Floor, Jin Mao Tower,
88 Century Avenue, Pudong,
Shanghai, the People's Republic of China

Principal Place of Business in Hong Kong

Room 4706, Office Tower,
Convention Plaza,
1 Harbour Road,
Wanchai, Hong Kong

Share Registrar

Computershare Hong Kong Investor Services Limited

Principal Bankers

China Development Bank
Bank of China

Auditors

Ernst & Young

Legal Adviser

Baker & McKenzie

Company's Website

www.fehorizon.com

Stock Code

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited
Stock Code: 3360

Company Profile

Far East Horizon Limited ("the Company" or "Far East Horizon") and its subsidiaries ("The Group") is one of China's leading innovative financial companies focusing on the Chinese infrastructure industry and leveraging the business model of integrating finance and industry to serve enterprises of greatest vitality with the support of the fast-growing economy in China. Based on its philosophy of "creating value and pursuing excellence", Far East Horizon endeavours to realize its vision of "Integrating global resources and promoting China's industries" by making innovations in products and services to provide our customers with tailor-made integrated operations services.

Over the past two decades, the Group has evolved from a single financial service company into an integrated service provider with a global vision centered on China so as to facilitate sustainable economic and social development. With the creative integration of industrial capital and financial capital and with unique advantages in the organization of resources and value added services, we provide integrated finance, investment, trade, advisory and leasing services in healthcare, packaging, transportation, infrastructure construction, industrial machinery, education, textiles, electronic information, public utilities as well as other sectors. The Group, headquartered in Hong Kong, has operations centers in Shanghai and Tianjin, and has offices in major cities throughout China such as Beijing, Shenyang, Ji'nan, Zhengzhou, Wuhan, Chengdu, Chongqing, Changsha, Shenzhen, Xi'an, Harbin, Xiamen and Kunming, forming a client service network that covers the national market. The Group has been successfully operating its professional and dedicated business platforms in China and abroad in financial services, industrial investment, operating leasing, trade brokerage, management consulting, engineering services, etc.

The Company was officially listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange") on 30 March 2011.

Business Overview

	For the six months ended 30 June		For the year ended 31 December		
	2015	2014	**2014**	2013	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	**(Audited)**	(Audited)	(Audited)
OPERATIONAL RESULTS					
TOTAL REVENUE	**5,759,568**	5,062,971	**10,060,717**	7,868,382	6,486,395
Finance leasing and factoring (interest income)	**3,369,177**	3,074,236	**6,457,748**	5,170,398	4,333,589
Advisory services (fee income)	**1,937,978**	1,585,197	**2,709,366**	2,245,431	1,525,721
Revenue from business operation	**501,222**	455,828	**1,009,959**	573,800	797,111
Business tax and surcharges	**(48,809)**	(52,290)	**(116,356)**	(121,247)	(170,026)
Cost of sales	**(2,275,474)**	(1,901,359)	**(4,106,547)**	(2,890,185)	(2,908,365)
Borrowing costs	**(1,938,898)**	(1,574,862)	**(3,422,599)**	(2,464,876)	(2,208,405)
Costs for business operation	**(336,576)**	(326,497)	**(683,948)**	(425,309)	(699,960)
Profit before tax	**1,837,764**	1,610,556	**3,211,200**	2,600,741	2,076,020
Profit for the year/period attributable to holders of ordinary shares of the Company	**1,296,536**	1,165,444	**2,295,954**	1,912,744	1,518,577
Basic earnings per share (RMB)	**0.40**	0.35	**0.70**	0.58	0.48
Diluted earnings per share (RMB)	**0.40**	0.35	**0.70**	0.58	0.48
PROFITABILITY INDICATORS					
Return on average assets(1)	**2.32%**	2.51%	**2.37%**	2.61%	2.82%
Return on average equity(2)	**15.95%**	16.16%	**15.19%**	14.18%	13.72%
Net interest margin(3)	**2.74%**	3.42%	**3.30%**	3.91%	4.27%
Net interest spread(4)	**1.44%**	2.16%	**2.01%**	2.76%	3.02%
Service fee income ratio (%)(5)	**54.86%**	49.32%	**44.63%**	44.03%	40.71%
Cost to income ratio(6)	**32.15%**	34.03%	**38.06%**	37.86%	33.98%

Business Overview

	30 June 2015 RMB'000 (Unaudited)	30 June 2014 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)	31 December 2013 RMB'000 (Audited)	31 December 2012 RMB'000 (Audited)
Assets and liabilities					
Total assets	**119,276,390**	99,903,421	110,726,124	86,512,872	60,570,275
Net interest-earning assets	**108,028,506**	94,490,646	100,828,572	80,745,756	57,587,210
Total liabilities	**101,410,619**	83,890,195	93,276,231	72,348,002	47,714,829
Interest-bearing bank and other borrowings	**75,751,591**	65,904,936	71,777,837	56,554,478	36,751,959
Total equity	**17,865,771**	16,013,226	17,449,893	14,164,870	12,855,446
Equity attributable to holders of ordinary shares of the Company	**16,402,491**	14,716,975	16,112,952	14,125,342	12,844,482
Net assets per share (RMB)	**4.98**	4.47	4.89	4.30	3.90
DURATION MATCHING OF ASSETS AND LIABILITIES					
Financial assets	**111,959,798**	97,767,079	104,545,229	83,085,680	59,706,865
Financial liabilities	**98,957,774**	82,713,955	90,313,636	70,255,960	46,816,315
Quality of interest-earning assets					
Non-performing asset ratio(7)	**0.94%**	0.89%	0.91%	0.80%	0.73%
Provision coverage ratio(8)	**216.03%**	215.31%	218.66%	219.19%	213.87%
Write-off of non-performing assets ratio(9)	**9.74%**	1.42%	19.02%	2.47%	0.00%
Overdue interest-earning assets (over 30 days) ratio(10)	**0.99%**	0.70%	0.91%	0.45%	0.30%

Business Overview

Notes:

(1) Return on average assets = profit for the year or the period/average balance of assets at the beginning and end of the period, presented on an annualised basis;

(2) Return on average equity = profit for the year or the period attributable to holders of ordinary shares of the Company/average balance of equity attributable to holders of ordinary shares of the Company at the beginning and end of the period, presented on an annualised basis;

(3) Net interest margin = net interest income/average balance of interest-earning assets, presented on an annualised basis;

(4) Net interest spread = average yield of interest-earning assets − average cost rate of interest-bearing liabilities, presented on an annualised basis;

(5) Service fee income ratio = service fee income/(interest income − interest expense + service fee income + income from industrial operation segments − cost from industrial operation segments), income is before business taxes and surcharges;

(6) Cost to income ratio = (selling and distribution cost + administrative expenses − provision for loans and accounts receivable)/gross profit;

(7) Non-performing asset ratio = net non-performing assets/net interest-earning assets;

(8) Provision coverage ratio = provision for interest-earning assets/net non-performing assets;

(9) Write-off of non-performing assets ratio = bad debt of interest-earning assets written-off/non-performing assets at the end of the previous year;

(10) Overdue interest-earning assets (over 30 days) ratio = overdue interest-earning assets (over 30 days)/net interest-earning assets.

Management Discussion and Analysis

1. Economic Environment

1.1 Macro-economy Environment

During the first half of 2015, the growth rate of China's macro-economy further slowed down. Gross domestic product (GDP) grew by 7.0% year on year, representing a decrease of 0.4 percentage point as compared to the first half of 2014. Industrial production, investment and consumption continued to slow down: the growth rate of fixed asset investment fell down to 11.4%, the added value of industrial enterprises above designated size grew by 6.3% and the total retail sales of consumer goods grew by 10.41%, representing a decrease of 5.9 percentage points, 2.5 percentage points and 1.69 percentage points as compared to the same period last year. Consumption, investment and exports contributed 4.2%, 2.5% and 0.3% respectively to the GDP growth. Although the growth of consumption fell down to approximately 10%, the growth of consumption was still the key drivers of economic growth as compared to the weak performance of investment and exports.

For the financial environment, the monetary policy remained relatively loose in consistent with the economic situation, while the interest rates reduced by a cumulative 75 basic points for three times. For the first half of 2015, the total financing amount across the country hit a record high of RMB8.81 trillion, of which direct financing accounted for 14.3% in overall proportion as a result of the scale up of the equity financing, representing an increase of 1.1 percentage points as compared to the same period last year. For banking sector, after adjusting the off-balance-sheet assets back onto the balance sheet, bank credit facilities accounted for 74.8% of the total financing amount, representing an increase of 20.5 percentage points as compared to the same period last year.

1.2 Industry Environment

Affected by various factors such as demand shortage and production undercapacity resulting from the difficulty to significantly reduce production and operating costs, industrial profit above designated size grew by -0.7% for the first half of 2015, representing a decrease of 12.1 percentage points as compared to the same period last year. The income-cost ratio of enterprises remained high of 86%. The profitability of state-owned enterprises and private enterprises in fully competitive fields slipped under internal and external pressure such as intensified competition and increasing costs.

Against this backdrop, the nine major industries in which Far East Horizon was involved were affected by external conditions to various extents. The public sector including healthcare, education, infrastructure construction, broadcasting and urban utility maintained stable growth, while the private sector, mainly the manufacturing industry, was facing difficulties such as production overcapacity, insufficient order demand and increasing factor costs. The growth of output of and investment in printing, industrial equipment and textile industries further slowed down, thus weakening the demand for corporate financing. The shipping market remained depressed due to weak global economy and shipping overcapacity.

Management Discussion and Analysis

1.3 The Leasing Industry

During the first half of 2015, China's financial leasing industry maintained its rapid growth. There were approximately 3,185 registered financial leasing companies (excluding SPV) operating in the country, representing an increase of 983 as compared to the end of last year. Among those registered leasing companies, 39 were financial leasing ones, 191 were domestic leasing ones and 2,955 were foreign leasing ones. As the speed up of approval of financial leasing companies, financial institutions such as city commercial banks and rural commercial banks were applying licenses for financial leasing. Meanwhile, attracted by regional favorable policies in Shanghai and Tianjin, a large number of enterprises were setting up foreign leasing companies.

As of the end of June 2015, the total registered capital in the industry amounted to approximately RMB1,003.0 billion, up RMB341.9 billion from the end of last year. The balance of financial leasing contract amounted to approximately RMB3.66 trillion, up RMB455.0 billion from the end of last year, representing an increase of 14.2%.

1.4 Company's Solutions

Facing the decline in domestic economic growth and sluggish external demand, insufficient industrial expansionary demand, downturn in corporate profitability and intensified competition, the Group adjusted development strategies for each industry based on dynamic environment and industry situation, strengthened its efforts to explore non-finance businesses and maintained stable business growth subject to operation safety.

For financial business, the Company put more efforts in safer segments such as healthcare, education, broadcasting and urban utility. In addition, the Company proactively modified its strategies in manufacturing segments of packaging, industrial equipment and textile, in order to realize secure growth. Meanwhile, the Company promoted innovation in products and services, thus achieved a rapid growth in asset management business.

For non-financial business, the Company gradually built its operational capacity in medical, construction, education and other sectors through self-construction, merger and acquisition and cooperation based on its industry understanding and development trends, to form two organic cooperative service capabilities between financial and industry. In the medical field, for instance, the Company cultivated diversified service capabilities including capital, technology, management and investment and accumulated over 2,000 medical institutions and medical manufacturing and distribution enterprises through its industry knowledge and perception for over ten years, and initially formed the strategic concept of sharing the medical industry development opportunities with the hospital group as the breakthrough point. Currently, the Company has realized the layout of many hospitals. In the future, the hospital group of Far East is able to improve the overall medical service level of each hospital by taking the advantage of the internal integration and synergy effect. Otherwise, the Company is able to develop relevant businesses by making use of medical technicians and medical procurement demands of the hospital group. Furthermore, the hospital group is able to graft the businesses of the Company in finance, engineering, consultation and other industries to realize the collaborative development of the financial industry.

For raising funds, the Company succeeded in increasing issuing as at 14 July, which provided a good foundation for the next stage of financial and industrial development. Meanwhile, the Company continuously expanded its direct or indirect fund raising channels in debt financing, and flexibly adjusted the domestic and foreign financing amount based on domestic and foreign financial costs, to support its business development with better financing condition.

Management Discussion and Analysis

2. Analysis of Profit and Loss

2.1 Analysis of Profit and Loss (Overview)

In the first half of 2015, the Group achieved healthy and steadily growth in its results with the growth in revenue being in line with the growth in costs and various expenses. The Group realised a profit before tax of RMB1,837,764,000, representing growth of 14.11% as compared to the corresponding period of the previous year. The profit attributable to holders of ordinary shares of the Company during the period was RMB1,296,536,000, representing growth of 11.25% as compared to the corresponding period of the previous year. The following table sets forth the figures for the six months ended 30 June 2015 and the comparative figures for the six months ended 30 June 2014.

	For the six months ended 30 June		
	2015	2014	
	RMB'000	RMB'000	Change %
	(Unaudited)	(Unaudited)	
Revenue	**5,759,568**	5,062,971	13.76%
Cost of sales	**(2,275,474)**	(1,901,359)	19.68%
Gross profit	**3,484,094**	3,161,612	10.20%
Other income and gains	**199,656**	73,580	171.35%
Selling and distribution costs	**(669,027)**	(642,668)	4.10%
Administrative expenses	**(851,274)**	(827,900)	2.82%
Other expenses	**(318,352)**	(154,759)	105.71%
Finance costs	**(9,350)**	(3,236)	188.94%
Profit or loss on investment in joint ventures	**2,017**	–	N/A
Profit or loss on investment in associates	**–**	3,927	-100.00%
Profit before tax	**1,837,764**	1,610,556	14.11%
Income tax expense	**(504,549)**	(439,996)	14.67%
Profit for the period	**1,333,215**	1,170,560	13.90%
Attributable to:			
Holders of ordinary shares of the Company	**1,296,536**	1,165,444	11.25%
Holders of senior perpetual securities	**34,119**	1,298	2,528.58%
Non-controlling interests	**2,560**	3,818	-32.95%

Management Discussion and Analysis

2.2 Revenue

In the first half of 2015, the Group realised revenue of RMB5,759,568,000, representing growth of 13.76% from RMB5,062,971,000 as compared to the corresponding period of the previous year. Income of leasing, factoring, advisory segment and industrial operation segment achieved steady growth. In the first half of 2015, income (before business taxes and surcharges) of the leasing, factoring and advisory segment was RMB5,307,155,000, accounting for 91.37% of the total income (before business taxes and surcharges), representing growth of 13.90% as compared to the corresponding period of the previous year. Among which, income of the advisory service segment increased the most, representing growth of 22.25%. Meanwhile, as the Group accelerated its integrated business, the income growth of industrial and operation segment increased by 9.96% as compared to the corresponding period of the previous year.

The table below sets forth the composition and the change of Group's revenue by business segments in the indicated periods.

	For the six months ended 30 June				
	2015		2014		
	RMB'000 (Unaudited)	**% of total**	RMB'000 (Unaudited)	% of total	Change %
Leasing, factoring and advisory segment	**5,307,155**	**91.37%**	4,659,433	91.09%	13.90%
Finance leasing and factoring (interest income)	**3,369,177**	**58.00%**	3,074,236	60.10%	9.59%
Advisory services (fee income)	**1,937,978**	**33.37%**	1,585,197	30.99%	22.25%
Industrial operation segment	**501,222**	**8.63%**	455,828	8.91%	9.96%
Total	**5,808,377**		5,115,261		13.55%
Business taxes and surcharges	**(48,809)**		(52,290)		-6.66%
Revenue (after business taxes and surcharges)	**5,759,568**		5,062,971		13.76%

The Group also categorised income by industry, and the Group was mainly engaged in 9 industries covering healthcare, education, infrastructure construction, transportation, packaging, machinery, textiles, electronic information and urban utility for the first half of 2015. In the first half of 2015, as the continuous sluggish in shipping market and the implied overcapacity in printing, packaging, processing and manufacturing industries, the overall income of transportation and packaging industries decreased by approximately 35.54% and 33.03% respectively as compared to the corresponding period of the previous year. Meanwhile, with the promulgation of national macro-control policies and the further promotion of the industrial operation of the Company, the overall income of healthcare and infrastructure construction segments increased by 38.76% and 26.25% respectively as compared to the corresponding period of the previous year.

In addition, after exploring and incubating for nearly four years, the urban utility business of the Group, which was originally operated in other industries, was separated in March 2015 to establish the urban utility industry, with the aim of keeping consistent with the strategic promotion of the Group, expanding the industrial growth engine and optimizing the asset structure and allocation.

Management Discussion and Analysis

The table below sets forth the composition and the change of the Group's income (before business taxes and surcharges) by industry in the indicated periods.

	For the six months ended 30 June				
	2015		2014		
	RMB'000 (Unaudited)	% of total	RMB'000 (Unaudited)	% of total	Change %
Healthcare	1,540,551	26.52%	1,110,241	21.70%	38.76%
Education	827,139	14.24%	708,772	13.86%	16.70%
Infrastructure construction	1,192,193	20.53%	944,293	18.46%	26.25%
Transportation	458,077	7.89%	710,677	13.89%	-35.54%
Packaging	451,859	7.78%	674,696	13.19%	-33.03%
Machinery	530,617	9.14%	409,646	8.01%	29.53%
Textiles	153,333	2.64%	138,329	2.70%	10.85%
Electronic information	420,681	7.24%	244,714	4.78%	71.91%
Urban utility[(1)]	228,516	3.93%	172,338	3.37%	32.60%
Others[(1)]	5,411	0.09%	1,555	0.04%	247.97%
Total	5,808,377	100.00%	5,115,261	100.00%	13.55%

Note:

(1) The comparative figures for the first half of 2014 in this report have been reclassified in according with the presentation for the first half of 2015.

Management Discussion and Analysis

2.2.1 *Financial Leasing and Factoring (Interest Income)*

The interest income (before business taxes and surcharges) from the leasing, factoring and advisory segment of the Group rose by 9.59% from RMB3,074,236,000 for the first half of 2014 to RMB3,369,177,000 for the first half of 2015, accounting for 58.00% of the Group's total revenue (before business taxes and surcharges).

The table below sets forth the average balance of interest-earning assets, interest income and average yield by industry during the indicated periods.

	For the six months ended 30 June					
	2015			2014		
	Average balance of interest-earning assets[1]	Interest income[2]	Average yield[3]	Average balance of interest-earning assets[1]	Interest income[2]	Average yield[3]
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
Healthcare	26,425,950	874,859	6.62%	19,914,026	679,343	6.82%
Education	15,678,807	506,537	6.46%	13,408,617	469,699	7.01%
Infrastructure construction	16,963,180	550,892	6.50%	14,022,385	473,768	6.76%
Transportation	9,698,708	294,609	6.08%	9,806,040	347,804	7.09%
Packaging	11,113,391	344,505	6.20%	11,903,037	418,825	7.04%
Machinery	10,205,692	306,106	6.00%	7,552,462	268,650	7.11%
Textiles	3,140,444	91,272	5.81%	2,429,055	76,866	6.33%
Electronic information	6,531,332	236,603	7.25%	4,776,186	181,289	7.59%
Urban utility	4,586,263	159,682	6.96%	3,791,450	156,719	8.27%
Others	84,772	4,112	9.70%	14,943	1,273	17.04%
Total	104,428,539	3,369,177	6.45%	87,618,201	3,074,236	7.02%

Notes:

(1) Calculated based on the average balance of interest-earning assets at the beginning and end of the indicated periods.

(2) Interest income of each industry represents the revenue before business taxes and surcharges.

(3) Average yield represents the quotient of interest income as divided by average balance of interest-earning assets, on annualised basis.

(4) Interest-earning assets include net financial leasing receivable, entrusted loans, mortgage loans, long-term receivables, factoring receivables and respective interest accrued but not received.

Management Discussion and Analysis

Analysis according to average balance of interest-earning assets

In the first half of 2015, the average balance of interest-earning assets of the Group increased by 19.19% from RMB87,618,201,000 for the first half of 2014 to RMB104,428,539,000 for the first half of 2015. On one hand, the expansion of the business operation resulted in the improvement of average balance of interest-earning assets; on the other hand, the engagement in asset securitization business by the Group resulted in less growth of interest-earning assets than the corresponding period of the previous year.

Among the nine target industries, healthcare, infrastructure construction, machinery and education were the key drivers to the increase in the Group's average balance of interest-earning assets, representing 66.34% of the average balance of interest-earning assets in the first half of 2015. The increase in the average balance of interest-earning assets reflected the business expansion of the Group and its in-depth exploration into each of the industries, as well as the benefits from the Group's greater efforts in marketing and promotion. In addition, the Group strategically reduced industrial layout in some depressed fields according to market condition, which resulted in the balance of interest-earning assets in transportation and packaging industries decreased as compared to the corresponding period of the previous year.

Analysis according to average yield

In the first half of 2015, the average yield of the Group was 6.45%, representing 0.57 percentage point lower than 7.02% as compared to the corresponding period of the previous year. This was mainly due to the fact that (i) in the first half of 2015, the People's Bank of China reduced the benchmark interest rate for three times, which resulted in the benchmark interest rate of Renminbi loans with respective terms of 1 to 5 years decreased by 75 basis points from 6% to 5.25%, thus the average asset yield of the Group decreased by approximately 0.49 percentage point. In order to cope with the effect caused by lower interest rate, the Group promoted the business contract with fixed interest rate to some extent to reduce the adverse effect arising from the reduction of benchmark interest rate; (ii) the Group strengthened the promotion of healthcare, infrastructure construction, education, electronic information application, public transportation, water supply and other highly secured civil industries. The balance growth of the assets in civil industries at the end of the period reached 19.01% as compared to the end of the previous year, and the percentage of the total interest-earning assets increased from 60.67% as at the end of the previous year to 67.39% as at the end of the period; (iii) the Group continuously increased the investments in high-end quality customers, according to the statistics, customers who contributed revenue of more than RMB100 million accounted for 57.27% of the newly contracted customers in the first half of 2015, up by 7.55 percentage points from 49.72% in the first half of 2014.

Management Discussion and Analysis

2.2.2 Advisory Services (Fee Income)

In the first half of 2015, fee income (before business taxes and surcharges) from leasing, factoring and advisory segment grew by 22.25% from RMB1,585,197,000 for the first half of 2014 to RMB1,937,978,000 for the first half of 2015, accounting for 33.37% of the total revenue (before business taxes and surcharges) of the Group and representing an increase as compared with 30.99% in the corresponding period of the previous year.

The table below sets forth the Group's service charge income (before business taxes and surcharges) by industry during the indicated periods.

	For the six months ended 30 June				
	2015		2014		
	RMB'000	**% of total**	RMB'000	% of total	Change %
	(Unaudited)		(Unaudited)		
Healthcare	**546,039**	**28.18%**	363,473	22.93%	50.23%
Education	**313,234**	**16.16%**	237,564	14.99%	31.85%
Infrastructure construction	**398,031**	**20.54%**	320,611	20.22%	24.15%
Transportation	**82,460**	**4.25%**	170,935	10.78%	-51.76%
Packaging	**95,194**	**4.91%**	228,845	14.44%	-58.40%
Machinery	**210,812**	**10.88%**	123,005	7.76%	71.38%
Textiles	**62,061**	**3.20%**	61,463	3.88%	0.97%
Electronic information	**161,313**	**8.32%**	63,400	4.00%	154.44%
Urban utility	**68,834**	**3.56%**	15,618	0.99%	340.74%
Others	**–**	**–**	283	0.01%	-100.00%
Total	**1,937,978**	**100.00%**	1,585,197	100.00%	22.25%

Healthcare, electronic information and machinery accounted for the greatest contribution to the aggregate growth of the Group's service charge income (before business taxes and surcharges). The increase in service charge income of such industries was mainly attributable to: (i) the expansion of scale and scope of services provided to the customers of the Group in view of the diversification of products and services offered in the Group's advisory services segment and expansion of the Group's businesses; and (ii) the Group focused on providing service to high quality customers in the industries given the interest rate cut.

Management Discussion and Analysis

2.2.3 Revenue from industrial operation segment

Revenue from industrial operation segment of the Group, before business taxes and surcharges, increased by 9.96% from RMB455,828,000 for the first half of 2014 to RMB501,222,000 for the first half of 2015, accounting for 8.63% of the total revenue of the Group (before business taxes and surcharges).

The table below sets forth the Group's revenue from industrial operation segment (before business taxes and surcharges) by business segment during the indicated periods.

	For the six months ended 30 June				
	2015		2014		
	RMB'000	**% of total**	RMB'000	% of total	Change %
	(Unaudited)		(Unaudited)		
Revenue from industrial operation segment	**501,222**	**100.00%**	455,828	100.00%	9.96%
Including:					
Revenue from operating lease	**224,751**	**44.84%**	143,590	31.50%	56.52%
Revenue from chartering and brokerage	**90,099**	**17.98%**	193,447	42.44%	-53.42%
Revenue from trading	**71,150**	**14.20%**	57,296	12.57%	24.18%
Revenue from healthcare service	**61,587**	**12.29%**	23,295	5.11%	164.38%
Revenue from construction contracts	**45,749**	**9.13%**	32,770	7.19%	39.61%

In the first half of 2015, the Group's operating lease business development remained strong, and realised revenue (before business taxes and surcharges) of RMB224,751,000, accounting for 44.84% of the revenue from industrial operation segment, representing an increase of 56.52% as compared to the same period last year. Revenue from chartering and brokerage (before business taxes and surcharges) was RMB90,099,000, representing a decrease of 53.42% as compared to the same period last year, which was affected by the sluggish shipping industry.

In addition, followed by the acquisition of Huizhou Huakang Orthopaedic Hospital (惠州華康骨傷醫院) in 2014, the Group further acquired Siping Cancer Institute & Hospital (四平腫瘤醫院) and Binhai Xinrenci Hospital (濱海新仁慈醫院) in the first half of 2015, and realised revenue from healthcare service (before business taxes and surcharges) of RMB61,587,000, representing an increase of 164.38% as compared to the same period last year.

Management Discussion and Analysis

2.3 Cost of sales

Cost of sales of the Group for the first half of 2015 was RMB2,275,474,000, representing an increase of 19.68% from RMB1,901,359,000 in the corresponding period of the previous year. This was mainly due to an increase in the cost of the leasing, factoring and advisory service segment. Among them, the cost of the leasing, factoring and advisory segment was RMB1,938,898,000, accounting for 85.21% of the total cost. The cost of the industrial operation segment was RMB336,576,000, accounting for 14.79% of the total cost.

The table below sets forth the composition and the change of the Group's cost of sales by business segments during the indicated periods.

	For the six months ended 30 June				
	2015		2014		
	RMB'000	**% of total**	RMB'000	% of total	Change %
	(Unaudited)		(Unaudited)		
Cost of the leasing, factoring and advisory segment	**1,938,898**	**85.21%**	1,574,862	82.83%	23.12%
Cost of the industrial operation segment	**336,576**	**14.79%**	326,497	17.17%	3.09%
Cost of sales	**2,275,474**	**100.00%**	1,901,359	100.00%	19.68%

2.3.1 Cost of the leasing, factoring and advisory segment

The cost of sales of financial leasing, factoring and advisory segment of the Group arose entirely from the relevant Interest expense of the interest-bearing bank and other financing of the Group. The following table sets forth the average balance of the interest-bearing liabilities of the Group, the interest expense of the Group and the average cost rate of the Group in the indicated period.

	For the six months ended 30 June					
	2015			2014		
	Average balance[(1)]	**Interest expense**	**Average cost rate[(2)]**	Average balance[(1)]	Interest expense	Average cost rate[(2)]
	RMB'000	**RMB'000**	**% of total**	RMB'000	RMB'000	% of total
	(Unaudited)	**(Unaudited)**		(Unaudited)	(Unaudited)	
Interest-bearing liabilities	**77,348,901**	**1,938,898**	**5.01%**	64,825,321	1,574,862	4.86%

Notes:

(1) Calculated as the average balance of interest-bearing liabilities at the beginning and end of the period.

(2) Calculated by dividing Interest expense by the average balance of interest-bearing liabilities, on an annualised basis.

Management Discussion and Analysis

The cost of sales of financial leasing, factoring and advisory segment increased from RMB1,574,862,000 for the first half of 2014 to RMB1,938,898,000 for the first half of 2015. The average cost rate of the Group was 5.01% for the first half of 2015, a slight increase from the first half of 2014. It is mainly due to the fact that: (i) with the advance of the Group's diversified financing strategy, the proportion of foreign currency financing and direct financing continued to rise, the sensitivity of the overall financing costs to the benchmark interest rate published by the central bank of China declined, the effect of interest rate cuts by the central bank of China was unable to be fully reflected in the short term; (ii) in the first half of 2015, average financing costs increased by approximately 0.17% as the result of the purchase of interest rate swap and other financial instruments by the Group for the control of interest rate risk.

In the second half of 2015, under the strategy of "resources globalization", the Group will continue to optimize its liability structure and effectively control its finance costs. Our major measures are as follows: (i) the Group will continue to expand the proportion of domestic direct financing and plan to promote corporate bonds, short-term financial bonds and other low-cost direct financing products in the second half of 2015 to reduce financial costs while enriching financing products; (ii) in traditional bank financing, the Group will withdrawal more low-cost funds to replace part of high-cost financing; (iii) the Group will pay more attention to the international market and enhance the communication with rating agencies and investors to introduce foreign low-cost funds as and when appropriate.

2.3.2 Cost of the industrial operation segment

The cost of sales of industrial operation segment of the Group is primarily derived from the cost of operating lease, cost of chartering and brokerage, cost of trading, cost of healthcare service and cost of construction contracts etc.

The following table sets forth the cost of industrial operational segments of the Group by business type of the period indicated.

	For the six months ended 30 June				
	2015		2014		
	RMB'000	**% of total**	RMB'000	% of total	Change %
	(Unaudited)		(Unaudited)		
Cost of the industrial operation segment	**336,576**	**100.00%**	326,497	100.00%	3.09%
Of which:					
Cost of operating lease	**117,237**	**34.83%**	65,374	20.02%	79.33%
Cost of chartering and brokerage	**75,032**	**22.29%**	168,825	51.71%	-55.56%
Cost of trading	**68,079**	**20.23%**	55,373	16.96%	22.95%
Cost of healthcare service	**43,365**	**12.88%**	12,858	3.94%	237.26%
Cost of construction contracts	**29,476**	**8.76%**	22,405	6.86%	31.56%

Cost of operating lease of the Group increased by 79.33% to RMB117,237,000 in the first half of 2015 from RMB65,374,000 in the first half of 2014, mainly due to the addition in the leased assets as the result of the rapid growth of the operating leasing business of the Group. Due to the sluggish shipping industry and the decline in the ship chartering business, cost of chartering and brokerage business decreased by 55.56% to RMB75,032,000 in the first half of 2015 from RMB168,825,000 in the first half of 2014. In 2015, with the accelerate of mergers and acquisitions of hospitals and the addition in operating hospitals, cost of healthcare service increased by 237.26% to RMB43,365,000 in the first half of 2015 from RMB12,858,000 in the first half of 2014.

Management Discussion and Analysis

2.4 Gross Profit

The gross profit of the Group for the first half of 2015 increased by RMB322,482,000 or 10.20% to RMB3,484,094,000 from RMB3,161,612,000 in the corresponding period of the previous year. For the first half of 2015 and 2014, the gross profit margin of the Group was 60.49% and 62.45%, respectively.

2.4.1 Gross Profit of the Leasing, Factoring and Advisory Segment

The gross profit margin of the leasing, factoring and advisory segment of the Group for the first half of 2015 was 63.47%, down from 66.20% in the same period last year. The gross profit margin of the leasing, factoring and advisory segment was affected by the change of net interest income and net interest margin. The following table sets forth the interest income, interest expense, net interest income, net interest spread and net interest margin for the periods indicated.

	For the six months ended 30 June		
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)	Change %
Interest income[(1)]	**3,369,177**	3,074,236	9.59%
Interest expense[(2)]	**1,938,898**	1,574,862	23.12%
Net Interest income	**1,430,279**	1,499,374	-4.61%
Net interest spread[(3)]	**1.44%**	2.16%	-33.33%
Net interest margin[(4)]	**2.74%**	3.42%	-19.88%

Notes:

(1) Interest income is the interest income of the leasing, factoring and advisory segment of the Group.

(2) Interest expense is the borrowing cost of the leasing, factoring and advisory segment of the Group.

(3) Calculated as the difference between the average yield and the average cost rate. The average yield is calculated by dividing interest income by the average balance of interest-earning assets. The average cost rate is calculated by dividing interest expense by the average balance of the interest-bearing liabilities.

(4) Calculated by dividing net interest income by the average balance of interest-earning assets, on an annualised basis.

Net interest spread of the Group for the first half of 2015 decreased by 0.72 percentage point to 1.44% as compared with 2.16% for the corresponding period of the previous year and decreased by 0.39 percentage point as compared with 1.83% for the second half of 2014. Net interest spread decreased, primarily due to the decrease of 57 basis points in the average yield on interest-earning assets of the Group and the increase of 15 basis points in respect of the average cost on interest-bearing liabilities of the Group. For the changes in respect of the average yield on interest-earning assets and average cost rate on interest bearing liabilities, please refer to the discussion and analysis in paragraphs 2.2.1 and 2.3.1 of this section. At the same time, the net interest income of the Group decreased by 4.61% to RMB1,430,279,000 for the first half of 2015 from RMB1,499,374,000 for the first half of 2014, and the average balance of interest-earning assets of the Group increased by 19.19% as compared to the corresponding period of the previous year. Based on the above-mentioned reasons, the net interest margin of the Group decreased by 0.68 percentage point to 2.74% as compared with 3.42% for the corresponding period of the previous year and decreased by 0.41 percentage point as compared with 3.15% for the second half of 2014.

Management Discussion and Analysis

2.4.2 Gross Profit of the Industrial Operation Segment

The gross profit of the industrial operation segment increased by 27.31% from RMB129,331,000 for the first half of 2014 to RMB164,646,000 for the first half of 2015. Among which, the gross profit of the operating leasing business was RMB107,514,000 in the first half of 2015, accounting for 65.30% of the total gross profit of the industrial operation segment.

	For the six months ended 30 June				
	2015		2014		
	RMB'000 (Unaudited)	% of total	RMB'000 (Unaudited)	% of total	Change %
Gross profit of the industrial operation segment	164,646	100.00%	129,331	100.00%	27.31%
Of which:					
Gross profit of operating lease	107,514	65.30%	78,216	60.48%	37.46%
Gross profit of healthcare service	18,222	11.07%	10,437	8.07%	74.59%
Gross profit of construction contracts	16,273	9.88%	10,365	8.01%	57.00%
Gross profit of chartering and brokerage business	15,067	9.15%	24,622	19.04%	-38.81%
Gross profit of trading business	3,071	1.87%	1,923	1.49%	59.70%

Management Discussion and Analysis

2.5 Other Income and Gains

The following table sets forth a breakdown of our other income and gains for the periods indicated:

	For the six months ended 30 June		
	2015	2014	
	RMB'000	RMB'000	Change %
	(Unaudited)	(Unaudited)	
Bank interest income	**29,312**	22,178	32.17%
Gains from deductible inter-group borrowings[1]	**63,179**	32,923	91.90%
Foreign exchange gain	**47,761**	–	N/A
Gains from structured financial products	**1,755**	1,585	10.73%
Government grants	**20,548**	599	3,330.38%
Net gains from the fair value of derivative instruments	**–**	2,657	-100.00%
Gains from the transfer of financial assets	**35,816**	–	N/A
Other income	**1,285**	13,638	-90.58%
Total	**199,656**	73,580	171.35%

Note:

(1) Since the interest expenses that the Group's domestic subsidiaries paid for inter-group borrowings qualify for deductible taxes under value-added tax, these saved taxes constitute those companies' gains from deductible inter-group borrowings for the period. Specifically, these unpaid taxes include the business tax and additional effects that have been accrued based on the interest income generated from the borrowings. In order to maintain consistency in the presentation of the financial information for the six months ended 30 June 2015, the financial information for the six months ended 30 June 2014 of this report has been restated.

In the first half of 2015, the Group's other income and gains amounted to RMB199,656,000, representing an increase of 171.35% from the corresponding period of the previous year, mainly attributable to the increase in gains from deductible inter-group borrowings and gains from the transfer of financial assets.

2.6 Selling and Distribution Costs

Selling and distribution costs of the Group in the first half of 2015 amounted to RMB669,027,000, which increased by RMB26,359,000 or 4.10% as compared to the corresponding period of the previous year. Among which, the remuneration and welfare costs of the Group's sales staff accounted for 78.67% of total selling and distribution costs, remained basically flat with the first half of 2014. At the same time, the Group strengthened the control of operation costs, adopted early-warning management on various traveling expenses, strictly controlled over-spending behaviour, thus the growth rate of traveling expenses fell down as compared with that of the business scope of the Group.

Management Discussion and Analysis

2.7 Administrative Expenses

Administrative expenses of the Group in the first half of 2015 were RMB851,274,000, representing an increase of RMB23,374,000 or 2.82% from the corresponding period of the previous year. The change in administrative expenses was mainly due to: (i) the increase in office expenses resulting from business expansion (rental expenses of the Group in the first half of 2015 represented an increase of RMB11,357,000 or 24.20% from the corresponding period of the previous year); (ii) the increase in expenses relating to the impairment of loans and accounts receivable (impairment of loans and accounts receivable in the first half of 2015 amounted to RMB400,319,000, representing an increase of RMB5,695,000 or 1.44% from the corresponding period of the previous year); (iii) the administrative expenses generated by newly acquired subsidiaries of the Group of RMB4,062,000, representing 17.38% of the net increase in administrative expenses; (iv) the cost regarding the remuneration and welfare of staff relating to the administrative expenses remained flat with that of the corresponding period of the previous year, which was due to the effectively control of the costs by the Group while the increase in the headcount of full-time staff. The total headcount of full-time staff of the Group increased from 3,583 in the first half of 2014 to 5,266 in the first half of 2015.

Cost to income ratio of the Group in the first half of 2015 was 32.15%, which was slightly lower as compared with 34.03% of the corresponding period of the previous year.

2.8 Other Expenses

Other expenses of the Group in the first half of 2015 amounted to RMB318,352,000, representing an increase of RMB163,593,000 or 105.71% from the corresponding period of the previous year. Other expenses comprised the loss resulting from the disposal of financial assets of RMB257,299,000, which was generated from the derecognition of the transferred financial assets.

2.9 Income Tax Expense

Income tax expense of the Group in the first half of 2015 was RMB504,549,000, which increased by RMB64,553,000 or 14.67% from the corresponding period of the previous year. The increase was primarily due to an increase in the operating profit of the Group during the relevant period. Effective tax rate of the Group in the first half of 2015 and 2014 was 27.45% and 27.32%, respectively.

2.10 Profit for the Period Attributable to Holders of Ordinary Shares of the Company

Based on the above discussion and analysis, profit for the period attributable to holders of ordinary shares of the Company was RMB1,296,536,000, which increased by RMB131,092,000 or 11.25% from the corresponding period of the previous year. Net profit margin of the Group in the first half of 2015 was 23.15%, remained basically flat with 23.12% in the corresponding period of the previous year.

Management Discussion and Analysis

3. Analysis of Financial Position

3.1 Assets (Overview)

As at 30 June 2015, the total assets of the Group increased by RMB8,550,266,000 or 7.72% from the end of the previous year to RMB119,276,390,000. Loans and accounts receivable increased by RMB7,153,790,000 or 7.19% from the end of the previous year to RMB106,595,219,000.

As at 30 June 2015, the cash and cash equivalents of the Group amounted to RMB3,053,122,000. The Group reserved relatively sufficient cash to sustain the business development and ensure the capital liquidity safety of the Group.

As at 30 June 2015, the restricted deposits of the Group amounted to RMB1,032,219,000, which mainly comprised the restricted security deposits.

The following table sets forth the analysis of the assets as of the dates indicated.

	30 June 2015		31 December 2014		
	RMB'000	**% of total**	RMB'000	% of total	Change %
	(Unaudited)		(Audited)		
Loans and accounts receivables	**106,595,219**	**89.37%**	99,441,429	89.81%	7.19%
Cash and cash equivalents	**3,053,122**	**2.56%**	3,317,850	3.00%	-7.98%
Restricted deposits	**1,032,219**	**0.87%**	953,805	0.86%	8.22%
Prepayments and other receivables	**1,131,207**	**0.93%**	2,248,499	2.03%	-49.69%
Deferred income tax assets	**1,014,961**	**0.85%**	904,331	0.82%	12.23%
Property, plant and equipment	**2,552,655**	**2.14%**	1,733,169	1.57%	47.28%
Prepaid land lease payments	**1,151,387**	**0.97%**	987,878	0.89%	16.55%
Investment in joint ventures	**1,151,829**	**0.97%**	80,985	0.07%	1,322.27%
Investment in associates	**–**	**–**	94,154	0.08%	-100.00%
Available-for-sale financial assets	**591,614**	**0.50%**	394,253	0.36%	50.06%
Trading financial assets	**91,704**	**0.08%**	–	–	N/A
Derivative financial instruments	**28,871**	**0.02%**	290,277	0.26%	-90.05%
Inventories	**130,399**	**0.11%**	78,708	0.07%	65.67%
Construction contracts	**81,990**	**0.07%**	82,339	0.07%	-0.42%
Goodwill	**118,361**	**0.10%**	64,164	0.06%	84.47%
Continuous involvement assets	**510,513**	**0.43%**	–	–	N/A
Other assets	**40,339**	**0.03%**	54,283	0.05%	-25.69%
Total assets	**119,276,390**	**100.00%**	110,726,124	100.00%	7.72%

Management Discussion and Analysis

3.2 Loans and Accounts Receivable

The main components of assets of the Group were loans and accounts receivable, accounting for 89.37% of the total assets of the Group as of 30 June 2015. During the first half of 2015, the Group, in adherence to the existing operating strategy and corresponding management approach and with the direction of main industry as the base and relatively well-managed customers as the target, implemented ongoing and stable expansion of the financial leasing business and factoring business on a basis of the Group's effective risk control so as to maintain stable growth in both the number of customers served and the number of new contracts entered into by the Group and keep the net interest-earning assets to increase steadily.

The following table sets forth the analysis of loans and accounts receivable as of the dates indicated.

	30 June 2015		31 December 2014		
	RMB'000 (Unaudited)	% of total	RMB'000 (Audited)	% of total	Change %
Lease receivables	114,180,920		108,061,474		
Less: Unearned finance income	(11,045,677)		(11,002,267)		
Net lease receivables	103,135,243	94.78%	97,059,207	95.66%	6.26%
Other net interest-earning assets[1]	4,893,263	4.50%	3,769,365	3.71%	29.82%
Subtotal for interest-earning assets	108,028,506	99.28%	100,828,572	99.37%	7.14%
Others[2]	781,487	0.72%	636,463	0.63%	22.79%
Subtotal for loans and accounts receivable	108,809,993	100.00%	101,465,035	100.00%	7.24%
Less: Provisions	(2,214,774)		(2,023,606)		9.45%
Net loans and accounts receivable	106,595,219		99,441,429		7.19%

Notes:

(1) Other interest-earning assets include entrusted loans, mortgage loans, long-term receivables and factoring receivables, as well as their respective interest accrued but not received.

(2) Others include notes receivables and accounts receivables.

3.2.1 Interest-earning Assets

Net interest-earning assets of the Group as of 30 June 2015 were RMB108,028,506,000, representing an increase of 7.14% as compared with RMB100,828,572,000 as of 31 December 2014. The increase was due to a steady increase in both the number of customers served and the number of new contracts entered into by the Group, as a result of the continuous expansion of financial leasing and factoring business of the Group on a basis of the Group's effective risk control in the first half of 2015.

Management Discussion and Analysis

3.2.2 Net Interest-earning Assets by Industry

The following table sets forth net interest-earning assets[1] of the Group by industry as of the dates indicated.

	30 June 2015		31 December 2014		
	RMB'000	**% of total**	RMB'000	% of total	Change %
	(Unaudited)		(Audited)		
Healthcare	**29,344,029**	**27.16%**	23,507,871	23.31%	24.83%
Education	**15,890,999**	**14.71%**	15,466,615	15.34%	2.74%
Infrastructure construction	**17,279,255**	**16.00%**	16,647,106	16.51%	3.80%
Transportation	**9,510,631**	**8.80%**	9,886,786	9.81%	-3.80%
Packaging	**10,389,689**	**9.62%**	11,837,094	11.74%	-12.23%
Machinery	**10,390,324**	**9.62%**	10,021,061	9.94%	3.68%
Textiles	**3,089,941**	**2.86%**	3,190,946	3.16%	-3.17%
Electronic information	**7,194,380**	**6.66%**	5,868,285	5.82%	22.60%
Urban utility	**4,855,371**	**4.49%**	4,317,154	4.29%	12.47%
Others	**83,887**	**0.08%**	85,654	0.08%	-2.06%
Total	**108,028,506**	**100.00%**	100,828,572	100.00%	7.14%

Note:

Net interest-earning assets for healthcare, electronic information and infrastructure construction as of 30 June 2015 grew the most in amount among the target industries of the Group, namely by RMB5,836,158,000, RMB1,326,095,000 and RMB632,149,000, respectively over those as of 31 December 2014. The increase was attributable to the business expansion and exploration in different industries, as well as contribution from enhanced promotion and marketing activities. The development of new fragmented markets in packaging and transportation industries slowed down as a result of strategic portfolio consideration.

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3.2.3 Aging Analysis of Net Interest-earning Assets

The following table sets forth an aged analysis of net interest-earning assets as of the dates indicated, categorised by the time elapsed since the effective date of the relevant leases, entrusted loans, mortgage loans, credit assignment and factoring contracts.

	30 June 2015		31 December 2014		
	RMB'000	**% of total**	RMB'000	% of total	Change %
	(Unaudited)		(Audited)		
Net interest-earning assets					
Within 1 year	**55,166,176**	**51.07%**	55,185,382	54.73%	-0.03%
1 to 2 years	**33,275,254**	**30.80%**	29,932,332	29.69%	11.17%
2 to 3 years	**13,958,770**	**12.92%**	10,080,236	10.00%	38.48%
3 years and beyond	**5,628,306**	**5.21%**	5,630,622	5.58%	-0.04%
Total	**108,028,506**	**100.00%**	100,828,572	100.00%	7.14%

Net interest-earning assets within one year represent net interest-earning assets the Group received, and are still valid as of the end of the year or the end of the period. As of 30 June 2015 net interest-earning assets within one year as set out in the table above represented 51.07% of net interest-earning assets of the Group, which was basically flat when compared to the end of the previous year.

3.2.4 Maturity Profile of Net Interest-earning Assets

The following table sets forth, as of the dates indicated, the maturity profile of the net interest-earning assets.

	30 June 2015		31 December 2014		
	RMB'000	**% of total**	RMB'000	% of total	Change %
	(Unaudited)		(Audited)		
Maturity date					
Within 1 year	**42,803,723**	**39.63%**	39,513,571	39.19%	8.33%
1 to 2 years	**31,318,096**	**28.99%**	30,248,447	30.00%	3.54%
2 to 3 years	**19,458,991**	**18.01%**	17,857,336	17.71%	8.97%
3 years and beyond	**14,447,696**	**13.37%**	13,209,218	13.10%	9.38%
Total	**108,028,506**	**100.00%**	100,828,572	100.00%	7.14%

Net interest-earning assets due within one year represent net interest-earning assets which the Group will receive within one year of the reporting date indicated. As of 30 June 2015, net interest-earning assets due within one year as set forth in the table above represented 39.63% of the Group's net interest-earning assets as of each of the respective dates, which was basically flat when compared to the end of the previous year. This indicated that the maturity of the Group's net lease receivables was widely spread and could provide the Group with consistent and sustainable cash inflows that facilitated the matching of our liabilities.

Management Discussion and Analysis

3.2.5 Asset Quality of Net Interest-earning Assets

3.2.5.1 Five-category Net Interest-earning Assets Classification

The Group implements a five-category classification of interest-earning assets that accurately reveal the asset risk profile and confirm the quality of assets primarily by obtaining information on the qualification of stock and assets. On such basis, we have deployed management resources and efforts in a focused manner to effectively implement measures on category management, and have strengthened risk anticipation and the relevance of risk prevention to improve the ability to control asset risks.

Classification criteria

In determining the classification of our interest-earning assets portfolio, we apply a series of criteria that are derived from our own internal regulations regarding the management of lease assets. These criteria are designed to assess the likelihood of repayment by the borrower and the collect ability of principal and interest on our interest-earning assets. Our interest-earning assets classification criteria focus on a number of factors, if applicable; and our asset classifications include:

Pass. There is no reason to doubt that the loan principal and interest will not be paid by the debtor in full and/or on a timely basis. There is no reason whatsoever to suspect that the interest-earning assets will be impaired.

Special mention. Even though the debtor has been able to pay his payments in a timely manner, there are still factors that could adversely affect its ability to pay, which are related to changes in the economic, policy and industrial environment, the structure of the debtor's property rights and the debtor's management mechanisms, organizational framework and management personnel adjustments, operating capabilities, material investments and credit size and conditions, as well as the impact of changes in the value of core assets on the debtor's ability to repay; while taking into consideration the impact of subjective factors, including any change in the debtor's willingness to repay, on the quality of assets, such as if payments have been overdue for 30 days or more, then the interest-earning assets for this contract shall be classified as special mention or lower.

Substandard. The debtor's ability to pay is in question as it is unable to make its payments in full with its operating revenues, and we are likely to incur losses notwithstanding the enforcement of any guarantees underlying the contract. We take into account other factors, for example, if lease payments have been overdue for over three months, then the interest-earning assets for this contract shall be classified as substandard or lower.

Doubtful. The debtor's ability to pay is in question as it is unable to make payments in full and/or on a timely basis with its operating revenues and we are likely to incur significant losses notwithstanding the enforcement of any guarantees underlying the contract. We take into account other factors, for example, if payments have been overdue for over six months, the interest-earning assets for this contract shall be classified as doubtful or lower.

Loss. After taking all possible steps or going through all necessary legal procedures, payments remain overdue or only a very limited portion has been recovered. We take into account other factors, for example, if payments have been overdue for more than one year, the interest-earning assets for this contract shall be classified as a loss.

Management Discussion and Analysis

Asset management measures

In the first half of 2015, although the national economy appeared to be stable initially, under the combined effect of the decrease in potential growth rate and the insufficient demand in total in the long term, the economy still faced enormous downward pressure, and the operating environment faced by some of our customers did not turned around. There were challenges in the safety of present stock assets. The Group continued to optimize its asset management system, strengthen its asset process monitoring, and intensify risk asset disposal so as to keep the quality of our assets stable and under control on the whole during the reporting period.

Strengthening the management for industrial risks and optimizing the allotment of industrial resources

In the first half of 2015, the Group continued to promote the optimized management of industrial risk. In addition to the mandatory classification and differentiated management on four categories, namely the encouraged, the maintained, the restricted and the reduced implemented at the beginning of the year, in terms of the facility orientation, the Group improved the facility proportion and assets contribution of the non-competing sectors like healthcare, education and public utility, as well as the state-owned controlling customers, while reducing the facility proportion of the competing sector and non-state-owned controlling customers like shipping, printing and packaging, industrial equipment, textile and electronic manufacturing; meanwhile, it strengthened the control over the facility process of competing sectors and non-state-owned controlling customers, for example, the Group continued to promote the double-post shift system for the customer manager to reduce the operational and moral risks and improve the authenticity of information on facility assessment. With respect to the industries with relatively high defect ratio, the Group continued to carry out the dual attestation system on the credit evaluation which required dual assessment and dual control over risks.

Giving priority to credit vetting and assuring authenticity and effectiveness of information

Meanwhile, the Group attempted to perform the functional division in terms of the credit and credit vetting in the South China which gives priority to the credit vetting. The credit examiner is responsible for verifying information, while the credit manager is in charge of the information evaluation and judgment. The functional division improved the efficiency and quality of the verification of front-end information's authenticity and on-site inspect, and giving priority to credit vetting enabled the Company to grasp and handle the regional risks more sharply and timely.

Performing assets management in regions and strengthening monitoring disposal of assets

Moreover, the measures on local management of assets were implemented, which enabled the managing function to extend to the particular regions, monitored the assets safety of customers timely and closing, and effectively integrated the local resources to timely dispose of risk assets and downsize the Group's risk assets.

Strengthening asset process monitoring and improving efficiency of asset process monitoring

In the first half of 2015, the Group continued to vigorously advance the local construction of asset management, enabling persons responsible for local asset management to be in place, the local management system to operate smoothly and the efficiency of asset monitoring to be improved.

In the first half of 2015, the Group continued to promote the construction of internet monitoring system and carry out the complete and uninterrupted information monitoring over information on the ownership of customers' leased items, the authenticity of invoices and litigations by way of inquiries on public internet information in the phase of introduction and process management.

Management Discussion and Analysis

Optimizing management mechanism on risk disposal to step up efforts to dispose of risk assets

In the first half of 2015, the Group continued to optimize the management mechanism on risk assets disposal and expand the disposal resources and methods, and it also stepped up efforts to dispose of risk assets, thereby effectively mitigating the risks.

The following table sets forth the five-category interest-earning assets classification as of the dates indicated.

	30 June 2015		31 December 2014		31 December 2013		31 December 2012	
	RMB'000 (Unaudited)	% of total	RMB'000 (Audited)	% of total	RMB'000 (Audited)	% of total	RMB'000 (Audited)	% of total
Pass	92,340,221	85.48%	86,066,609	85.36%	68,819,144	85.23%	48,334,185	83.94%
Special mention	14,669,923	13.58%	13,841,631	13.73%	11,280,176	13.97%	8,832,505	15.34%
Substandard	736,090	0.68%	597,030	0.59%	259,905	0.32%	252,665	0.44%
Doubtful	282,272	0.26%	323,302	0.32%	386,531	0.48%	167,421	0.28%
Loss	–	–	–	–	–	–	434	0.00%
Net interest-earning assets	108,028,506	100.00%	100,828,572	100.00%	80,745,756	100.00%	57,587,210	100.00%
Non-performing assets	1,018,362		920,332		646,436		420,520	
Non-performing asset ratio	0.94%		0.91%		0.80%		0.73%	

The Group has established prudent asset quality control and adhered to a stringent and conservative asset classification policy. As of 30 June 2015, the Group's assets under special mention accounted for 13.58% of its net interest-earning assets, remained relatively stable as compared with that of 13.73% at the end of the previous year. In particular, assets under special mention in the transportation industry accounted for the largest portion at 24.67%, mainly attributable to no sign of improvement in profitability of shipping customers and financing from external sources under the continuous sluggish global shipping market during the first half of 2015. The Group prudently kept the assets in this sector under ongoing supervision, as the Group paid close attention to the systematic risks of such industry. The assets under special mention in the healthcare industry accounted for the second largest portion at 17.12%, mainly attributable to the large scale of medical assets and the large investment of the infrastructure of the some healthcare segments with high debts. The Group prudently kept this asset class under ongoing supervision. The assets under special mention in the packaging industry accounted for the third largest portion at 14.68%, mainly attributable to the poor performance of private enterprises in the packaging industry due to the negative impact of the macro-economic environment, and withdrawal of loan grants from banks and refinancing of leased items were still commonly seen in the industry. Therefore, the Group prudently reclassified more assets in this sector as assets under special mention. Assets under special mention in the machinery industry accounted for the fourth largest portion at 12.11%, mainly attributable to the sluggish development in certain segments of the machine manufacturing industry in view of the impact of the prolonged macro-economic downturn, thus the Group prudently reclassified more assets in this sector as assets under special mention.

Management Discussion and Analysis

The following table sets forth the analysis on the Group's assets under special mention by industry for the dates indicated.

	30 June 2015		31 December 2014		31 December 2013		31 December 2012	
	RMB'000 (Unaudited)	% of total	RMB'000 (Audited)	% of total	RMB'000 (Audited)	% of total	RMB'000 (Audited)	% of total
Healthcare	2,511,686	17.12%	2,163,851	15.63%	1,319,246	11.70%	641,070	7.26%
Education	1,409,098	9.61%	1,092,498	7.89%	893,569	7.91%	1,591,140	18.00%
Infrastructure construction	1,187,571	8.10%	1,208,022	8.73%	993,563	8.81%	765,693	8.67%
Transportation	3,618,974	24.67%	3,203,122	23.14%	3,005,841	26.65%	1,462,367	16.56%
Packaging	2,153,829	14.68%	2,002,526	14.47%	1,230,813	10.91%	1,217,311	13.78%
Machinery	1,775,927	12.11%	1,676,805	12.11%	997,917	8.85%	648,344	7.34%
Textiles	375,890	2.56%	220,133	1.59%	78,540	0.70%	169,256	1.91%
Electronic information	823,388	5.61%	1,043,528	7.54%	1,069,806	9.48%	604,410	6.85%
Urban utility	802,741	5.47%	1,145,490	8.28%	1,690,881	14.99%	1,732,914	19.63%
Others	10,819	0.07%	85,656	0.62%	–	–	–	–
Total	14,669,923	100.00%	13,841,631	100.00%	11,280,176	100.00%	8,832,505	100.00%

The following table sets forth the migration of the Group's assets under special mention for the dates indicated.

	30 June 2015 (Unaudited)	31 December 2014 (Unaudited)	31 December 2013 (Unaudited)	31 December 2012 (Unaudited)
Pass	10.28%	8.59%	15.55%	20.88%
Special mention	64.78%	51.83%	40.77%	49.63%
substandard	3.23%	2.16%	0.22%	1.22%
Doubtful	0.18%	0.07%	0.39%	0.17%
Loss and write-off	0.03%	–	–	–
Recovery	21.50%	37.35%	43.07%	28.10%
Total	100.00%	100.00%	100.00%	100.00%

The Group's asset quality remained favourable. The non-performing asset ratio slightly increased from 0.91% from the end of the previous year to 0.94% as of 30 June 2015.

Management Discussion and Analysis

The non-performing asset ratio for the transportation industry to total non-performing assets was 32.87%, mainly because of the effects of the fluctuation of overseas and domestic shipping dry bulk cargo market, supply and demand being imbalanced in shipping market, the continuously sluggish market, and the fact that some customers were not able to provide sufficient cash flow within a short term. The Group prudently reclassified the assets of the segment into substandard and doubtful assets. The non-performing asset ratio for the packaging industry to total non-performing assets was 31.46%, primarily because many business enterprises in the packaging industry were susceptible to sluggish external economic conditions, leading to the business decreasing and the period of receivable expanding. The risk of private lending and enterprises' mutual guarantee chain occurred, as a result, the Group prudently reclassified more assets of this segment into substandard and doubtful assets. The non-performing assets of the infrastructure construction industry accounted for 15.42% of the total non-performing assets, mainly because of the decrease in state fixed assets investment, which resulted in the business decline of certain customers and difficulties to recover the receivables. Hence, the Group prudently reclassified more assets of the segment into substandard and doubtful assets. The non-performing assets of the industrial machinery accounted for 9.46% of the total non-performing assets. Due to the effects of the market fluctuation, the revenue and profit of sub sectors business such as engineering machinery and machine tools still remained relatively low, especially certain private enterprise customers, resulting in the fact that the fund was tense because of the difficulty to recover the payment and withdrawal of loan grants from banks. The Group prudently reclassified more assets of the machinery industry into substandard and doubtful assets.

The following table sets forth the analysis on the Group's non-performing assets by industry for the dates indicated.

	30 June 2015		31 December 2014		31 December 2013		31 December 2012	
	RMB'000 (Unaudited)	% of total	RMB'000 (audited)	% of total	RMB'000 (audited)	% of total	RMB'000 (audited)	% of total
Healthcare	11,539	1.13%	8,116	0.88%	5,921	0.91%	16,307	3.88%
Education	6,918	0.68%	3,557	0.39%	8,071	1.25%	16,736	3.98%
Infrastructure construction	157,014	15.42%	101,783	11.06%	88,931	13.76%	80,821	19.22%
Transportation	334,689	32.87%	478,051	51.94%	212,565	32.88%	124,686	29.65%
Packaging	320,402	31.46%	184,098	20.00%	198,641	30.73%	83,287	19.81%
Machinery	96,378	9.46%	120,802	13.13%	81,259	12.57%	56,448	13.41%
Textiles	10,219	1.00%	9,048	0.98%	19,788	3.06%	5,923	1.41%
Electronic information	11,997	1.18%	14,877	1.62%	31,260	4.84%	36,312	8.64%
Urban utility	–	–	–	–	–	–	–	–
Others	69,206	6.80%	–	–				
Total	1,018,362	100.00%	920,332	100.00%	646,436	100.00%	420,520	100.00%

Management Discussion and Analysis

The following table sets forth the analysis on the Group's substandard assets by industry for the dates indicated.

	30 June 2015		31 December 2014		31 December 2013		31 December 2012	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
	(Unaudited)		(audited)		(audited)		(audited)	
Healthcare	6,773	0.92%	3,403	0.57%	–	–	2,828	1.12%
Education	4,373	0.59%	1,779	0.30%	–	–	5,349	2.12%
Infrastructure construction	74,854	10.17%	56,582	9.48%	22,086	8.50%	22,556	8.93%
Transportation	295,106	40.09%	302,711	50.70%	108,819	41.87%	118,061	46.73%
Packaging	205,992	27.98%	119,926	20.09%	100,492	38.66%	47,117	18.65%
Machinery	65,735	8.93%	104,415	17.49%	21,855	8.41%	34,748	13.75%
Textiles	6,135	0.83%	4,909	0.82%	3,949	1.52%	–	–
Electronic information	7,916	1.08%	3,305	0.55%	2,704	1.04%	22,006	8.70%
Urban utility	–	–	–	–	–	–	–	–
Others	69,206	9.41%	–	–	–	–	–	–
Total	736,090	100.00%	597,030	100.00%	259,905	100.00%	252,665	100.00%

The following table sets forth the analysis on the Group's doubtful assets by industry for the dates indicated.

	30 June 2015		31 December 2014		31 December 2013		31 December 2012	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total%
	(Unaudited)		(Audited)		(Audited)		(Audited)	
Healthcare	4,766	1.69%	4,713	1.46%	5,921	1.53%	13,479	8.05%
Education	2,545	0.90%	1,778	0.55%	8,071	2.09%	11,387	6.80%
Infrastructure construction	82,160	29.11%	45,201	13.98%	66,845	17.29%	58,265	34.80%
Transportation	39,583	14.02%	175,340	54.23%	103,746	26.84%	6,625	3.97%
Packaging	114,410	40.53%	64,172	19.85%	98,149	25.39%	35,736	21.34%
Machinery	30,643	10.85%	16,387	5.07%	59,404	15.37%	21,700	12.96%
Textiles	4,084	1.45%	4,139	1.28%	15,839	4.10%	5,923	3.54%
Electronic information	4,081	1.45%	11,572	3.58%	28,556	7.39%	14,306	8.54%
Urban utility	–	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–	–
Total	282,272	100.00%	323,302	100.00%	386,531	100.00%	167,421	100.00%

Management Discussion and Analysis

The following table sets forth the analysis on the Group's loss assets by industry for the dates indicated.

	30 June 2015		31 December 2014		31 December 2013		31 December 2012	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
	(Unaudited)		(Audited)		(Audited)		(Audited)	
Healthcare	–	–	–	–	–	–	–	–
Education	–	–	–	–	–	–	–	–
Infrastructure construction	–	–	–	–	–	–	–	–
Transportation	–	–	–	–	–	–	–	–
Packaging	–	–	–	–	–	–	434	100.00%
Machinery	–	–	–	–	–	–	–	–
Textiles	–	–	–	–	–	–	–	–
Electronic information	–	–	–	–	–	–	–	–
Urban utility	–	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–	–
Total	–	–	–	–	–	–	434	100.00%

The following table sets forth the movement of non-performing assets of the Group for the dates indicated.

	30 June 2015	31 December 2014	31 December 2013
	RMB'000	RMB'000	RMB'000
At the beginning of the year	920,332	646,436	420,520
Downgrades[1]	631,529	699,657	469,784
Upgrades	(168,397)	(32,440)	(74,095)
Recoveries	(275,496)	(270,397)	(159,384)
Write-offs	(89,606)	(122,924)	(10,389)
At the end of the year	1,018,362	920,332	646,436
NPA ratio	0.94%	0.91%	0.80%

Note:

(1) Represents downgrades of interest-earning assets classified as normal or special mention at the end of prior year and interest-earning assets newly classified in the current year to non-performing categories.

Management Discussion and Analysis

3.2.5.2 *Interest-earning Assets Provisions*

The following table sets forth the analysis of the Group's provisions under the assessment methodology as of the dates indicated.

	30 June 2015		31 December 2014		31 December 2013		31 December 2012	
	RMB'000 (Unaudited)	%of total	RMB'000 (Audited)	% of total	RMB'000 (Audited)	% of total	RMB'000 (Audited)	% of total
Interest-earning Assets Provisions:								
Individual assessment	426,874	19.40%	407,940	20.27%	312,024	22.02%	189,891	21.11%
Collective assessment	1,773,087	80.60%	1,604,453	79.73%	1,104,872	77.98%	709,470	78.89%
Total	2,199,961	100.00%	2,012,393	100.00%	1,416,896	100.00%	899,361	100.00%
Non-performing assets	1,018,362		920,332		646,436		420,520	
Provision coverage ratio	216.03%		218.66%		219.19%		213.87%	

3.2.5.3 *Write-offs of Interest-earning Assets*

The following table sets forth the write-offs of interest-earning assets as of the dates indicated.

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)	31 December 2013 RMB'000 (Audited)	31 December 2012 RMB'000 (Audited)
Write-off	89,606	122,924	10,389	–
Non-performing assets as at the end of the previous year	920,332	646,436	420,520	249,298
Write-off ratio(1)	9.74%	19.02%	2.47%	–

Note:

(1) The write-off ratio is calculated as the percentage of bad debts of interest-earning assets write-offs over net of non-performing assets as of the beginning of the relevant year.

In the first half of 2015, with the write-off ratio of non-performing assets being 9.74%, the Group wrote off bad debts of RMB89,606,000 mainly for the industries with perfect competition, of which, the transportation industry accounted for RMB57,788,000; the packaging industry accounted for RMB16,143,000;the industrial equipment industry accounted for RMB9,979,000; the infrastructure construction industry accounted for RMB5,696,000.

Management Discussion and Analysis

3.2.5.4 Status of Interest-earning Assets (Over 30 Days)

The following table sets forth status of interest-earning assets (over 30 days) as of the dates indicated.

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)	31 December 2013 RMB'000 (Audited)	31 December 2012 RMB'000 (Audited)
Overdue ratio (over 30 days)	**0.99%**	0.91%	0.45%	0.30%

As a result of the Group's prudent risk control and asset management, the Group's lease overdue ratio (over 30 days) was 0.99% during the first half of 2015, 0.08 percentage point higher as compared with 0.91% as of the end of 2014.

The following table sets forth status of interest-earning assets (overdue more than 30 days) by industry as of the dates indicated.

	30 June 2015		31 December 2014	
	RMB'000 (Unaudited)	**% of total**	RMB'000 (Audited)	% of total
Healthcare	**4,766**	**0.44%**	2,982	0.32%
Education	**3,654**	**0.34%**	3,557	0.39%
Infrastructure construction	**180,350**	**16.80%**	89,104	9.68%
Transportation	**238,552**	**22.22%**	423,483	46.00%
Packaging	**479,934**	**44.71%**	359,588	39.06%
Machinery	**52,780**	**4.92%**	30,332	3.29%
Textiles	**36,719**	**3.42%**	–	–
Electronic information	**7,574**	**0.70%**	11,572	1.26%
Urban utility	**–**	**–**	–	–
Others	**69,206**	**6.45%**	–	–
Total	**1,073,535**	**100.00%**	920,618	100.00%

The following table sets forth the classification of interest-earning assets (overdue more than 30 days) as of the dates indicated.

	30 June 2015		31 December 2014	
	RMB'000 (Unaudited)	**% of total**	RMB'000 (Audited)	% of total
Special mention	**376,432**	**35.06%**	423,128	45.96%
Substandard	**450,360**	**41.95%**	197,562	21.46%
Doubtful	**246,743**	**22.99%**	299,928	32.58%
Loss	**–**	**–**	–	–
Total	**1,073,535**	**100.00%**	920,618	100.00%

Management Discussion and Analysis

The assets under special mention that were overdue over 30 days mainly fell into the packaging, transportation and infrastructure construction industries, of which, the packaging industry accounted for 47.56%, the transportation industry accounted for 24.21% and the infrastructure construction industry accounted for 15.15%. This was due to the fact that due to generally extended turnover period of accounts receivable in the packaging, transportation and infrastructure construction industries under the influence of macro economy in China and the sluggish business development, there was mismatch between collection of accounts receivables and payment of rents of some customers, thus rents were overdue at points of time. Though these customers maintained normal operations to guarantee that future rents can be recovered to high extent, the Group continued to prudently pay attention to the tense capital arrangements at points of time.

3.3 Assets other than loans and accounts receivable

On 30 June 2015, the balance of the Group's goodwill amounted to RMB118,361,000, which is the goodwill recognised for the acquisition of medical and educational institutions.

3.4 Liabilities (Overview)

On 30 June 2015, total liabilities of the Group amounted to RMB101,410,619,000, representing an increase of RMB8,134,388,000 or 8.72% as compared to the end of last year. Interest-bearing bank and other borrowings were the main component of the Group's liabilities, accounting for 74.70% of the total, which represented a slight decrease as compared with 76.95% as of the end of last year.

The following table sets forth the liability analysis as of the dates indicated.

	30 June 2015		31 December 2014		
	RMB'000 (Unaudited)	**% of total**	RMB'000 (Audited)	% of total	Change %
Interest-bearing bank and other borrowings	**75,751,591**	**74.70%**	71,777,837	76.95%	5.54%
Other payables and accruals	**18,462,540**	**18.21%**	16,511,583	17.70%	11.82%
Trade and bills payables	**5,342,912**	**5.27%**	3,489,071	3.74%	53.13%
Tax Payable	**400,071**	**0.39%**	840,356	0.90%	-52.39%
Derivative financial instruments	**587,284**	**0.58%**	223,947	0.24%	162.24%
Deferred tax liabilities	**43,852**	**0.04%**	137,556	0.15%	-68.12%
Liabilities for continuing involvement	**510,513**	**0.50%**	–	–	N/A
Deferred income	**311,856**	**0.31%**	295,881	0.32%	5.40%
Total Liabilities	**101,410,619**	**100.00%**	93,276,231	100.00%	8.72%

Management Discussion and Analysis

3.5 Interest-bearing Bank and Other Borrowings

In the first half of 2015, as the complex financial environment at home and overseas faced the Group, the Group adhered to the established strategy of "resources globalization", and made good progress in both indirect financing and direct financing with an improved liability structure, thus obviously enjoying a finance cost advantage over the peers.

Within the marketplace of direct financing, the Group further enriched the bond portfolios at home and overseas to form basically the continued issue trend. In the domestic marketplace, the Group successfully issued the medium-term note with the value of RMB1.5 billion to enable the finance cost to hit a fresh record low and establish a new model in the industry, moreover, the Group also successfully registered the PPN facility of RMB 4.0 billion, opening a new situation for gradually trying to private-collecting many series of products such as medium notes and short-term financing bonds. In the overseas marketplace, the Group successfully expanded the facility in the medium term note programme to US$4.0 billion from US$3.0 billion, and in the first half of 2015, the Group issued several USD and HKD privately-raised bonds, further expanding the investors base.

Within the marketplace of indirect financing, the Group achieved cross-platform facility on the basis of the current financing channel as required by its strategic development, and strengthened its co-operation relationship with key bank channels at the same time. In the domestic marketplace, the credit facility with main cooperative banks was further expanded, and the strategic cooperation with them was also further strengthened. Taking advantage of opening the domestic capital market and promoting the free trade zone, the Group lowered the finance cost by way of innovative financing products like FT account. In the overseas marketplace, the Group successfully developed the first order from syndicates in Middle East marketplace, expanding the overseas financing layout.

In terms of off-balance-sheet financing, the Group achieved the breakthrough in quantity in 2015 with accumulated borrowing amounting to RMB7.8 billion for the first half of 2015, which enabled us to be the most active financial leasing company with the issue of asset-backed securities products in China. Off-balance-sheet financing diversified funding sources, optimized liability structure and improved management on financial statements. Meanwhile, in the situation that the off-balance-sheet financing cost has been continuously reducing, the Group achieved the first order of premiums to issue ABS, being the first assets-backed special programme which successfully realized the premium issue in the stock exchange market. Currently, the Group is fully equipped with the continuous and effective issue ability, enabling it to establish the market standard, solidify the project model and set up the image of a mature issuer in the capital market.

In conclusion, the Group had diverse financing methods with an improved liability structure, thus further reducing our reliability on a single product and a single market, and in turn achieving diversity of financing products, decentralisation of financing regions and the long term finance. The Group was confident that with the global financing network as well as resource advantage, the Group can further improve its competitiveness in the liability landscape.

As of 30 June 2015, the total sum of the Group's interest-bearing bank and other borrowings amounted to RMB75,751,791,000, representing an increase of 5.54% as compared with RMB71,777,837,000 as of the end of last year, mainly due to the increase in the interest-bearing liability resulting from supporting the the Group's expanding our business operations. The Group's borrowings were mainly denominated in RMB and USD at floating interest rates.

Management Discussion and Analysis

The following table sets forth, as of the dates indicated, the distribution between current and non-current interest bearing bank and other borrowings.

	30 June 2015		31 December 2014		
	RMB'000 (Unaudited)	% of total	RMB'000 (Audited)	% of total	Change %
Current	33,282,542	43.94%	30,272,870	42.18%	9.94%
Non-current	42,469,049	56.06%	41,504,967	57.82%	2.32%
Total	75,751,591	100.00%	71,777,837	100.00%	5.54%

As of 30 June 2015, the Group's current interest-bearing bank and other borrowings (including short-term loans and portions that are due within one year in long-term loans) as a percentage of the Group's total interest-bearing bank and other borrowings was 43.94%, representing a slight increase as compared with 42.18% as of 31 December 2014, with the liability structure reasonable.

The following table sets forth, as at the dates indicated, the distribution between secured and unsecured interest bearing bank and other borrowings.

	30 June 2015		31 December 2014		
	RMB'000 (Unaudited)	% of total	RMB'000 (Audited)	% of total	Change %
Secured	10,353,343	13.67%	13,730,579	19.13%	-24.60%
Unsecured	65,398,248	86.33%	58,047,258	80.87%	12.66%
Total	75,751,591	100.00%	71,777,837	100.00%	5.54%

The Group carefully managed its funding risk in the first half of 2015. As at 30 June 2015, the proportion of the Group's interest-bearing bank and other borrowings that were unsecured accounted for 86.33% of the Group's total interest-bearing bank and other borrowings, higher than that of the end of last year, mainly due to the fact that the Group's stock secured loan reduced continuously and the newly-added finance optimized the import conditions, indicating the strengthened financing capacity of the Group.

Management Discussion and Analysis

The following table sets forth, as at the dates indicated, the interest-bearing bank and other borrowings based on the distribution between bank loans and other loans.

	30 June 2015		31 December 2014		
	RMB'000 (Unaudited)	% of total	RMB'000 (audited)	% of total	Change %
Bank loans	58,233,164	76.87%	55,946,919	77.94%	4.09%
Other loans	17,518,427	23.13%	15,830,918	22.06%	10.66%
Total	75,751,591	100.00%	71,777,837	100.00%	5.54%

The proportion of the Group's other loans as a percentage to the Group's total interest-bearing bank and other borrowings increased slightly as at 30 June 2015, as the Group constantly explored new channels and products on financing in order to expand its business.

The following table sets forth, as at the dates indicated, the interest-bearing bank and other borrowings based on the distribution between China and overseas.

	30 June 2015		31 December 2014		
	RMB'000 (Unaudited)	% of total	RMB'000 (audited)	% of total	Change %
China	42,566,255	56.19%	41,752,340	58.17%	1.95%
Overseas	33,185,336	43.81%	30,025,497	41.83%	10.52%
Total	75,751,591	100.00%	71,777,837	100.00%	5.54%

As at 30 June 2015, the proportion of the Group's borrowings from overseas as a percentage to the Group's total interest-bearing banks and other borrowings was 43.81%, which increased slightly as compared with that at the end of last year as the Group proactively expanded overseas financing channels and the proportion of overseas financing increased.

The following table sets forth, as at the dates indicated, the interest-bearing bank and other borrowings based on the distribution of currencies.

	30 June 2015		31 December 2014		
	RMB'000 (Unaudited)	% of total	RMB'000 (audited)	% of total	Change %
RMB	47,166,936	62.27%	47,568,897	66.27%	-0.85%
US$	20,828,800	27.50%	18,191,255	25.34%	14.50%
Borrowings in other currencies	7,755,855	10.23%	6,017,685	8.39%	28.88%
Total	75,751,591	100.00%	71,777,837	100.00%	5.54%

As at 30 June 2015, the proportion of the Group's borrowings as a percentage to the Group's total interest-bearing bank and other borrowings in RMB was 62.27%, representing a decrease from the end of last year as the Group proactively promoted resource globalization and diversified the financing currencies to expand the Group's business.

Management Discussion and Analysis

The following table sets forth, as at the dates indicated, the interest-bearing bank and other borrowings based on direct and indirect financing.

	30 June 2015		31 December 2014		
	RMB'000	% of total	RMB'000	% of total	Change %
	(Unaudited)		(audited)		
Direct financing	14,676,226	19.37%	12,751,188	17.76%	15.10%
Indirect financing	61,075,365	80.63%	59,026,649	82.24%	3.47%
Total	75,751,591	100.00%	71,777,837	100.00%	5.54%

As at 30 June 2015, the proportion of the Group's direct borrowings as a percentage to the Group's total interest-bearing banks and other borrowings was 19.37%, representing an increase from the end of last year as the Group placed medium-term note and several private bond issues in China and overseas in the first half of the year, and utilised direct financing such as enlarging the MTN facility to expand the Group's business.

3.6 Shareholders' Equity

As at 30 June 2015, the total equity of the Group was RMB17,865,771,000, representing an increase of RMB415,878,000 or 2.38% from the end of last year, which was mainly due to the increase of profit for the period by RMB1,333,215,000, declaration of dividend for 2014 of RMB592,476,000.

The following table sets forth the analysis of equity as at the dates indicated.

	30 June 2015		31 December 2014		
	RMB'000	% of total	RMB'000	% of total	Change %
Issued share capital	6,683,751	37.41%	6,683,751	38.30%	–
Reserve	9,718,740	54.40%	9,429,201	54.04%	3.07%
Equity attributable to ordinary shareholders of the Company	16,402,491	91.81%	16,112,952	92.34%	1.80%
Senior perpetual securities	1,224,281	6.85%	1,258,170	7.21%	-2.69%
Non-controlling interests	238,999	1.34%	78,771	0.45%	203.41%
Total Equity	17,865,771	100.00%	17,449,893	100.00%	2.38%

Management Discussion and Analysis

4. Analysis on Cash Flows Statement

	For the six months ended 30 June		
	2015	2014	
	RMB'000	RMB'000	Change %
	(Unaudited)	(Unaudited)	
Net cash flow from operating activities	**(1,512,349)**	(9,986,255)	-84.86%
Net cash flow from investing activities	**(2,151,508)**	(413,664)	420.11%
Net cash flow from financing activities	**3,423,735**	9,414,995	-63.64%
Effect of exchange rate changes on cash and cash equivalents	**(24,606)**	5,445	-551.90%
Net increase/(decrease) in cash and cash equivalents	**(264,728)**	(979,479)	-72.97%

As at 30 June 2015, the Group had net cash outflow from operating activities in the amount of RMB1,512,349,000, representing a significantly decrease from the corresponding period of last year, which was mainly due to the cash inflow from the transfer of financial assets recorded in the operating activities and directly invested in the new leasing projects. Correspondingly, the Group decreased its bank and other borrowings in financing activities. As a result, as at 30 June 2015, net cash inflow from financing activities was RMB3,423,735,000, representing a decrease from the corresponding period of last year. Net cash outflow from investing activities was RMB2,151,508,000 as at 30 June 2015, which was primarily attributable to the impact of capital expenses such as external equity investments. As at 30 June 2015, the Group's cash and cash equivalents amounted to RMB3,053,122,000, which are mainly denominated in RMB, US$ and Hong Kong dollars.

5. Capital Management

The primary objective of the Group's capital management activities is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. In the first half of 2015, no change was made to the objectives, policies or processes for managing capital.

5.1 Gearing Ratio

The Group monitors our capital by gearing ratio.

The following table sets forth the gearing ratios as at the dates indicated:

	30 June 2015	31 December 2014
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Total assets (A)	**119,276,390**	110,726,124
Total liabilities (B)	**101,410,619**	93,276,231
Total equity	**17,865,771**	17,449,893
Gearing ratio (C=B/A)	**85.02%**	84.24%

In the first half of 2015, the Company made full use of capital leverage for our operations to keep the Group's gearing ratio relatively high while at the same time closely managed the Group's gearing ratio to avoid potential liquidity risk. As at 30 June 2015, our gearing ratio, which was maintained at a reasonable level, was 85.02%.

Management Discussion and Analysis

6. Capital Expenditure

The Group's capital expenditure was RMB2,153,239,000 in the first half of 2015, which was mainly used as the expenditures for additions of land property, plant and equipment, and external equity investments.

7. Risk Management

7.1 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings and lease receivables, factoring receivables.

A principal part of the Group's management of interest rate risk is to monitor the sensitivity of projected net interest income under varying interest rate scenarios (simulation modelling). The Group aims to mitigate the impact of prospective interest rate movements which could reduce future net interest income, while balancing the cost of such risk measures to mitigate such risk. For leasing and factoring business, the Group vigorously encourages to promote fixed rate products. Through the efforts made in the first half year of 2015, the proportion of fixed rate products of the Group increased largely from 6.7% at the end of 2014 to 17.1% as at 30 June 2015, thus prevented the further expand of exposure.

The table below demonstrates the sensitivity to a reasonably possible change in interest rate, to the Group's profit before tax with all other variables held constant.

The sensitivity of the profit before tax is the effect of the assumed changes in interest rates on profit before tax, based on the financial assets and financial liabilities held at the end of each reporting period subject to re-pricing within the coming year.

	Increase/(decrease) in profit before tax of the Group	
	30 June 2015	31 December 2014
	RMB'000	RMB'000
	(Unaudited)	(audited)
Change in basis points		
+ 100 basis points	**405,747**	512,555
- 100 basis points	**(405,747)**	(512,555)

Management Discussion and Analysis

7.2 Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange relates primarily to the operating activities of the Group (when receipt or payment is settled using a currency that is different from the functional currency).

The Group conducts its businesses mainly in RMB, with certain transactions denominated in US$, and to a lesser extent, other currencies. The Group's treasury operations exposure mainly arises from its transactions in currencies other than RMB. The Group seeks to limit its exposure to foreign currency risk by minimising its net foreign currency position and at the same time takes effective measures to reduce the risk of change in exchange rate in the future. In order to control currency risk, the Group hedged against foreign exchange exposure through using the operation of financial instruments such as foreign exchange forwards and currency swaps. According to relevant statistics, as of 30 June 2015, the percentage of hedges against foreign exchange exposure was 93%.

The group has hedged all currency risk of senior perpetual securities by the use of currency swap instruments. Without regard to the above influences, the table below indicates a sensitivity analysis of changes in the exchange rate of the currency to which the Group had exposure on its monetary assets and liabilities and its forecast cash flows. The analysis calculates the effect of a reasonably possible movement in the exchange rate of US$ to RMB on profit before tax, with all other variables held constant.

		Increase/(decrease) in profit before tax of the Group	
Currency	Change in currency rate	**30 June 2015 RMB'000 (unaudited)**	31 December 2014 RMB'000 (audited)
US$ and HK$	-1%	**12,668**	21,158

The effect above was based on the assumption that the Group's foreign exchange exposures as of the end of each reporting period are kept unchanged and the average percentage of foreign exchange exposure with hedges remained as above so as to calculate the effect of exchange rate change on profit before tax.

Management Discussion and Analysis

7.3 Liquidity Risk

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due. This may arise from mismatches in amounts or duration with regard to the maturity of financial assets and liabilities.

The Group manages its liquidity risk through daily monitoring with the following objectives: maintaining the stability of the leasing business, projecting cash flows and evaluating the level of current assets, and maintaining an efficient internal fund transfer mechanism to ensure liquidity of the Group.

The table below summarises the maturity profile of the Group's financial assets and liabilities based on the contractual undiscounted cash flows.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	As of 30 June 2015 (unaudited)					
Total financial assets	3,547,131	14,149,555	36,228,683	71,452,709	305,662	125,683,740
Total financial liabilities	260,663	12,176,783	35,870,533	54,949,617	898,856	104,156,452
Net liquidity gap	3,286,468	1,972,772	358,150	16,503,092	(593,194)	21,527,288
	As of 31 December 2014 (audited)					
Total financial assets	3,733,926	12,384,884	34,282,287	66,959,098	557,005	117,917,200
Total financial liabilities	379,063	12,570,533	25,209,279	54,963,865	842,870	93,965,610
Net liquidity gap	3,354,863	(185,649)	9,073,008	11,995,233	(285,865)	23,951,590

8. Charge on Group Assets

The Group had lease receivables in the amount of RMB17,725,637,000, cash in the amount of RMB431,794,000 pledged to the bank as of 30 June 2015 in order to secure or pay the bank borrowings, and cash of RMB600,425,000 was pledged for bank acceptances, letter of credit and etc.

9. Material Investments, Acquisitions or Disposals

In the first half of 2015, the Group completed the acquisition of Siping Cancer Institute & Hospital (四平市腫瘤醫院) and Binhai Xinrenci Hospital (濱海新仁慈醫院). Therefore, they became subsidiaries of the Group. Founded in 2014, Siping Cancer Institute & Hospital (四平市腫瘤醫院) is established by splitting and restructuring a batch of the biggest top three public hospital in Siping, which is a modernised general hospital specialised in cancer treatment. Founded in 2015, Binhai Xinrenci Hospital (濱海新仁慈醫院) is established by restructuring the former Binhai Renci Hospital (濱海仁慈醫院), which is a modernised general hospital specialised in bone and kidney disease treatment. Both hospitals enjoy a relatively high reputation in the local medical healthcare industry.

At the same time, the Group successfully invested in Kunming Broad healthcare Investment Limited (昆明博健醫療投資有限公司) in the first half of 2015, which therefore became the joint venture of the Group.

Management Discussion and Analysis

10. Human Resources

As of 30 June 2015, the Group had 5,266 full-time employees, an increase of 250 full-time employees compared to 5,016 by the end of 2014.

During the first half of 2015 and the first half of 2014, the Group incurred employee benefit expenses of RMB811,060,000 and RMB795,122,000, respectively, representing approximately 14.08% and 15.70% of the Group's total revenue for those periods.

The Group believes it has a high quality work force with specialised industry expertise. As of 30 June 2015, approximately 62.49% of the Group's employees had bachelor's degrees and above, and approximately 31.98% had master's degrees and above.

The Group has established effective employee incentive schemes to correlate the remuneration of our employees with their overall performance and contribution to the Company rather than operational results, and have established a merit based remuneration awards system. Employees are promoted not only in terms of position and seniority, but also in terms of professional classification. Our senior employees are reviewed every quarter on the basis of, among other criteria, their performance as business leaders to achieve stipulated performance targets (such as budget targets) and their risk management capabilities on the operational matters under their charge.

With a view of promoting the Group to establish and complete the medium-long term stimulation and restriction system for fully arousing the enthusiasm of the management, attracting and retaining the excellent management talents, and effectively integrate the interests of shareholders, the Company and the management to guarantee the long, stable and healthy development, the board of the Company considered and passed the programme of setting up the equity incentive plan (including the restricted stock incentive plan and stock option plan) in 2014.

Employee benefits

In accordance with applicable PRC regulations, the Group has made contributions to social security insurance funds including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) nd housing funds for our employees. The Group also provides supplemental commercial medical insurance, property insurance nd safety insurance in addition to those required under the PRC regulations. As of 30 June 2015 the Group complied with all statutory social insurance and housing fund obligations applicable to the Group under the PRC laws in all material aspects.

Management Discussion and Analysis

11. Circumstances Including Contractual Obligations, Contingent Liabilities and capital Commitments

11.1 Contingent Liabilities

The table below sets forth the total outstanding claims as of each of the dates indicated.

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Legal proceedings:		
Claimed amounts	**1,156**	–

11.2 Capital Commitments and Credit Commitments

The Group had the following capital commitments and irrevocable credit commitments as of each of the dates indicated:

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Contracted, but not provided for:		
Capital expenditure for acquisition of property and equipment	**227,547**	63,826
Capital expenditure for equity investment	**85,000**	120,000
Irrevocable credit Commitments	**4,055,290**	3,693,206

The Group's irrevocable credit commitments represent leases that have been signed but the term of the lease has not started.

Capital expenditure for equity investment mainly represents a joint-equity co-operation with Weihai Haida Hospital (威海海大醫院) and Kunming Broad healthcare Investment (昆明博健醫療投資).

12 Unaudited Interim Results

The board of directors of the Group (the "Board") is pleased to announce the unaudited interim results of the Group for the six months ended 30 June 2015 together with comparative amounts as follows. The Group's auditor Ernst & Young has reviewed the interim condensed consolidated financial statements of the Group for the six months ended 30 June 2015 and issued the relevant review report, details of which are set out on pages 55 to 105 of this interim report.

Management Discussion and Analysis

13 Future Outlook

In the second half of this year, China's economy still faces the situation under which the external demand is insufficient and the internal economic structure continues to be adjusted, resulting in the continuous challenge encountered by the economic development. However, as the various micro stimulus implemented by the Chinese government gradually appeared to be effective and the long-term reform has been impacting on the investment confidence all the time, the economic growth will be gradually stable, and the new opportunity will arise in the process of economic structural adjustment and industrial transformation.

For the financial environment, the financial reform will proceed steadily and smoothly, and the development trend of financial industry such as the construction of multi-tiered capital market, the development of the asset management and bond market, and the internet finance will, on one hand, intensify the competition among various businesses including financial leasing, but on the other hand, those companies with core capabilities like identifying risk and innovative products will have more grow opportunities.

For the industry, the secondary industry still encounters the rigid situation with excess capacity, and in the event that the productivity fails to be improved speedily, the comparative advantages over the related industry in other countries will gradually decrease; for the third industry, the property sales recovers to some extent, but the investments still remains the relatively low level. However, with the introduction of strategies like "One Belt One Road" and Made in China 2025, the structural optimization and upgrades of industry has been clear gradually, and the new market opportunities are in their infancy. Meanwhile, the new trend brought by the population structure like the consumption upgrade and aging will also promote the demands of the service industry for the healthcare, education and entertainment, as well as the demands for the high-quality consumables, infrastructure and agricultural products. From the point of view of major industries the Group operates in, healthcare and education have stable demands; construction industry will continue to be driven up by new urbanization, and the urban utility sector will remain the favorable growth; also, the electronic information will grow fast by grasping the development opportunity of the electronic products and media market; packaging, industrial equipment and textiles in the manufacturing sector will meet with more pressure as overcapacity persists, and the profitability and risk resistance of related companies will be challenged; the transportation sector will remain to be impacted by the global shipping market.

To cope with the financial and industrial environment full of opportunities and challenges, the Group will keep to its business model overlaying finance and industry and explore the way for grasping the market opportunity in order to facilitate healthy development of Far East Horizon. In the area of financial services, firstly, the Group will adjust the risk-monitoring measures based on the economic environment to ensure the assets safety; secondly, it will build new growth drivers by continuing identifying and developing new areas like the urban utility sector with possible extension and strategic value; thirdly, it will continue promoting financial innovation and enhancing capability of its financial services to satisfy target customers' diverse needs for financial services. In terms of the industrial orientation, it will continue to cultivate and develop the industrial operational capability, for example, it will systematically promote business such as healthcare service and operating leasing in healthcare and infrastructure construction in order to explore the customers from high-quality industries accumulated in the past and the value of understanding the industry, form new business growth and profitability and eventfully set up a situation where the finance and industry develop and drive each other, which will ultimately enhance the growth potential and operational efficiency of the Group.

Disclosure of Interest

Directors' and Chief Executives' Interests and/or Short Positions in the Shares, Underlying Shares and Debentures of the Company or any of its Associated Corporations

As at 30 June 2015, the interests or short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), to be notified to the Company and the Stock Exchange, were detailed as follows:

Name of shareholder	Name of corporation	Capacity/nature of interest	Total number of ordinary shares[1]	Approximate percentage of interest in the Company
KONG Fanxing	The Company	Beneficial owner	4,162,400(L) [2]	0.12%
WANG Mingzhe	The Company	Beneficial owner	1,538,340(L) [3]	0.04%

Notes:

(1) The letter "L" denotes the person's long position in the shares of the Company.

(2) The interest includes 1,316,960 underlying shares in respect of the share options granted pursuant to the Company's 2014 Share Option Scheme and 3,292,400 underlying shares in respect of the awarded shares granted pursuant to the Company's Restricted Share Award Scheme. Please refer to the Company's 2014 Annual Report for the details of both schemes.

(3) The interest includes 460,936 underlying shares in respect of the share options granted pursuant to the Company's 2014 Share Option Scheme and 691,404 underlying shares in respect of the awarded shares granted pursuant to the Company's Restricted Share Award Scheme. Please refer to the Company's 2014 Annual Report for the details of both schemes.

Save as disclosed above, as at 30 June 2015, none of the directors or the chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he/she is taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Disclosure of Interest

Substantial Shareholders' Interests in the Shares

Based on the information available to the directors of the Company as at 30 June 2015 (including such information as was available on the website of the Stock Exchange) or so far as they are aware of, as at 30 June 2015, the entities who had interests or short positions in the shares or underlying shares of the Company which fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company under section 336 of the SFO or had otherwise notified to the Company were as follows:

Name of shareholder	Capacity/nature of interest	Number of ordinary Shares(1)	Approximate percentage of interest
Sinochem Group(2)	Interest in a controlled corporation	919,914,440(L)	27.94%
Greatpart Limited(2)	Beneficial owner	919,914,440(L)	27.94%
KKR Future Holdings I Limited(3)	Beneficial owner	394,005,000(L)	11.97%
KKR Future Holdings Limited(3)	Interest in a controlled entity	394,005,000(L)	11.97%
KKR Asian Fund L.P.(3)	Interest in a controlled entity	394,005,000(L)	11.97%
KKR Associates Asia L.P.(3)	Interest in a controlled entity	394,005,000(L)	11.97%
KKR SP Limited(3)	Interest in a controlled entity	394,005,000(L)	11.97%
KKR Asia Limited(3)	Interest in a controlled entity	394,005,000(L)	11.97%
KKR Fund Holdings L.P.(3)	Interest in a controlled entity	394,005,000(L)	11.97%
KKR Fund Holdings GP Limited(3)	Interest in a controlled entity	394,005,000(L)	11.97%
KKR Group Holdings L.P.(3)	Interest in a controlled entity	394,005,000(L)	11.97%
KKR Group Limited(3)	Interest in a controlled entity	394,005,000(L)	11.97%
KKR & Co. L.P.(3)	Interest in a controlled entity	394,005,000(L)	11.97%
KKR Management LLC(3)	Interest in a controlled entity	394,005,000(L)	11.97%
Mr. Henry Roberts Kravis and Mr. George R. Roberts(3)	Interest in a controlled entity	394,005,000(L)	11.97%
Prime Capital Management (Cayman) Limited	Investment manager	200,939,000(L)	6.10%
JPMorgan Chase & Co.	Beneficial owner, investment manager and custodian	329,415,192(L)	10.01%
	Beneficial owner	550,000(S)	0.02%
	Custodian	327,060,766(P)	9.93%
Cathay Life Insurance Co., Ltd.	Beneficial owner	296,316,000(L)	9.00%
China Minsheng Investment Corp., Ltd. (4)	Interest in a controlled entity	528,600,000(L)	16.06%

Disclosure of Interest

Notes:

(1) The letter "L" denotes the person's long position in the Shares of the Company. The letter "S" denotes the person's short position in the Shares of the Company. The letter "P" denotes the person's Shares of the Company in lending pool.

(2) Sinochem Group is the beneficial owner of 100% of the issued share capital of Greatpart Limited and is deemed to be interested in the number of Shares of the Company held by Greatpart Limited.

(3) Each of KKR Future Holdings Limited (as the sole shareholder of KKR Future Holdings I Limited), KKR Asian Fund L.P. (as the controlling shareholder of KKR Future Holdings Limited), KKR Associates Asia L.P. (as the general partner of KKR Asian Fund L.P. and KKR SP Limited), KKR SP Limited (as the general partner of KKR Associates Asia L.P.), KKR Asia Limited (as the general partner of KKR Associates Asia L.P.), KKR Fund Holdings L.P. (as the sole shareholder of KKR Asia Limited), KKR Fund Holdings GP Limited (as the general partner of KKR Fund Holdings L.P.), KKR Group Holdings L.P. (as a general partner of KKR Fund Holdings L.P. and the sole shareholder of KKR Fund Holdings GP Limited), KKR Group Limited (as the general partner of KKR Group Holdings L.P.), KKR & Co. L.P. (as the sole shareholder of KKR Group Limited), KKR Management LLC (as the general partner of KKR & Co. L.P.) and Mr. Henry Roberts Kravis and Mr. George R. Roberts (as the designated shareholders of KKR Management LLC) may be deemed to be interested in the Shares. Mr. Henry Roberts Kravis and Mr. George R. Roberts disclaim beneficial ownership of the Shares.

(4) The disclosure was made by China Minsheng Investment Corp., Ltd. as of 30 June 2015 in respect of a placing of 528,600,000 Shares which was actually effected on 14 July 2015 as detailed in the Company's announcements dated 30 June 2015 and 14 July 2015.

Save as disclosed above, the register required to be kept under section 336 of the SFO showed that the Company had not been notified by any person of any interest or short position in the shares or underlying shares of the Company.

Corporate Governance

Corporate Governance Code

The Company has applied the principles and code provisions as set out in the Corporate Governance Code (the "CG Code") as contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Company has complied with the code provisions of the CG Code throughout the period from 1 January 2015 to 30 June 2015, except for Code Provision E.1.2 as explained below.

Code Provision E.1.2 of the CG Code stipulates that, among others, the chairman of the Board shall attend the annual general meeting of the listed issuers and arrange for the chairmen of the audit, remuneration and nomination committees (as appropriate) or in the absence of the chairman of such committees, another member of the committee to be available to answer questions at the annual general meeting.

At the annual general meeting of the Company held on 10 June 2015 (the "2015 AGM"), Mr. Liu De Shu (Chairman of the Board), Mr. Yip Wai Ming (Chairman of the Audit Committee), Mr. Liu Haifeng David (Chairman of the Strategy and Investment Committee) and Mr. Liu Jialin (Chairman of the Remuneration and Nomination Committee) were unable to turn up due to other important business engagements. In order to ensure smooth holding of the 2015 AGM, Mr. Kong Fanxing, the vice chairman, executive director, Chief Executive Officer and a member of the Strategy and Investment Committee of the Company chaired the 2015 AGM.

Furthermore, Mr. Wang Mingzhe (as an executive director and Chief Financial Officer) has attended the 2015 AGM to answer questions where necessary.

Corporate Governance

Model Code for Securities Transactions

The Company has devised its own code of conduct regarding directors' dealings in the Company's securities (the "Code of Conduct") on terms no less exacting than the required standard set out in Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made to all the directors and the directors have confirmed that they have complied with the code of conduct throughout the six months ended 30 June 2015.

The Company has also established written guidelines no less exacting than the required standard set out in the Model Code (the "Employees Written Guidelines") for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company.

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

Independent Non-executive Directors

Throughout the period from 1 January 2015 to 30 June 2015, the board of directors has at all times been in compliance with Rule 3.10(1) of the Listing Rules, which requires a company to maintain at least three independent non-executive directors in the board of directors; with Rule 3.10(2) of the Listing Rules, which requires one of those independent non-executive directors to be specialized in accounting or relevant financial management; and with Rule 3.10A of the Listing Rules, which requires independent non-executive directors representing one-third of the board of directors.

Audit Committee

The Company has established an audit committee (the "Audit Committee") in compliance with Rules 3.21 and 3.22 of the Listing Rules. The Audit Committee comprises three members, including Mr. Yip Wai Ming as Chairman, Mr. Han Xiaojing and Mr. John Law. This interim report has been reviewed by the Audit Committee.

The Audit Committee has reviewed with the management and the external auditors the condensed consolidated financial statements for the six months ended 30 June 2015 of the Group, including the accounting principles and practices adopted by the Group.

Other Information

Implementation of Distribution of 2014 Final Dividends

According to the method of distribution of dividends, which was considered and passed at the Annual General Meeting held on 10 June 2015, the Group has paid a dividend of HK$0.23 per share to shareholders whose names appear on the register of members of the Company on 19 June 2015, thereby resulting in a total dividend payment amount of HK$757,252,000.

Interim Dividends

The Board does not recommend the payment of an interim dividend in respect of the period ended 30 June 2015.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2015.

Changes in Directors' Biographical Details

Changes in directors' biographical details since the date of the 2014 annual report of the Company and up to the date of this report, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

Name of director	Details of changes
John Law	Appointed as a non-executive director of Rizal Commercial Banking Corporation, a listed company on the Philippine Stock Exchange with effect from 27 April 2015

Report on Review of Interim Condensed Consolidated Financial Statements

To the board of directors of Far East Horizon Limited
(Incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the accompanying interim condensed consolidated financial statements set out on pages 56 to 105, which comprise the interim condensed consolidated statement of financial position of Far East Horizon Limited and its subsidiaries (the "Group") as at 30 June 2015, and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The directors are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants

22F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong
26 August 2015

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2015

		For the six months ended 30 June	
		2015	2014
		(Unaudited)	(Unaudited)
	Notes	**RMB'000**	RMB'000
REVENUE	*5*	**5,759,568**	5,062,971
Cost of sales		**(2,275,474)**	(1,901,359)
Gross profit		**3,484,094**	3,161,612
Other income and gains	*5*	**199,656**	73,580
Selling and distribution costs		**(669,027)**	(642,668)
Administrative expenses		**(851,274)**	(827,900)
Other expenses		**(318,352)**	(154,759)
Finance cost		**(9,350)**	(3,236)
Share of net profit of:			
An associate		**–**	3,927
Share of net profits of:			
Joint ventures		**2,017**	–
PROFIT BEFORE TAX	*6*	**1,837,764**	1,610,556
Income tax expense	*7*	**(504,549)**	(439,996)
PROFIT FOR THE PERIOD		**1,333,215**	1,170,560
Attributable to:			
Ordinary shareholders of the Company		**1,296,536**	1,165,444
Holders of perpetual securities	*22*	**34,119**	1,298
Non-controlling interests		**2,560**	3,818
		1,333,215	1,170,560
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		**RMB cents**	RMB cents
Basic and diluted			
– For profit for the period	*9*	**39.71**	35.40

Details of the dividends payable and proposed for the period are disclosed in Note 8 to the interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2015

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
PROFIT FOR THE PERIOD	**1,333,215**	1,170,560
OTHER COMPREHENSIVE INCOME		
Item to be reclassified to profit or loss in subsequent periods:		
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the period	**(636,714)**	34,766
Reclassification to the consolidated statement of profit or loss	**136,356**	(1,871)
Income tax effect	**82,559**	(5,428)
	(417,799)	27,467
Exchange differences on translation of foreign operations	**316**	(429)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**(417,483)**	27,038
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**(417,483)**	27,038
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**915,732**	1,197,598
Attributable to:		
Ordinary shareholders of the Company	**879,053**	1,192,482
Holders of perpetual securities	**34,119**	1,298
Non-controlling interests	**2,560**	3,818
	915,732	1,197,598

Interim Condensed Consolidated Statement of Financial Position

At 30 June 2015

	Notes	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	2,552,655	1,733,169
Prepaid land lease payments	*11*	1,151,387	987,878
Goodwill		118,361	64,164
Other assets		550,852	54,283
Investment in an associate		–	94,154
Investment in joint ventures	*14*	1,151,829	80,985
Available-for-sale investments		591,614	394,253
Investments at fair value through profit or loss		91,704	–
Derivative financial instruments	*13*	27,665	227,033
Loans and accounts receivable	*12*	64,130,015	60,156,452
Prepayments, deposits and other receivables		67,941	95,647
Deferred tax assets	*19*	1,014,961	904,331
Restricted deposits	*16*	148,137	123,694
Total non-current assets		71,597,121	64,916,043
CURRENT ASSETS			
Inventories		130,399	78,708
Construction contracts	*15*	81,990	82,339
Derivative financial instruments	*13*	1,206	63,244
Loans and accounts receivable	*12*	42,465,204	39,284,977
Prepayments, deposits and other receivables		1,063,266	2,152,852
Restricted deposits	*16*	884,082	830,111
Cash and cash equivalents	*16*	3,053,122	3,317,850
Total current assets		47,679,269	45,810,081
CURRENT LIABILITIES			
Trade and bills payables	*17*	5,342,912	3,489,071
Other payables and accruals		8,192,326	4,204,755
Derivative financial instruments	*13*	100,325	8,773
Interest-bearing bank and other borrowings	*18*	33,282,542	30,272,870
Deferred revenue		–	7,577
Taxes payable		400,071	840,356
Total current liabilities		47,318,176	38,823,402
NET CURRENT ASSETS		361,093	6,986,679

Interim Condensed Consolidated Statement of Financial Position

At 30 June 2015

	Notes	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		71,958,214	71,902,722
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	18	42,469,049	41,504,967
Derivative financial instruments	13	486,959	215,174
Deferred tax liabilities	19	43,852	137,556
Other payables and accruals		10,270,214	12,306,828
Deferred revenue		311,856	288,304
Other liabilities		510,513	–
Total non-current liabilities		54,092,443	54,452,829
Net assets		17,865,771	17,449,893
EQUITY			
Equity attributable to ordinary shareholders of the parent			
Share capital: nominal value	20	–	–
Other statutory capital reserves		–	–
Share capital and other statutory capital reserves	20	6,683,751	6,683,751
Other reserves	21	9,718,740	9,429,201
		16,402,491	16,112,952
Holders of perpetual securities	22	1,224,281	1,258,170
Non-controlling interests		238,999	78,771
Total equity		17,865,771	17,449,893

Kong Fanxing
Director

Wang Mingzhe
Director

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014

	Attributable to ordinary shareholders of the parent												
	Share capital RMB'000 *(Note 20)*	Capital reserve RMB'000 *(Note 21)*	Shares held for share award scheme RMB'000	Share-based compensation reserve RMB'000 *(Note 21)*	Special reserve RMB'000 *(Note 21)*	Reserve fund RMB'000 *(Note 21)*	Hedging reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Perpetual securities RMB'000 *(Note 22)*	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2015 (Audited)	6,683,751	2,096,823	(136,260)	17,994	1,065	121,913	411,106	638,299	6,278,261	16,112,952	1,258,170	78,771	17,449,893
Profit for the period	-	-	-	-	-	-	-	-	1,296,536	1,296,536	34,119	2,560	1,333,215
Other comprehensive income for the period													
Cash flow hedges, net of tax	-	-	-	-	-	-	(417,799)	-	-	(417,799)	-	-	(417,799)
Exchange differences on translation of financial statements into presentation currency	-	-	-	-	-	-	-	316	-	316	-	-	316
Total comprehensive income for the period	-	-	-	-	-	-	(417,799)	316	1,296,536	879,053	34,119	2,560	915,732
Purchase of shares under share award scheme	-	-	(12,847)	-	-	-	-	-	-	(12,847)	-	-	(12,847)
Distribution paid to holders of perpetual securities	-	-	-	-	-	-	-	-	-	-	(68,008)	-	(68,008)
Final 2014 dividend declared *(Note 8)*	-	-	-	-	-	-	-	-	(597,479)	(597,479)	-	-	(597,479)
Dividends received from shares held for share award scheme	-	-	-	-	-	-	-	-	5,003	5,003	-	-	5,003
Recognition of equity settled share-based payments	-	-	-	15,809	-	-	-	-	-	15,809	-	-	15,809
Capital injection by non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	114,485	114,485
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	43,183	43,183
At 30 June 2015 (Unaudited)	6,683,751	2,096,823*	(149,107)*	33,803*	1,065*	121,913*	(6,693)*	638,615 *	6,982,321*	16,402,491	1,224,281	238,999	17,865,771

* These reserve accounts comprise the consolidated reserves of RMB9,718,740,000 (31 December 2014: RMB9,429,201,000) in the consolidated statement of financial position.

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014

	Attributable to owners of ordinary shareholders of the Company											
	Issued capital RMB'000 *(Note 20)*	Share premium account RMB'000 *(Note 20)*	Capital reserve RMB'000 *(Note 21)*	Special reserve RMB'000 *(Note 21)*	Reserve fund RMB'000 *(Note 21)*	Hedging reserve RMB'000	Exchange fluctuation reserve equity RMB'000	Retained profits RMB'000	Total RMB'000	Perpetual securities RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2014 (Audited)	27,570	7,067,502	2,403,345	671	121,913	-	(100,283)	4,604,624	14,125,342	-	39,528	14,164,870
Profit for the period	-	-	-	-	-	-	-	1,165,444	1,165,444	1,298	3,818	1,170,560
Other comprehensive income for the period:												
Cash flow hedges, net of tax	-	-	-	-	-	27,467	-	-	27,467	-	-	27,467
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(429)	-	(429)	-	-	(429)
Total comprehensive income for the period	-	-	-	-	-	27,467	(429)	1,165,444	1,192,482	1,298	3,818	1,197,598
Effect of change in functional currency during the period	(1,798)	(409,523)	(306,786)	-	-	-	739,181	(21,074)	-	-	-	-
Transfer to issued capital	6,657,979	(6,657,979)	-	-	-	-	-	-	-	-	-	
Issue of perpetual securities, net of expense	-	-	-	-	-	-	-	-	-	1,222,134	-	1,222,134
Capital injection by non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	6,500	6,500
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	28,216	28,216
Dividends –												
2013 final dividend	-	-	-	-	-	-	-	(600,849)	(600,849)	-	-	(600,849)
Dividends by a subsidiary to a non-controlling shareholder	-	-	-	-	-	-	-	-	-	-	(5,243)	(5,243)
At 30 June 2014 (Unaudited)	6,683,751	-	2,096,559	671	121,913	27,467	638,469	5,148,145	14,716,975	1,223,432	72,819	16,013,226

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	Notes	For the six months ended 30 June 2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		1,837,764	1,610,556
Adjustments for:			
Finance costs and bank charges		1,948,249	1,657,639
Interest income		(29,312)	(22,201)
Share of profits of an associate		–	(3,927)
Share of profits of joint ventures		(2,017)	–
Derivative financial instruments – transactions not qualifying as hedges:			
Unrealised fair value losses/(gains), net		7,853	(2,657)
Realised fair value losses, net		2,500	13,807
Gain on structured financial products	5	(1,755)	(1,585)
Gain on disposal of property, plant and equipment, net		(44)	(28)
Depreciation		97,172	72,593
Provision for impairment of lease receivables	12	356,001	377,823
Provision for impairment of other assets	12	44,318	16,801
Amortisation of intangible assets and other assets	6	22,694	31,306
Equity settled share-based payments expenses		15,809	–
Foreign exchange (gain)/loss, net		(47,761)	98,234
		4,251,471	3,848,361
Increase in derivative instruments – transaction qualifying as hedges		(19,823)	–
Increase in inventories		(48,372)	(408)
Decrease/(Increase) in in construction contracts		349	(11,460)
Increase in loans and accounts receivable		(7,551,828)	(13,832,901)
Decrease in prepayments, deposits and other receivables		1,130,813	181,578
Decrease in amounts due from related parties		–	6,675
Increase in other assets		(514,547)	(9,413)
Increase in trade and bills payables		1,839,156	398,649
Increase in other payables, accrued liabilities		1,749,416	1,923,363
Increase in amounts due to related parties		–	2,064
Increase/(Decrease) in other liabilities		526,488	(30,060)
Net cash flows used in operating activities before tax and interest		1,363,123	(7,523,552)
Interest paid		(1,834,855)	(1,600,902)
Interest received		29,312	22,201
Income tax paid		(1,069,929)	(884,002)
Net cash flows used in operating activities		(1,512,349)	(9,986,255)

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	Notes	For the six months ended 30 June 2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Gain on structured financial products	5	1,755	1,585
Realised losses on derivative financial instruments		(2,500)	–
Proceeds from disposal of property, plant and equipment		3,906	10,470
Purchase of items of property, plant and equipment, intangible assets and other long term assets		(889,152)	(384,934)
Acquisition of subsidiaries	3	(1,430)	(48,197)
Investment in joint ventures		(1,068,827)	(26,670)
Investment in investments at fair value through profit or loss		(91,704)	–
Investment in available-for-sale investments		(103,556)	–
Decrease in deposits for derivative financial instruments		–	34,082
Net cash flows used in investing activities		(2,151,508)	(413,664)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of perpetual securities		–	1,222,134
Capital injection from non-controlling shareholders		5,405	6,500
Cash received from borrowings		36,709,065	28,766,039
Repayments of borrowings		(32,538,990)	(19,595,592)
Dividends paid		(592,476)	(600,849)
Dividends paid by a subsidiary to a non-controlling shareholder		–	(5,243)
Decrease in restricted deposits		(78,414)	(361,232)
Payments in respect of derivative financial instruments used in hedging of borrowings		–	(13,807)
Distribution paid to holders of perpetual securities		(68,008)	–
Purchase of shares under share award scheme		(12,847)	–
Cash paid for other financing activities		–	(2,955)
Net cash flows from financing activities		3,423,735	9,414,995
NET DECREASE IN CASH AND CASH EQUIVALENTS		(240,122)	(984,924)
Cash and cash equivalents at beginning of period		3,317,850	2,673,476
Effect of exchange rate changes on cash and cash equivalents		(24,606)	5,445
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		3,053,122	1,693,997

Notes to Interim Condensed Consolidated Financial Statements

1. Corporate Information

Far East Horizon Limited (the "Company") is a limited liability company which was incorporated in Hong Kong on 15 May 2008. Pursuant to the special resolutions dated 15 October 2008 and 29 November 2010 respectively, the Company changed its name from Fully Ascent Limited to Far Eastern Hong Xin Co., Limited, and then Far East Horizon Limited. The registered office of the Company is Room 4701, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong.

The Company's shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 30 March 2011.

The Group is principally engaged in the provision of finance to its customers by a wide array of assets under finance lease arrangements, operating lease arrangements, factoring, the provision of leasing advisory services, import and export trade, and the provision of other services as approved by the Ministry of Foreign Trade and Economic Cooperation of the People's Republic of China (the "PRC").

2. Basis of Preparation and Accounting Policies

2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2015 are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting".

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2014.

The interim condensed consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated.

2.2 Significant accounting policies

Adoption of new and revised accounting standards and interpretations

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are the same as those used in the annual financial statements for the year ended 31 December 2014, except in relation to the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), which also include HKASs and Interpretations that are adopted by the Group for the first time for the current period's financial statements:

Amendments to HKAS 19	Amendments to HKAS 19 – Defined Benefit Plans: Employee Contribution
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs

Notes to Interim Condensed Consolidated Financial Statements

2. Basis of Preparation and Accounting Policies (continued)

2.2 Significant accounting policies (continued)

Adoption of new and revised accounting standards and interpretations (continued)

Adoption of these new HKFRS did not have any material effect on the financial position or performance of the Group, nor resulted in restatement of comparative figures.

The Group has not early adopted any other standard, interpretation or amendment that was issued but is not yet effective.

3. Business Combinations

Acquisition of Siping Cancer Institute & Hospital Co., Ltd., Binhai Xinrenci Hospital Co., Ltd., Shanghai Montessori Academy Co., Ltd..

In February 2015, the Group acquired 60% of the voting shares of Siping Cancer Institute & Hospital Co., Ltd. ("Siping Hospital"). The acquisition has been accounted for using the acquisition method. The interim condensed consolidated financial statements include the results of Siping Hospital since the acquisition date.

In February 2015, the Group acquired 69% of the voting shares of Binhai Xinrenci Hospital Co., Ltd. ("Xinrenci Hospital"). The acquisition has been accounted for using the acquisition method. The interim condensed consolidated financial statements include the results of Xinrenci Hospital since the acquisition date.

In June 2015, the Group acquired 60% of the voting shares of Shanghai Montessori Academy Co,Ltd Co., Ltd. ("Montessori Academy"). The acquisition has been accounted for using the acquisition method. The interim condensed consolidated financial statements include the results of Montessori Academy since the acquisition date.

Notes to Interim Condensed Consolidated Financial Statements

3. Business Combinations (continued)

Acquisition of Siping Cancer Institute & Hospital Co., Ltd.

The fair values of the identifiable assets and liabilities of Siping Hospital as at the date of acquisition were:

	Fair value recognized on acquisition (Unaudited) RMB'000
Assets	
Property, plant and equipment	18,278
Cash	26,306
Trade receivables	138
Prepayments, deposits and other receivables	52,653
Inventories	2,447
	99,822
Liabilities	
Trade payables	(4,504)
Other payables and accruals	(1,886)
Deferred tax liabilities	(208)
	(6,598)
Total identifiable net assets at fair value	93,224
Non-controlling interests	(33,731)
Goodwill arising on acquisition	15,507
Purchase consideration transferred	75,000
Including: consideration paid upon acquisition	22,500
consideration to be paid as additional capital injection to the subsidiary	52,500
Analysis of cash flows on acquisition:	
Net cash acquired with the subsidiary (included in cash flows from investing activities)	26,306
Cash paid	(22,500)
Net inflow of cash and cash equivalents included in cash flows from investing activities	3,806
Transaction costs of the acquisition included in cash flows from operating activities	(56)
	3,750

Since the acquisition, Siping Hospital has contributed RMB19,461,000 to the the Group's revenue and recorded a net loss of RMB391,000 to the consolidated profit for the period ended 30 June 2015.

Notes to Interim Condensed Consolidated Financial Statements

3. Business Combinations (continued)

Acquisition of Binhai Xinrenci Hospital Co., Ltd.

The fair values of the identifiable assets and liabilities of Xinrenci Hospital as at the date of acquisition were:

	Fair value recognized on acquisition (Unaudited) RMB'000
Assets	
Property, plant and equipment	60,084
Prepaid land lease payments	10,510
Cash	91
Trade receivables	2,008
Prepayments, deposits and other receivables	32,318
Inventories	873
	105,884
Liabilities	
Trade payables	(9,992)
Other payables and accruals	(28,157)
Interest-bearing bank and other borrowings	(64,227)
Deferred tax liabilities	(3,115)
	(105,491)
Total identifiable net assets at fair value	393
Non-controlling interests	(122)
Goodwill arising on acquisition	27,729
Purchase consideration transferred	28,000
Including: consideration paid upon acquisition	–
consideration paid after the date of acquisition	28,000
Analysis of cash flows on acquisition:	
Net cash acquired with the subsidiary (included in cash flows from investing activities)	91
Cash paid	–
Net cash inflow	91

According to the investment agreement signed in January 2015, upon satisfaction of certain conditions by the investee and the original shareholders of the investee, there would be payment of RMB42,000,000 to the investee as additional capital injection, however, the Group does not expect to make such additional capital injection as at 30 June 2015.

Since the acquisition, Xinrenci Hospital has contributed RMB12,463,000 to the the Group's revenue and recorded a net profit of RMB1,702,000 to the consolidated profit for the period ended 30 June 2015.

Notes to Interim Condensed Consolidated Financial Statements

3. Business Combinations (continued)

Acquisition of Shanghai Montessori Academy Co., Ltd.

The fair values of the identifiable assets and liabilities of Montessori Academy as at the date of acquisition were:

	Fair value recognized on acquisition (Unaudited) RMB'000
Assets	
Property, plant and equipment	436
Cash	9,111
Prepayments, deposits and other receivables	8,785
Other assets	1,479
	19,811
Liabilities	
Trade payables	(190)
Other payables and accruals	(6,814)
	(7,004)
Total identifiable net assets at fair value	12,807
Non-controlling interests	(9,330)
Goodwill arising on acquisition	10,961
Purchase consideration transferred	14,438
Including: consideration paid upon acquisition	14,438
Analysis of cash flows on acquisition:	
Net cash acquired with the subsidiary (included in cash flows from investing activities)	9,111
Cash paid	(14,438)
Net cash outflow	(5,327)

Since the acquisition, Montessori Academy has not yet contributed to the the Group's revenue and has not yet recorded a net profit or loss to the consolidated profit for the period ended 30 June 2015.

If the acquisition had taken place at the beginning of the period, revenue of the Group would have been RMB5,801,668,000 and the net profit of the Group for the period would have been RMB1,320,228,000.

The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets and activities of Siping Hospital, Xinrenci Hospital and Montessori Academy with those of the Group. The goodwill is not deductible for income tax purposes.

Transaction costs of RMB610,000 have been expensed and are included in administrative expenses in the statement of profit or loss.

The Group acquired Huizhou Huakang Orthopaedics and Traumatology Hospital Co., Ltd. during the period for the six months ended 30 June 2014.

Notes to Interim Condensed Consolidated Financial Statements

4. Operating Segment Information

For management purposes, the Group is organized into two operating segments, namely the leasing, factoring and advisory business and the industrial operation business, based on internal organisational structure, management requirement and internal reporting system:

- The leasing, factoring and advisory business comprises (a) direct finance leasing; (b) sale-leaseback; (c) factoring; and (d) advisory services.

- The industrial operation business comprises primarily (a) import and export trade and domestic trade of medical equipment and parts, paper, ink, cardboard and paper goods primarily for the healthcare and printing industries, as well as the provision of trade agency services primarily within the machinery industry; (b) the ship brokerage services; (c) medical engineering; (d) operating leasing; and (e) hospital and healthcare management.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group.

Segment revenue, results, assets and liabilities mainly include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Intersegment transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Notes to Interim Condensed Consolidated Financial Statements

4. Operating Segment Information (continued)

For the six months ended 30 June 2015 (Unaudited)	Leasing, factoring and advisory RMB'000	Industrial operation RMB'000	Adjustments and eliminations RMB'000	Total RMB'000
Segment Revenue:				
Sales to external customers	5,261,113	498,455	–	5,759,568
Intersegment sales	49,659	1,645	(51,304)	–
Cost of sales	(1,938,898)	(336,636)	60	(2,275,474)
Other income and gains	197,485	5,098	(2,927)	199,656
Selling and distribution costs and administrative expenses	(1,411,035)	(110,851)	1,585	(1,520,301)
Other expenses	(314,967)	(3,385)	–	(318,352)
Finance cost	(3,770)	(58,166)	52,586	(9,350)
Share of net profits of joint ventures	–	2,017	–	2,017
Profit before tax	1,839,587	(1,823)	–	1,837,764
Income tax expense	(499,110)	(5,439)	–	(504,549)
Profit after tax	1,340,477	(7,262)	–	1,333,215
Segment assets	118,092,477	6,173,377	(4,989,464)	119,276,390
Segment liabilities	(102,242,067)	(3,706,527)	4,537,975	(101,410,619)
Other segment information:				
Impairment losses recognised in the statement of profit or loss	396,643	3,676	–	400,319
Depreciation and amortisation	29,500	3,960	–	33,460
Capital expenditure	299,456	698,776	–	998,232

Notes to Interim Condensed Consolidated Financial Statements

4. Operating Segment Information (continued)

For the six months ended 30 June 2014 (Unaudited)	Leasing, factoring and advisory RMB'000	Industrial operation RMB'000	Adjustments and eliminations RMB'000	Total RMB'000
Segment Revenue:				
Sales to external customers	4,608,244	454,727	–	5,062,971
Intersegment sales	26,155	1,323	(27,478)	–
Cost of sales	(1,576,100)	(326,497)	1,238	(1,901,359)
Other income and gains	72,258	2,516	(1,194)	73,580
Selling and distribution costs and administrative expenses	(1,406,040)	(66,298)	1,770	(1,470,568)
Other expenses	(152,908)	(1,851)	–	(154,759)
Finance cost	–	(28,900)	25,664	(3,236)
Share of net profit of an associate	–	3,927	–	3,927
Profit before tax	1,571,609	38,947	–	1,610,556
Income tax expense	(433,266)	(6,730)	–	(439,996)
Profit after tax	1,138,343	32,217	–	1,170,560
At 31 December 2014 (Audited)				
Segment assets	111,030,781	3,829,928	(4,134,585)	110,726,124
Segment liabilities	(93,792,884)	(3,187,206)	3,703,859	(93,276,231)
For the six months ended 30 June 2014 (Unaudited)				
Other segment information:				
Impairment losses recognised in the statement of profit or loss	392,954	1,670	–	394,624
Depreciation and amortisation	38,293	1,519	–	39,812
Capital expenditure	163,461	221,473	–	384,934

Notes to Interim Condensed Consolidated Financial Statements

4. Operating Segment Information (continued)

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Mainland China	**5,712,932**	4,894,635
Hong Kong	**26,137**	79,170
Other countries or regions	**20,499**	89,166
	5,759,568	5,062,971

The revenue information is based on the locations of the customers.

(b) Non-current assets

	30 June	31 December
	2015	2014
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Mainland China	**5,121,709**	2,832,488
Hong Kong	**403,375**	182,145
	5,525,084	3,014,633

The non-current asset information above is based on the locations of assets and excludes financial instruments and deferred tax assets.

Information about a major customer

There was no single customer who contributed over 10% of the total revenue of the Group during the period.

Notes to Interim Condensed Consolidated Financial Statements

5. Revenue, Other Income and Gains

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, net of value-added tax, after allowances for returns and trade discounts; an appropriate proportion of contract revenue of construction contracts, and the value of services rendered and gross leasing income received, net of value-added tax or business tax, during the period.

An analysis of revenue, other income and gains is as follows:

	Notes	For the six months ended 30 June 2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Revenue			
Finance lease income		3,246,730	2,999,052
Service fee income		1,937,978	1,585,197
Factoring income		122,447	75,184
Sale of goods		71,150	57,296
Chartering and brokerage income		90,099	193,447
Construction contract revenue		45,749	32,770
Operating lease income		224,751	143,590
Healthcare service income		61,587	23,295
Other income		7,886	5,430
Business tax and surcharges		(48,809)	(52,290)
		5,759,568	5,062,971
Other income and gains			
Bank interest income		29,312	22,178
Foreign exchange gains, net			
Cash flow hedges (transfer from equity to foreign exchange losses)		(136,356)	–
Others		184,117	–
Gain on disposal of property, plant and equipment		136	664
Gain on structured financial products		1,755	1,585
Government grants	*5a*	20,548	599
Gain on disposal of lease receivables		35,816	–
Tax benefits from intra-group borrowings		63,179	32,923
Fair value gain:			
Derivative instruments – transaction not qualifying as hedges		–	2,657
Others		1,149	12,974
		199,656	73,580

5a. Government grants

	For the six months ended 30 June 2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Government special subsidy	20,548	599
	20,548	599

Notes to Interim Condensed Consolidated Financial Statements

6. Profit Before Tax

The Group's profit before tax is arrived at after charging:

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Cost of borrowings included in cost of sales	1,938,898	1,574,862
Cost of inventories sold	68,079	55,373
Cost of construction contracts	29,476	22,405
Cost of operating lease	117,237	65,374
Cost of chartering	75,032	168,825
Cost of healthcare service	43,365	12,858
Cost of others	3,387	1,662
Depreciation	10,766	8,506
Amortisation of intangible assets and other assets:		
Current year expenditure	23,383	34,331
Less: Government grants released	(689)	(3,025)
	22,694	31,306
Rental expenses	58,294	46,937
Auditors' remuneration	750	650
Employee benefit expense (Including directors' remuneration)		
– Wages and salaries	651,527	678,649
– Equity-settled share-based payment expense	15,809	–
– Pension scheme contributions	39,492	29,220
– Other employee benefits	104,232	87,253
Impairment of loans and accounts receivable	400,319	394,624
Entertainment fee	25,686	26,359
Business travelling expenses	74,487	71,022
Consultancy fees	31,244	14,668
Office expenses		
Current year expenditure	16,186	23,640
Less: Government grants released	–	(3,185)
	16,186	20,455
Advertising and promotion expenses	3,131	1,724
Transportation expenses	4,617	3,855
Communication expenses	7,461	6,415
Litigation expense	15,419	–
Losses on disposal of property, plant and equipment	92	636
Donation	2,000	4,013
Bank commission expense	48,476	34,146
Derivative instruments – transaction not qualifying as hedges	5,412	13,807
Derivative instruments – fair value loss on call option	4,941	–
Foreign exchange losses, net		
Cash flow hedges (transfer from equity to foreign exchange losses):	–	(25,044)
Others	–	126,772
Losses on disposal of lease receivables	257,299	–
Finance costs	9,350	3,236
Others		
Current year expenditure	43,939	69,508
Less: Government grants released	(5,620)	(20,154)
	38,319	49,354

Notes to Interim Condensed Consolidated Financial Statements

7. Income Tax

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current – Hong Kong		
Charge for the period	**96,793**	88,052
Current – Mainland China		
Charge for the period	**532,877**	501,601
Deferred tax *(Note 19)*	**(125,121)**	(149,657)
Total tax charge for the period	**504,549**	439,996

Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2014: 16.5%) on the estimated assessable profits arising in Hong Kong for the period.

Corporate Income Tax ("CIT")

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the period, based on existing legislation, interpretations and practices in respect thereof.

Prior to 1 January 2008, Far Eastern Leasing was entitled to a preferential CIT rate of 15% and all other subsidiaries in the PRC were subject to CIT at the statutory rate of 33%. For each of the PRC subsidiaries of the Group, CIT is provided at the applicable rate of the profits for the purpose of PRC statutory financial reporting, adjusted for those items which are not assessable or deductible.

On 16 March 2007, the National People's Congress approved the PRC Corporate Income Tax Law (the "New CIT Law"), which became effective on 1 January 2008. The New CIT Law introduces a wide range of changes which include, but are not limited to, the unification of the income tax rates for domestic-invested and foreign-invested enterprises at 25%. Pursuant to relevant recognition by the local tax authorities, Far Eastern Leasing and Shanghai Donghong Co., Ltd. were entitled to transitional CIT rates of 18% in 2008, 20% in 2009, 22% in 2010 and 24% in 2011. The CIT rate of Far Eastern Leasing and Shanghai Donghong is 25% from 2012 onwards.

On 18 November 2012, Domin Medical Engineering was recognised as a high-technology enterprise by Shanghai Science and Technology Commission. Since then, Domin Medical Engineering enjoyed a preferential tax rate of 15%.

Notes to Interim Condensed Consolidated Financial Statements

7. Income Tax (continued)

A reconciliation of the tax charge applicable to profit before tax using the statutory/applicable rates for the jurisdictions in which the Company and its subsidiaries are domiciled to the tax charge at the effective tax rate is as follows:

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Profit before tax	**1,837,764**	1,610,556
Tax at the statutory income tax rates	**446,141**	400,513
Lower tax rate for enacted by local authority	**(241)**	(34)
Expenses not deductible for tax	**20,774**	3,455
Income not subject to tax	**(14,797)**	(7,837)
Adjustment on current income tax in respect of prior years	**(1,230)**	–
Utilisation of previously unrecognised tax losses	**(6,077)**	(7,184)
Unrecognised tax losses	**3,919**	4,934
Effect of recognition of tax losses that were not recognized in prior years	**–**	(4,868)
Effect of recognition of deductible temporary differences that were not recognized in prior years	**–**	(6,480)
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	**11,209**	24,021
Effect of withholding tax on interest on intra-group balances	**44,851**	33,476
Income tax expense reported in the interim condensed consolidated statement of profit or loss	**504,549**	439,996

The share of taxes from continuing operations attributable to joint ventures amounting to approximately RMB672,000 (six months ended 30 June 2014: Nil) is included in "share of net profits of joint ventures" on the face of the interim condensed consolidated statement of profit or loss.

8. Dividends

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Dividends	**597,479**	600,849

Pursuant to a resolution passed at the general meeting on 10 June 2015, the Company declared a final dividend of HK$0.23 per share in respect of year ended 31 December 2014 to its shareholders whose names appear on the register of members of the Company on 19 June 2015. Based on the total number of outstanding ordinary shares of 3,292,400,000 (including the number of shares held for share award scheme of 27,570,000) as at 19 June 2015, cash dividends declared of approximately HK$757,252,000 (equivalent to RMB597,479,000) were recognised in the financial statements.

The board of directors do not recommend the payment of an interim dividend to shareholders in respect of the period for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

Notes to Interim Condensed Consolidated Financial Statements

9. Earnings Per Share

The calculation of basic earnings per share for the six months ended 30 June 2015 is based on the consolidated net profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 3,265,082,265 (six months ended 30 June 2014: 3,292,400,000) in issue during the period.

The calculation of basic earnings per share is based on:

Earnings

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**1,296,536**	1,165,444

Shares

	Number of shares	
	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares in issue during the period, used in the basic earnings per share calculation	**3,265,082,265**	3,292,400,000

During the six months ended 30 June 2015, the Share Option Scheme and the Restricted Share Award Scheme has no dilutive effect on earnings per share yet. The Group had no other potentially dilutive ordinary shares in issue. There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

10. Property, Plant and Equipment

During the six months ended 30 June 2015, the Group acquired items of property, plant and equipment at a total cost of RMB901,278,000 (six months ended 30 June 2014: RMB517,158,000), including those through acquisition of a subsidiary.

Property, plant and equipment with a net book value of RMB6,779,000 were disposed of by the Group during the six months ended 30 June 2015 (six months ended 30 June 2014: RMB10,443,000), resulting in a net gain on disposal of RMB44,000 (six months ended 30 June 2014: a net gain of RMB28,000).

As at 30 June 2015, there is no building or property (31 December 2014: Nil), was pledged to secure general banking facilities granted to the Group (see note 18(c)).

11. Prepaid Land Lease Payments

As at 30 June 2015, the Group has obtained the land use right certificate for all parcels of land with a total gross area of approximately 304,000 square meters (31 December 2014: 132,000) and a net book value of RMB1,151,387,000 (31 December 2014: RMB987,878,000).

Notes to Interim Condensed Consolidated Financial Statements

12. Loans and Accounts Receivable

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Loans and accounts receivable due within 1 year	42,465,204	39,284,977
Loans and accounts receivable due after 1 year	64,130,015	60,156,452
	106,595,219	99,441,429

12a. Loans and accounts receivable by nature

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Lease receivables *(Note 12b)*	114,180,920	108,061,474
Less: Unearned finance income	(11,045,677)	(11,002,267)
Net lease receivables *(Note 12b)**	103,135,243	97,059,207
Interest receivables*	510,799	445,803
Notes receivable	277,959	132,877
Accounts receivable *(Note 12d)*	503,528	503,586
Factoring receivable *(Note 12f)*	3,243,816	2,692,583
Entrusted loans*	726,792	214,573
Long-term receivables	5,908	6,883
Secured loans	405,948	409,523
Subtotal of loans and accounts receivable	108,809,993	101,465,035
Less: Provision for lease receivables *(Note 12c)*	(2,110,304)	(1,963,443)
Provision for accounts receivable *(Note 12e)*	(14,813)	(11,213)
Provision for factoring receivable *(Note 12g)*	(53,419)	(40,654)
Provision for entrusted loans *(Note 12h)*	(29,619)	(2,236)
Provision for long-term receivables *(Note 12i)*	(44)	(26)
Provision for mortgage loans *(Note 12j)*	(6,575)	(6,034)
	106,595,219	99,441,429

* These balances included balances with related parties which are disclosed in Note 12k.

12b (1). An aging analysis of lease receivables, determined based on the age of the receivable since the effective date of the relevant lease contracts, as at the end of the reporting period is as follows:

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Lease receivables		
Within 1 year	57,402,583	58,484,542
1 to 2 years	35,326,059	32,158,492
2 to 3 years	14,981,248	11,080,172
3 years and beyond	6,471,030	6,338,268
Total	114,180,920	108,061,474

Notes to Interim Condensed Consolidated Financial Statements

12. Loans and Accounts Receivable (continued)

12b (1). An aging analysis of lease receivables, determined based on the age of the receivable since the effective date of the relevant lease contracts, as at the end of the reporting period is as follows: (continued)

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Net lease receivables		
Within 1 year	**51,235,037**	52,162,646
1 to 2 years	**32,370,578**	29,278,065
2 to 3 years	**13,904,085**	10,064,580
3 years and beyond	**5,625,543**	5,553,916
Total	**103,135,243**	97,059,207

12b (2). The table below illustrates the gross and net amounts of lease receivables the Group expects to receive in the following three consecutive accounting years:

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Lease receivables		
Due within 1 year	**45,790,685**	43,171,525
Due in 1 to 2 years	**33,256,984**	32,400,660
Due in 2 to 3 years	**20,262,490**	18,829,129
Due after 3 years and beyond	**14,870,761**	13,660,160
Total	**114,180,920**	108,061,474

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Net lease receivables		
Due within 1 year	**40,070,450**	37,413,399
Due in 1 to 2 years	**30,091,262**	29,202,653
Due in 2 to 3 years	**18,788,373**	17,415,795
Due after 3 years and beyond	**14,185,158**	13,027,360
Total	**103,135,243**	97,059,207

There was no unguaranteed residual value in connection with finance lease arrangements or contingent lease arrangements of the Group that need to be recorded as at the end of the reporting period.

Notes to Interim Condensed Consolidated Financial Statements

12. Loans and Accounts Receivable (continued)

12c. Change in provision for lease receivables

	Individually assessed		Collectively assessed		Total	
	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
At beginning of period/year	320,104	308,874	1,643,339	1,081,756	1,963,443	1,390,630
Charge for the period/year	82,486	131,087	273,515	583,053	356,001	714,140
Disposal	–	–	(119,410)	(21,772)	(119,410)	(21,772)
Write-off	(89,606)	(119,924)	–	–	(89,606)	(119,924)
Exchange differences	(39)	67	(85)	302	(124)	369
At end of period/year	312,945	320,104	1,797,359	1,643,339	2,110,304	1,963,443

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Lease receivables:		
Individually assessed *(Note (i))*	994,542	1,002,592
Collectively assessed	113,186,378	107,058,882
Total	114,180,920	108,061,474

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Net lease receivables:		
Individually assessed *(Note (i))*	933,419	909,168
Collectively assessed	102,201,824	96,150,039
Total	103,135,243	97,059,207

Note (i) Individually assessed lease receivables include those classified as substandard, doubtful and loss by the Group.

Note (ii) As at 30 June 2015, the carrying amount of lease receivables and entrusted loans pledged as security for the Group's borrowings amounted to RMB17,725,637,000 (31 December 2014: RMB19,688,387,000) (see Note18 (a)).

Notes to Interim Condensed Consolidated Financial Statements

12. Loans and Accounts Receivable (continued)

12d. An aging analysis of accounts receivable as at the end of the reporting period is as follows:

Accounts receivable are non-interest-bearing and are generally on 60-day terms, while the credit terms of major customers can be extended to 90 days.

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Within 1 year	449,607	488,531
More than 1 year	53,921	15,055
Total	503,528	503,586

12e. Change in provision for accounts receivable

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
At beginning of period/year	11,213	6,020
Charge for the period/year	3,606	10,198
Acquisition of a subsidiary	–	203
Write-off	–	(5,218)
Exchange differences	(6)	10
At end of period/year	14,813	11,213

12f. An aged analysis of factoring receivables as at the end of the reporting period is as follows:

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Within 1 year	2,412,749	2,104,827
More than 1 year	831,067	587,756
	3,243,816	2,692,583

Notes to Interim Condensed Consolidated Financial Statements

12. Loans and Accounts Receivable (continued)

12g. Change in provision for factoring receivables

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
At beginning of period/year	40,654	21,435
Charge for the period/year	12,765	22,219
Write-off	–	(3,000)
At end of period/year	53,419	40,654

12h. Change in provision for entrusted loans

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
At beginning of period/year	2,236	3,645
Charge/(reversal) for the period/year	27,383	(1,409)
At end of period/year	29,619	2,236

12i. Change in provision for long-term receivables

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
At beginning of period/year	26	48
Charge/(reversal) for the period/year	18	(22)
At end of period/year	44	26

12j. Change in provision for secured loans

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
At beginning of period/year	6,034	1,138
Charge for the period/year	546	4,883
Exchange difference	(5)	13
At end of period/year	6,575	6,034

Notes to Interim Condensed Consolidated Financial Statements

12. Loans and Accounts Receivable (continued)

12k. Balance with related parties

		30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Joint ventures:			
– Guangzhou Kangda Industrial Technology Co., Ltd.			
Entrusted loan	*(i)*	75,000	–
Interest receivables		1,214	–
– Weihai Haida hospital Co., Ltd.			
Entrusted loan	*(i)*	30,000	–
Interest receivables		616	–
		106,830	–

(i) Balance of entrusted loan was interest-bearing with a range of annual interest rate of 6.05% to 6.95%.

13. Derivative Financial Instruments

	30 June 2015 (Unaudited) RMB'000		31 December 2014 (Audited) RMB'000	
	Assets	Liabilities	Assets	Liabilities
Cross-currency interest rate swap contracts	17,526	(173,217)	204,770	(56,978)
Forward currency contracts	4,280	(414,067)	73,501	(166,969)
Call option	7,065	–	12,006	–
	28,871	(587,284)	290,277	(223,947)
Portion classified as non-current				
Cross-currency interest rate swap contracts	16,320	(99,304)	145,166	(48,280)
Forward currency contracts	4,280	(387,655)	69,861	(166,894)
Call option	7,065	–	12,006	–
	27,665	(486,959)	227,033	(215,174)
Current portion	1,206	(100,325)	63,244	(8,773)
	28,871	(587,284)	290,277	(223,947)

Notes to Interim Condensed Consolidated Financial Statements

13. Derivative Financial Instruments (continued)

Cross-currency interest rate swap contracts and forward currency contracts – cash flow hedges

During the six months ended 30 June 2015, the Group designated 35 (six months ended 30 June 2014: 14) cross-currency interest rate swaps contracts and 31 (six months ended 30 June 2014: 14) forward currency contracts as hedges in respect of future repayments of borrowings which will be settled in US Dollar, Singapore Dollar, Japanese Yen, Australian Dollar or Hong Kong Dollar, and some of which bear floating interest rates.

The terms of the cross-currency interest rate swaps contracts and forward currency contracts substantially match the terms of the borrowing contracts. The cash flow hedges relating to expected future repayments were assessed to be highly effective and a net loss of RMB417,799,000 was included in the hedging reserve as follows:

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Total fair value (losses)/gains included in the hedging reserve	**(636,714)**	34,766
Deferred tax impact on fair value losses/(gains)	**105,058**	(5,736)
Reclassified from other comprehensive income and recognised in the statement of profit or loss	**136,356**	(1,871)
Deferred tax on reclassifications to profit or loss	**(22,499)**	308
Net (losses)/gains included in hedging reserve	**(417,799)**	27,467

(a) As at 30 June 2015, the Group has entered into 10 (31 December 2014: 11) cross-currency interest rate swaps contracts and 2 (31 December 2014: 3) forward currency contracts to manage its exchange rate exposures and interest rate exposures which did not meet the criteria for hedge accounting. Changes in the fair value of non-hedging financial derivatives amounting to a loss of RMB2,912,000 (six months ended 30 June 2014: a loss of RMB11,150,000) which were charged to the income statement during the period.

(b) Cross-currency interest rate swaps, with a total negative net fair value of RMB94,784,000 (31 December 2014: a total net fair value of RMB204,770,000) as of 30 June 2015, were designated as hedging instruments in cash flow hedges of cash flow interest rate risks and currency risks arising from floating rate loans (with remaining maturity from 0.5 years to 2.75 years) denominated in US Dollar and other foreign currencies. Forward currency contracts, with a total negative net fair value of RMB410,730,000 (31 December 2014: a total negative net fair value of RMB93,393,000) as of 30 June 2015, were designated as hedging instruments in cash flow hedges of currency risks arising from loans (with remaining maturity from 0.5 year to 4.5 years) denominated in Singapore Dollar and other foreign currencies.

(c) In September 2014, the Group entered into a call option agreement (the "Agreement") with a target company registered in PRC ("Target Company"). According to the Agreement, the Group shall have the right to purchase certain percentage of shares of the Target Company at any time between the date of signing the Agreement and 2.8 years from the date of offer of the share options or a qualified IPO defined in the Agreement, if earlier.

Notes to Interim Condensed Consolidated Financial Statements

14. Investments in Joint Ventures

	30 June 2015 RMB'000	31 December 2014 RMB'000
Share of net assets	252,479	80,985
Excess of consideration over share of net assets acquired	899,350	–
	1,151,829	80,985

Particulars of the Group's joint ventures are as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of Ownership interest	Percentage of Profit sharing	Principal activities
Shanghai Dongling Investment, LLP (上海東翎投資合夥企業(有限合夥)) ("Dongling")	capital of RMB55,717,310	PRC/ Mainland China	49.2	49.2	Investment holding
Shanghai Dongsong Investment, LLP (上海東松投資合夥企業(有限合夥)) ("Dongsong")	capital of RMB140,100,000	PRC/ Mainland China	19.04	#	Investment holding
Weihai Haida hospital Co., Ltd (威海海大醫院有限公司) ("Haida")	Registered capital of RMB4,000,000	PRC/ Mainland China	50	50	Medical Service
Kunming Broadhealthcare Investment Co., Ltd (昆明博健醫療投資有限公司) ("Broadhealthcare")	Registered capital of RMB14,333,328	PRC/ Mainland China	34.8837	34.8837	Healthcare investment & management
Guangzhou Kangda Industrial Technology Co., Ltd. 廣州康大工業科技產業有限公司 ("Kangda")	Registered capital of HKD200,000,000	PRC/ Mainland China	60	60	Development & construction
Skycity (Shanghai) Business Co., Ltd. (天空之城(上海)實業有限公司) ("Skycity")	Registered capital of RMB1,000,000	PRC/ Mainland China	50	50	Electronic products

\# The voting powers are equally shared by four joint venture partners (a subsidiary of the Group and three third party investors), with all decisions about the activities that significantly affect the its returns require unanimous consent of all joint venture partners, and the Group holds 2/3 subordinated interest, which entitles the Group to 2/3 of profit or loss after deducting profit attributable to holders of preference interests (71.38% of registered capital).

Notes to Interim Condensed Consolidated Financial Statements

14. Investments in Joint Ventures (continued)

The Group's loans and accounts receivable balances due from the joint ventures are disclosed in Note 12 to the financial statements.

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	For the six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Share of the joint venture's profit for the year	**2,017**	–

	30 June 2015 RMB'000	31 December 2014 RMB'000
Aggregate carrying amount of the Group's investments in the joint ventures	**1,151,829**	80,985

15. Construction Contracts

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Gross amount due from contract customers	**81,990**	82,339
Contract costs incurred plus recognised profits to date	**236,889**	208,300
Less: Progress billings	**(154,899)**	(125,961)
	81,990	82,339

16. Cash and Cash Equivalents and Restricted Deposits

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Cash and bank balances	**3,086,736**	3,861,561
Time deposits	**998,605**	410,094
	4,085,341	4,271,655
Less:		
Restricted deposits	**1,032,219**	953,805
Cash and cash equivalents	**3,053,122**	3,317,850

Notes to Interim Condensed Consolidated Financial Statements

16. Cash and Cash Equivalents and Restricted Deposits (continued)

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to RMB2,286,829,000 (31 December 2014: RMB2,457,253,000). RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at either fixed or floating rates based on daily bank deposit rates.

As at 30 June 2015, cash of RMB431,794,000 (31 December 2014: RMB478,557,000) was pledged for bank and other borrowings (see Note 18(b)).

As at 30 June 2015, cash of RMB600,425,000 (31 December 2014: RMB475,248,000) was pledged for bank acceptances, letter of credit and etc.

As at 30 June 2015, cash of RMB348,115,000 (31 December 2014: RMB325,833,000) was deposited with Sinochem Finance Co., Ltd., a subsidiary of the ultimate holding company of a shareholder with significant influence.

17. Trade and Bills Payables

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Bills payable	**3,580,947**	2,632,580
Trade payables	**1,761,965**	856,491
	5,342,912	3,489,071

An aged analysis of the trade and bills payables as at the end of the reporting period, is as follows:

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Within 1 year	**4,465,526**	3,338,978
1 to 2 year	**822,578**	102,991
2 to 3 year	**32,506**	24,310
3 years and beyond	**22,302**	22,792
	5,342,912	3,489,071

The trade payables are non-interest-bearing and are repayable within the normal operating cycle or on demand.

Notes to Interim Condensed Consolidated Financial Statements

18. Interest-Bearing Bank and Other Borrowings

	30 June 2015 (Unaudited)			31 December 2014 (Audited)		
	Effective annual interest rate (%)	Maturity	RMB'000	Effective annual interest rate (%)	Maturity	RMB'000
Current						
Current portion of long term bank loans – secured	2.78~6.30	2016	5,477,456	3.38~7.00	2015	7,086,848
Bank loans – unsecured	1.57~7.50	2016	6,600,981	2.23~7.50	2015	9,191,888
Current portion of long term bank loans – unsecured	2.50~7.36	2016	17,305,788	2.58~8.30	2015	10,762,241
Other loans – secured	5.51~5.70	2016	230,000	6.30~6.42	2015	280,000
Other loans – unsecured	5.25~8.50	2016	1,931,850	6.46	2015	2,080,672
Bonds – unsecured	3.70~5.50	2016	1,736,467	4.00~5.50	2015	871,221
			33,282,542			30,272,870
Non-current						
Bank loans – secured	2.78~6.30	2016~2023	4,290,536	3.38~7.00	2016~2021	5,948,731
Bank loans – unsecured	1.39~7.36	2016~2021	24,558,403	2.58~8.30	2016~2021	22,957,211
Other loans – secured	5.51~5.70	2016~2018	355,351	6.30~6.42	2016~2017	415,000
Other loans – unsecured	5.40~6.60	2016~2018	325,000	3.23~8.30	2016	304,058
Bonds – unsecured	3.80~6.95	2016~2022	12,939,759	3.70~6.95	2016~2022	11,879,967
			42,469,049			41,504,967
			75,751,591			71,777,837

Notes to Interim Condensed Consolidated Financial Statements

18. Interest-Bearing Bank and Other Borrowings (continued)

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Analysed into:		
Bank loans and overdrafts repayable:		
Within one year or on demand	29,384,225	27,040,977
In the second year	17,505,818	19,190,570
In the third to fifth years, inclusive	11,000,220	9,359,370
Beyond five years	342,901	356,002
	58,233,164	55,946,919
Other borrowings repayable:		
Within one year	3,898,317	3,231,893
In the second year	4,456,465	3,484,230
In the third to fifth years, inclusive	8,717,030	8,750,973
Beyond five years	446,615	363,822
	17,518,427	15,830,918
	75,751,591	71,777,837

(a) As at 30 June 2015, the Group's bank and other borrowings secured by the pledge of or the transfer of certain of the Group's lease receivables and entrusted loans amounted to RMB14,899,460,000 (31 December 2014: RMB17,651,132,000). As at 30 June 2015, the Group's lease receivables and entrusted loans pledged or charged as security for the Group's bank and other borrowings amounted to RMB17,725,637,000 (31 December 2014: RMB19,688,387,000).

(b) As at 30 June 2015, the Group's bank and other borrowings, pledged by cash, amounted to RMB2,301,376,000 (31 December 2014: RMB1,475,835,000).

(c) As at 30 June 2015, no property, plant and equipment of the Group was provided as collateral for borrowings nor had the Group provided any guarantees for other entities. (31 December 2014: Nil).

Notes to Interim Condensed Consolidated Financial Statements

19. Deferred Tax

The movements in deferred tax liabilities and assets of the Group during the period are as follows:

Deferred tax assets

	Government Special Subsidy RMB'000	Cash flow hedge RMB'000	Share Based Payments RMB'000	Allowances for impairment losses RMB'000	Salary and welfare payable RMB'000	Losses available for offsetting against future taxable profits RMB'000	Others RMB'000	Total RMB'000
Gross deferred tax assets at 1 January 2015	73,430	–	2,699	497,148	351,921	3,170	350	928,718
Credited/(Charged) to the statement of profit or loss during the period	6,025	–	3,952	69,066	23,971	5,342	(262)	108,094
Credited to reserve	–	1,323	–	–	–	–	–	1,323
Exchange differences	–	–	–	(4)	–	(19)	–	(23)
Gross deferred tax assets at 30 June 2015	79,455	1,323	6,651	566,210	375,892	8,493	88	1,038,112

	Government Special Subsidy RMB'000	Share Based Payments RMB'000	Allowances for impairment losses RMB'000	Salary and welfare payable RMB'000	Losses available for offsetting against future taxable profits RMB'000	Safety production cost RMB'000	Others RMB'000	Total RMB'000
Gross deferred tax assets at 1 January 2014	49,952	–	328,737	222,609	3,872	168	–	605,338
Credited/(Charged) to the statement of profit or loss during the year	23,478	2,699	168,348	129,312	(705)	(168)	350	323,314
Exchange differences	–	–	63	–	3	–	–	66
Gross deferred tax assets at 31 December 2014	73,430	2,699	497,148	351,921	3,170	–	350	928,718

Notes to Interim Condensed Consolidated Financial Statements

19. Deferred Tax (continued)

Deferred tax liabilities

	Asset revaluation RMB'000	Cash flow hedge RMB'000	Fair value adjustments arising from Call option RMB'000	Lease deposits RMB'000	Withholding income tax RMB'000	Total RMB'000
Gross deferred tax liabilities at 1 January 2015	9,315	81,236	3,002	21,385	47,005	161,943
Credited to the statement of profit or loss during the period	(131)	–	(1,236)	–	(15,660)	(17,027)
Credited to reserve	–	(81,236)	–	–	–	(81,236)
Arising from acquisition of subsidiaries	3,323	–	–	–	–	3,323
Gross deferred tax liabilities at 30 June 2015	12,507	–	1,766	21,385	31,345	67,003

	Asset revaluation RMB'000	Cash flow hedge RMB'000	Fair value adjustments arising from Call option RMB'000	Lease deposits RMB'000	Withholding income tax RMB'000	Withholding Interest tax RMB'000	Total RMB'000
Gross deferred tax liabilities at 1 January 2014	–	–	–	21,385	83,026	41,456	145,867
(Credited)/Charged to the statement of profit or loss during the year	(175)	–	3,002	–	(36,021)	–	(33,194)
Settled with interest receivables	–	–	–	–	–	(41,456)	(41,456)
Charge to reserve	–	81,236	–	–	–	–	81,236
Arising from acquisition of subsidiaries	9,490	–	–	–	–	–	9,490
Gross deferred tax liabilities at 31 December 2014	9,315	81,236	3,002	21,385	47,005	–	161,943

Notes to Interim Condensed Consolidated Financial Statements

19. Deferred Tax (continued)

For the purpose of the presentation of the consolidated statements of financial position, certain deferred tax assets and liabilities have been offset. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Net deferred tax assets recognized in the consolidated statements of financial position	**1,014,961**	904,331
Net deferred tax liabilities recognized in the consolidated statements of financial position	**43,852**	137,556

As at 30 June 2015, the Group had tax losses arising in Hong Kong of RMB31,483,000 (31 December 2014: RMB2,171,000) that is available indefinitely for offsetting against future taxable profits of the companies in which the losses arose and tax losses arising in Mainland China of RMB18,360,000 (31 December 2014: RMB18,743,000) that will expire in one to five years for offsetting against future taxable profits. For which, the Group has recognised deferred tax assets in respect of the tax losses. Aside from this, as at 30 June 2015, the Group did not recognise deferred tax assets arising in the Mainland China and Hong Kong in respect of unutilized tax losses and deductible temporary differences of RMB18,408,000 (31 December 2014: RMB6,976,000) and RMB43,928,000 (31 December 2014: RMB74,335,000), respectively, due to uncertainty in their recoverability.

Pursuant to the resolution of the Company, part of the profits of PRC subsidiaries generated from 2012 onwards will be retained by PRC subsidiaries for use in future operations or investments. In the opinion of the directors, it is probable that the temporary differences relating to the profits that are not expected to be distributed will not reverse in the foreseeable future. As at 30 June 2015, the aggregate amount of unrecognised deferred tax liabilities (i.e. withholding taxes relating to such temporary differences) was approximately RMB256,897,000 (31 December 2014: RMB206,880,000).

Notes to Interim Condensed Consolidated Financial Statements

20. Issued Capital

	Number of shares	Amounts HK$
Issued and fully paid ordinary shares:		
At 31 December 2014 (HK$0.01 each) (Audited)	3,292,400,000	8,531,380,000
At 30 June 2015 (Unaudited) (Note (ii))	**3,292,400,000**	**8,531,380,000**

(i) In accordance with section 135 of the Hong Kong Companies Ordinance (Cap. 622), the Company's shares no longer have a par or nominal value with effect from 3 March 2014. There is no impact on the number of shares in issue or the relative entitlement of any of the members of the Company as a result of this transition.

(ii) The Company purchased its own shares through a trust under a share award scheme, which were presented as shares held for share award scheme.

A summary of the transactions during the period in the Companies issued capital is as follow:

	Number of shares in issue	Share capital HK$'000	Equivalent share capital RMB'000
At 31 December 2014 (Audited)	3,292,400,000	8,531,380	6,683,751
As at 30 June 2015 (Unaudited)	**3,292,400,000**	**8,531,380**	**6,683,751**

21. Reserves

The amounts of the Group's reserves and the movements therein for the current and prior periods are presented in the interim condensed consolidated statement of changes in equity on pages 60 to 61 of the financial statements.

The Group's capital reserve represents the excess of the carrying amounts of capital and capital reserve of the subsidiaries acquired pursuant to the Reorganization as defined in the Prospectus, over the nominal value of the Company's shares issued as consideration plus the amount of borrowings capitalized in excess of the nominal value of shares issued.

Pursuant to the relevant PRC rules and regulations, those PRC subsidiaries which are domestic enterprises in the PRC as are required to transfer no less than 10% of their profits after taxation, as determined under PRC Company Law, to the statutory reserve fund until the balance reaches 50% of the registered capital. The transfer to this statutory reserve fund must be made before the distribution of dividend to shareholders.

Special reserve mainly represents funds set aside for the purpose of certain safety production activities. Pursuant to certain regulations issued by the State Administration of Work Safety of the PRC and other relevant regulatory bodies, the subsidiaries Shanghai Horizon Construction Engineering Equipment Co., Ltd. and Tianjin Horizon Equipment & Engineering Co., Ltd. set aside funds mainly for construction service activities at prescribed rates. These funds can be used for maintenance and/or improvements of safety of these activities, and are not available for distribution to shareholders.

Share-based compensation reserve of the Group comprises the recognition of the equity-settled share-based payment under the Share Options and the Share Award Scheme which are yet to be exercised. The amount will either be transferred to the share capital account when the related share options or awards are exercised, or be transferred to retained profits should the related options or awards expire or be forfeited.

Notes to Interim Condensed Consolidated Financial Statements

22. Perpetual Securities

On 23 June 2014, the Company issued US$200,000,000 senior perpetual capital securities ("Perpetual Securities") at initial distribution rate of 5.55%. Perpetual Securities are unsecured.

The direct transaction costs attributable to the Perpetual Securities amounted to RMB8,426,000.

Distributions of the Perpetual Securities may be paid semi-annually in arrears on 23 June and 23 December in each year with the exception of the first distribution payment date which is 23 January 2015 ("Distribution Payment Date") and may be deferred at the discretion of the Company unless a compulsory distribution payment event (including distributions to ordinary shareholders of the Company) has occurred. Following a deferral, arrears of distributions are cumulative.

The Perpetual Securities have no fixed maturity date and are callable at the Company's option in whole on 23 June 2017 ("First Call Date") or any Distribution Payment Date falling after the First Call Date at their principal amounts together with any accrued, unpaid or deferred distributions. The applicable distribution rate will reset, on First Call Date and every three years after the First Call Date, to the sum of the initial spread of 4.606%, the Treasury Rate and a step-up margin of 5.00% per annum.

In the opinion of the directors, the Group is able to control the delivery of cash or other financial assets to the holders of Perpetual Securities other than an unforeseen liquidation of the Company.

For the six months ended 30 June 2015, the profit attributable to the holders of Perpetual Securities, based on the applicable distribution rate, was RMB34,119,000 and the distribution made by the Group to the holders of Perpetual Securities was RMB68,008,000.

23. Contingent Liabilities

At the end of the reporting period, contingent liabilities that not provided for in the financial statements were as follow:

	30 June 2015 RMB'000	31 December 2014 RMB'000
Claimed amounts	**1,156**	–

24. Pledge of Assets

Details of the Group's bank loans which are secured by the assets of the Group, are included in Notes 10, 12, 16 and 18 to the financial statements.

Notes to Interim Condensed Consolidated Financial Statements

25. Operating Lease Arrangements

(a) As lessor

The Group leases its equipment, tools and moulds under operating lease arrangements. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 30 June 2015, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Within one year	**134,068**	43,135

(b) As lessee

The Group leases certain properties as its office premises under operating lease arrangements. Leases for properties are negotiated for terms substantially ranging from one to three years.

At 30 June 2015, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Within one year	**75,231**	71,035
In the second to fifth years, inclusive	**106,962**	117,264
More than five years	**1,520**	3,004
	183,713	191,303

Notes to Interim Condensed Consolidated Financial Statements

26. Commitments

(a) In addition to the operating lease commitments detailed in Note 25 above, the Group had the following capital commitments at the end of the reporting period:

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Contracted, but not provided for:		
Capital expenditure for acquisition of property and equipment	**227,547**	63,826
Purchase of shareholding	**85,000**	120,000
	312,547	183,826

(b) **Credit commitments**

The Group's irrevocable credit commitments at the end of the reporting period are as follow:

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Irrevocable credit commitment	**4,055,290**	3,693,206

At any given time, the Group has outstanding commitments to extend credit, which are included in irrevocable credit commitment. These commitments are in the form of approved lease contracts, which had yet to be provided as at the end of each reporting period.

Notes to Interim Condensed Consolidated Financial Statements

27. Related Party Transactions

Relationship between the Group and its related parties:

Ultimate holding company of a shareholder with significant influence

Sinochem Group

The shareholder with significant influence

Greatpart Limited

Subsidiaries of the ultimate holding company of a shareholder with significant influence

Sinochem Hong Kong (Group) Company Limited ("Sinochem Hong Kong")
Sinochem Finance Co., Ltd.
China Jin Mao Group Co., Ltd.
Beijing Chemsunny Property Co., Ltd.
Jin Mao (Shanghai) Property Management Service Co., Ltd.
Sinochem Jinmao Property Management (Beijing) Co., Ltd.
Sinochem Corporation
Sinochem International (Overseas) Pte. Ltd.
Sinochem International Tendering Co., Ltd. ("Sinochem Tendering")

a. **In addition to the balances in Notes 12, 15 and 17 to the financial statements, at the end of the reporting period, the Group had the following balances with its related parties:**

(i) Deposits and other receivables

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Due from related parties		
China Jin Mao Group Co., Ltd.	**16,337**	14,041
Beijing Chemsunny Property Co., Ltd.	**2,493**	2,493
Sinochem Hong Kong	**–**	438
Jin Mao (Shanghai) Property Management Service Co., Ltd.	**2**	–
Sinochem Jinmao Property Management (Beijing) Co., Ltd.	**175**	–
	19,007	16,972

Amounts due from related parties balance of the Group were unsecured and non-interest-bearing.

Notes to Interim Condensed Consolidated Financial Statements

27. Related Party Transactions (continued)

a. **In addition to the balances in Notes 12, 15 and 17 to the financial statements, at the end of the reporting period, the Group had the following balances with its related parties: (continued)**

(ii) Other payables and accruals

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Due to related parties		
Sinochem Finance Co., Ltd.	1,125	284
Sinochem Corporation	–	685
	1,125	969

Amounts due to related parties balances of the Group were unsecured and non-interest-bearing.

b. **The Group had the following material transactions with related parties during the period:**

(i) Interest income from cash in bank

	For the six months ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Sinochem Finance Co., Ltd.	2,646	3,058

The interest incomes were charged at rates 0.35% per annum.

(ii) Service fee income

	For the six months ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Sinochem International (Overseas) Pte. Ltd.	9,420	15,526

These services were provided based on prices mutually agreed between the parties.

Notes to Interim Condensed Consolidated Financial Statements

27. Related Party Transactions (continued)

b. The Group had the following material transactions with related parties during the period: (continued)

(iii) Interest expense on borrowings

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Sinochem Finance Co., Ltd.	3,604	13,862

The interest expenses were charged at rates 6.15% per annum.

(iv) Rental expenses

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
China Jin Mao Group Co., Ltd.	25,161	21,788
Beijing Chemsunny Property Co., Ltd.	6,135	5,897
Sinochem Jinmao Property Management (Beijing) Co., Ltd.	162	158
Jin Mao (Shanghai) Property Management Services Co., Ltd.	1,100	592
Sinochem Hong Kong	1,206	886

These transactions for rental expenses were based on prices mutually agreed between the parties.

(v) Commission fee

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Sinochem Finance Co., Ltd.	3,563	4,077

(vi) Tendering service fee:

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Sinochem International Tendering Co., Ltd.	251	–

Notes to Interim Condensed Consolidated Financial Statements

27. Related Party Transactions (continued)

b. The Group had the following material transactions with related parties during the period: (continued)

(vii) Non-cancellable operating leases

At each reporting period, the Group and the Company had total future minimum lease payments under non-cancellable operating leases as follows:

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
China Jin Mao Group Co., Ltd.	122,527	145,834
Beijing Chemsunny Property Co., Ltd.	21,933	–
Sinochem Hong Kong	3,617	–

(viii) Finance lease with CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd. ("CSR Sifang") and Sinochem Tendering

On 10 June 2015, the Group entered into (i) the Lease Contract with CSR Sifang and (ii) the Supplementary Agreement with CSR Sifang and Sinochem Tendering. Pursuant to the Supplementary Agreement, upon the completion of the performance by CSR Sifang of all its duties under the Lease Contract, including but not limited to payment of total amount of rental and all other taxes, interest and damages incurred (if any), Sinochem Tendering shall repurchase the Equipment in an amount of RMB11,738,000 and the Group will transfer the title of the Equipment to Sinochem Tendering after the payment of the repurchase price by Sinochem Tendering. The repurchase price was determined based on the residual value of the leasing asset as at the repurchase date.

In the opinion of the directors, the transactions listed above between the Group and the aforementioned related parties were conducted in the ordinary and usual course of business and on terms and conditions similar to those entered into with unrelated parties.

c. Compensation of key management personnel of the Group

	For the six months ended 30 June 2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Short-term employee benefits	10,217	9,058

During 2014, certain key management personnel of the Group were granted share options and restricted shares, in respect of their services to the Group, under the share option scheme and the restricted share award scheme of the Company. The above amount of short-term employee benefits does not include the equity settled share-based payments aforementioned.

Notes to Interim Condensed Consolidated Financial Statements

28. Fair Value Hierarchy

Financial instruments not measured at fair value

Financial assets and liabilities not presented at their fair value on the statement of financial position mainly represent cash and cash equivalents, restricted deposits, loans and accounts receivables, financial assets included in deposits and other receivables, trade and bills payables, financial liabilities included in other payables and accruals, interest-bearing bank and borrowings.

Fair value estimates are made at a specific point in time based on relevant market information and information about various financial instruments. The following methods and assumptions have been used to estimate the fair value of each class of financial instrument as far as practicable.

Cash and cash balances, current portion of financial assets included in deposits and other receivables, trade and bill payables,short-term borrowings and current portion of financial liabilities included in other payables and accruals

Substantially all of the financial assets and liabilities mature within one year from the balance sheet date and their carrying value approximates fair value.

Loans and accounts receivables, interest-bearing bank and other borrowing except for bonds issue and short-term borrowings and restricted deposit

Substantially all of loans and accounts receivables, restricted deposit and interest-bearing bank and other borrowing except for bonds issued and short-term borrowings are on floating rate terms, bear interest at prevailing market interest rates and their carrying value approximates fair value.

Bonds issued

The fair values of the bonds issued are calculated based on a discounted cash flow model that is used based on a current yield curve appropriate for the remaining term to maturity.

The table below summarises the carrying amounts and fair values of bonds issued which included in interest-bearing bank and other borrowings not presented at fair value on the statement of financial position.

Group

	Carrying amounts		Fair values	
	30 June 2015 RMB'000	31 December 2014 RMB'000	**30 June 2015 RMB'000**	31 December 2014 RMB'000
Financial liabilities				
Bond issued	**14,676,226**	12,751,188	**15,096,586**	12,972,462

Notes to Interim Condensed Consolidated Financial Statements

28. Fair Value Hierarchy (continued)

Financial instruments not measured at fair value (continued)

Non-current portion of financial assets included in in prepayments deposits and other receivables and non-current portion of financial liabilities included in other payables and accruals

The fair values of the non-current portion of financial assets included in prepayments deposits and other receivables and non-current portion of financial liabilities included in other payables and accruals have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The difference between the carrying amounts and fair values of those financial assets and liabilities are not significant.

Financial instruments measured at fair value

Non-deliverable cross-currency swaps

Non-deliverable cross-currency swaps are measured using valuation techniques similar to the present value calculations of the forward pricing and swap models, which incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

Call option

Call options are measured using valuation techniques including the Binomial Lattice model. The model incorporates various inputs including the value of the underlying equity interest. The valuation of the underlying equity interest requires management to make certain assumptions about the unobservable inputs of the model, which are terminal growth rate, discount rate, discount for lack of marketability and minority discount. A reasonable change in the unobservable inputs is not expected to significantly change the fair value of the call option.

Notes to Interim Condensed Consolidated Financial Statements

28. Fair Value Hierarchy (continued)

Fair value hierarchy:

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

Assets and Liabilities measured at fair value:

As at 30 June 2015

	Level 1 Quoted prices in active markets RMB'000	Level 2 Significant observable inputs RMB'000	Level 3 Significant unobservable inputs RMB'000	Total RMB'000
Cross-currency interest rate swaps – assets	–	17,526	–	17,526
Cross-currency interest rate swaps – liabilities	–	(173,217)	–	(173,217)
Forward currency contracts – assets	–	4,280	–	4,280
Forward currency contracts – liabilities	–	(414,067)	–	(414,067)
Investments at fair value through profit or loss-assets	–	91,704	–	91,704
Call option-assets	–	–	7,065	7,065

As at 31 December 2014

	Level 1 Quoted prices in active markets RMB'000	Level 2 Significant observable inputs RMB'000	Level 3 Significant unobservable inputs RMB'000	Total RMB'000
Cross-currency interest rate swaps – assets	–	204,770	–	204,770
Cross-currency interest rate swaps – liabilities	–	(56,978)	–	(56,978)
Forward currency contracts – assets	–	73,501	–	73,501
Forward currency contracts – liabilities	–	(166,969)	–	(166,969)
Call option – assets	–	–	12,006	12,006

Notes to Interim Condensed Consolidated Financial Statements

28. Fair Value Hierarchy (continued)

Fair value hierarchy: (continued)

Assets and Liabilities measured at fair value: (continued)

The movements in fair value measurements in Level 3 during the year were as follows:

	RMB'000
Call option:	
At 31 December 2014 and 1 January 2015	12,006
Total losses recognised in the statement of profit or loss	(4,941)
At 30 June 2015	**7,065**
At 31 December 2013 and 1 January 2014	968
Addition	12,006
Expired	(969)
Exchange difference	1
At 31 December 2014	12,006

During the six months ended 30 June 2015, there were no transfers at fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (six months ended 30 June 2014: Nil).

Liabilities for which fair values are disclosed:

As at 30 June 2015

	Level 1 Quoted prices in active markets RMB'000	**Level 2 Significant observable inputs RMB'000**	**Level 3 Significant unobservable inputs RMB'000**	**Total RMB'000**
Bonds issued	**–**	**15,096,586**	**–**	**15,096,586**

As at 31 December 2014

	Level 1 Quoted prices in active markets RMB'000	Level 2 Significant observable inputs RMB'000	Level 3 Significant unobservable inputs RMB'000	Total RMB'000
Bonds issued	–	12,972,462	–	12,972,462

Notes to Interim Condensed Consolidated Financial Statements

29. Events After the Reporting Period

(i) On 30 June 2015, the Company and the Placing Agent entered into the Placing Agreement, pursuant to which, on terms and subject to the condition of the Placing Agreement, the Placing Agent intends to place 658,000,000 Placing Shares at the Placing Price of HK$6.90 per Placing Share on a fully-underwritten basis to not less than six Placees, who and whose ultimate beneficial owner(s) are third parties independent of the Company and not connected persons of the Company. The Placing was completed on 14 July 2015. An aggregate of 658,000,000 Placing Shares, representing approximately 16.66% of the enlarged issued share capital of the Company immediately after Completion, have been successfully placed to not less than six Placees. The net proceeds from the Placing amount to approximately HK$4,471,700,000, which will be used to replenish the Company's capital and support its ongoing growth.

(ii) On 3 July 2015, the Board of directors (the "Board") announced that, the Company has resolved to offer to grant share options ("Options") to certain qualified participants (the "Grantees") under the share option scheme ("Share Option Scheme") of the Company adopted on 7 July 2014 to subscribe for a total of 18,569,020 ordinary shares in the capital of the Company under the Share Option Scheme, subject to the acceptance of such offer by the Grantees. Subject to the rules of the Share Option Scheme, the Options granted will vest to the Grantees at the second, third and fourth anniversary of the date of grant at an average amount. The validity period of the Options is within 10 years from the date of grant.

In July 2015, the Board resolved to grant 27,853,740 restricted shares (the "Restricted Shares") to certain qualified participants (the "Selected Grantees") under the award scheme (the "Award Scheme") of the Company adopted on 11 June 2014. Under the Award Scheme, some restricted shares (the "Restricted Shares") will be held on trust for the Grantees until such Restricted Shares are vested with the relevant Selected Grantees in accordance with the Award Scheme rules.

30. Approval of the Interim Condensed Consolidated Financial Statements

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 26 August 2015.

Financial Summary

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the past few financial years, as extracted from the published audited financial information and financial statements is set out below.

Results

	For the six months ended 30 June		For the year ended 31 December		
	2015	2014	2014	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
Revenue	**5,759,568**	5,062,971	10,060,717	7,868,382	6,486,395
Cost of Sales	**(2,275,474)**	(1,901,359)	(4,106,547)	(2,890,185)	(2,908,365)
Gross profit	**3,484,094**	3,161,612	5,954,170	4,978,197	3,578,030
Other income and gains	**199,656**	73,580	523,689	318,178	119,845
Selling and distribution costs	**(669,027)**	(642,668)	(1,356,023)	(1,124,955)	(703,143)
Administrative expenses	**(851,274)**	(827,900)	(1,659,885)	(1,294,330)	(863,635)
Other expenses	**(318,352)**	(154,759)	(249,400)	(282,972)	(52,939)
Finance costs	**(9,350)**	(3,236)	(14,667)	(1,270)	(2,138)
Profit or loss on investment in joint ventures	**2,017**	–	(195)	–	–
Profit or loss on investment in associates	**–**	3,927	13,511	7,893	–
Profit before tax	**1,837,764**	1,610,556	3,211,200	2,600,741	2,076,020
Income tax expense	**(504,549)**	(439,996)	(869,026)	(684,668)	(558,652)
Profits for the year	**1,333,215**	1,170,560	2,342,174	1,916,073	1,517,368
Attributable to:					
Holders of ordinary shares of the Company	**1,296,536**	1,165,444	2,295,954	1,912,744	1,518,577
Holders of senior perpetual securities	**34,119**	1,298	36,036	–	–
Non-controlling interests	**2,560**	3,818	10,184	3,329	(1,209)
	1,333,215	1,170,560	2,342,174	1,916,073	1,517,368

Financial Summary

The following table sets forth the results of the Group converted into US$ at the respective average exchange rate as at the end of each period[1] as of the dates indicated.

	For the six months ended 30 June		For the year ended 31 December		
	2015	2014	2014	2013	2012
	US$'000	US$'000	US$'000	US$'000	US$'000
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
Revenue	**941,675**	826,628	1,647,151	1,270,898	1,030,699
Cost of sales	**(372,034)**	(310,434)	(672,328)	(466,822)	(462,144)
Gross profit	**569,641**	516,194	974,823	804,076	568,555
Other income and gains	**32,643**	12,013	85,739	51,392	19,044
Selling and distribution costs	**(109,384)**	(104,928)	(222,010)	(181,702)	(111,731)
Administrative expenses	**(139,181)**	(135,171)	(271,758)	(209,060)	(137,233)
Other expenses	**(52,050)**	(25,267)	(40,832)	(45,705)	(8,411)
Finance costs	**(1,529)**	(528)	(2,401)	(205)	(340)
Profit or loss on investment in joint ventures	**330**	–	(32)		
Profit or loss on investment in associates	**–**	641	2,212	1,275	–
Profit before tax	**300,470**	262,954	525,741	420,071	329,884
Income tax expense	**(82,493)**	(71,838)	(142,278)	(110,587)	(88,771)
Profits for the year	**217,977**	191,116	383,463	309,484	241,113
Attributable to:					
Holders of ordinary shares of the Company	**211,980**	190,281	375,896	308,946	241,305
Holders of senior perpetual securities	**5,578**	212	5,900	–	–
Non-controlling interests	**419**	623	1,667	538	(192)
	217,977	191,116	383,463	309,484	241,113

Financial Summary

Assets, Liabilities and Non-controlling Interests

	For the six months ended 30 June		For the year ended 31 December		
	2015	2014	2014	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
Total assets	**119,276,390**	99,903,421	110,726,124	86,512,872	60,570,275
Total Liabilities	**(101,410,619)**	(83,890,195)	(93,276,231)	(72,348,002)	(47,714,829)
Senior perpetual securities	**(1,224,281)**	(1,223,432)	(1,258,170)	–	–
Non-controlling interests	**(238,999)**	(72,819)	(78,771)	(39,528)	(10,964)
	16,402,491	14,716,975	16,112,952	14,125,342	12,844,482

The following table sets forth the assets, liabilities and non-controlling interests of the Group converted into US$ at the respective average rate as at the end of each period[(1)] as of the dates indicated.

	For the six months ended 30 June		For the year ended 31 December		
	2015	2014	2014	2013	2012
	US$'000	US$'000	US$'000	US$'000	US$'000
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
Total assets	**19,510,009**	16,237,066	18,095,461	14,189,649	9,636,509
Total liabilities	**(16,587,709)**	(13,634,475)	(15,243,705)	(11,866,359)	(7,591,255)
Senior perpetual securities	**(200,255)**	(198,842)	(205,617)	–	–
Non-controlling interests	**(39,093)**	(11,835)	(12,873)	(6,483)	(1,744)
	2,682,952	2,391,914	2,633,266	2,316,807	2,043,510

Note:

(1) Exchange rate

	Exchange rate as at the end of the period	Average exchange rate
31 December 2011	6.3009	6.4618
31 December 2012	6.2855	6.2932
31 December 2013	6.0969	6.1912
31 December 2014	6.1190	6.1080
30 June 2013	6.1787	6.2321
30 June 2014	6.1528	6.1249
30 June 2015	6.1136	6.1163

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