環球醫療金融與技術咨詢服務有限公司

UNIVERSAL MEDICAL FINANCIAL & TECHNICAL ADVISORY SERVICES COMPANY LIMITED

(Incorporated in Hong Kong with limited liability) Stock code : 2666

2015

Interim Report

Contents

CORPORATE INFORMATION

Board of Directors

Chairman and Non-executive Directors

Mr. Zhang Yichen *(Chairman)*
Mr. Jiang Xin *(Vice Chairman)*

Executive Directors

Mr. Guo Weiping *(CEO)*
Ms. Peng Jiahong *(CFO)*

Non-executive Directors

Mr. Su Guang
Mr. Chen Weisong
Mr. Liu Xiaoping
Mr. Liu Zhiyong

Independent Non-executive Directors

Mr. Lim Yean Leng
Mr. Li Yinquan
Mr. Chow Siu Lui
Mr. Kong Wei

Nomination Committee

Mr. Zhang Yichen *(Chairman)*
Mr. Chow Siu Lui
Mr. Kong Wei

Strategy Committee

Mr. Jiang Xin *(Chairman)*
Mr. Zhang Yichen
Mr. Guo Weiping

Audit Committee

Mr. Li Yinquan *(Chairman)*
Mr. Liu Xiaoping
Mr. Chow Siu Lui

Remuneration Committee

Mr. Chow Siu Lui *(Chairman)*
Mr. Chen Weisong
Mr. Lim Yean Leng

Risk Control Committee

Mr. Su Guang *(Chairman)*
Mr. Liu Zhiyong
Ms. Peng Jiahong

Company Secretary

Ms. Cheng Pik Yuk

Authorised Representatives

Ms. Peng Jiahong
Ms. Cheng Pik Yuk

Registered Office

Room 3302-3303
Office Tower, Convention Plaza
No. 1 Harbour Road, Wanchai
Hong Kong

Head Office and Principal Place of Business in China

9/F, Zhongyi Tower
No. 6 Xizhimenwai Avenue
Xicheng District
Beijing
China

Share Registrar

Computershare Hong Kong
Investor Services Limited
46th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

Auditor

Ernst & Young

Hong Kong Legal Advisers

Wilson Sonsini Goodrich & Rosati

Chiu & Partners

Compliance Adviser

Somerley Capital Limited

Principal Bankers

Bank of Communications, Beijing
Fuwai Subbranch
Bank of China (Hong Kong) Limited

Company's Website

www.universalmsm.com

Stock Code

2666.HK

"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of directors of our Company
"CAGR"	compound average growth rate
"CG Code''	the "Corporate Governance Code'' contained in Appendix 14 to the Listing Rules
"CITIC Capital Leasing"	CITIC Capital Leasing Ltd., a company incorporated under the laws of Cayman Islands on 16 September 2011 with limited liability
"Company"	Universal Medical Financial & Technical Advisory Services Company Limited (環球醫療金融與技術咨詢服務有限公司) (formerly known as Universal Medical Services & Health Management Company Limited (環球醫療服務有限公司) and Universal International Leasing Co., Limited (環球國際租賃有限公司)), a company incorporated with limited liability under the laws of Hong Kong on 19 April 2012
"CULC"	China Universal Leasing Co., Ltd. (中國環球租賃有限公司), a wholly foreign-owned enterprise incorporated in China on 1 November 1984 and a wholly-owned subsidiary of our Company
"Director(s)"	the director(s) of the Company
"Evergreen"	Evergreen021 Co., Ltd, a company incorporated under the laws of the British Virgin Islands on 14 August 2014 with limited liability
"GDP"	gross domestic product
"Group", "our Group", "we" or "us"	the Company and its subsidiaries
"GT-HK"	Genertec Hong Kong International Capital Limited (通用技術集團香港國際資本有限公司), a company incorporated under the laws of Hong Kong on 24 March 1994 with limited liability, an indirect wholly-owned subsidiary of GT-PRC
"GT-PRC"	China General Technology (Group) Holding Company Limited (中國通用技術 (集團) 控股有限責任公司), a state-owned enterprise, which is under the direct administration of the PRC central government
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HIBOR"	Hong Kong Interbank Offer Rate

DEFINITION

"ICBCI"	ICBC International Wealth Investment Limited, a company incorporated under the laws of the British Virgin Islands on 19 September 2014 with limited liability
"ITCCL"	International Technological Cooperation Co., Ltd (國際技術合作有限公司), a company incorporated under the laws of the British Virgin Islands on 14 August 2014 with limited liability
"Listing Date"	8 July 2015, on which the Shares are listed on the Stock Exchange and from which dealings in the Shares are permitted to commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部), or where the context so requires, its counterparts at the local levels
"PPP"	public private partnership
"PBOC"	People's Bank of China
"PRC" or "China"	The People's Republic of China, for the purpose of this interim report, excluding Hong Kong, Macau and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"Share(s)"	ordinary share(s) in the share capital of the Company
"SSE"	Shanghai Stock Exchange
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Tianjin Leasing"	Universal International Financial Leasing (Tianjin) Co., Ltd. (環球國際融資 (天津) 有限公司), a company incorporated in China on 10 December 2014 and a wholly owned subsidiary of our Company
"USD"	United States dollars, the lawful currency of the United States

CORPORATE PROFILE

Universal Medical Financial & Technical Advisory Services Company Limited and its subsidiaries are currently the largest integrated healthcare services provider in China (in terms of revenue in 2014, according to a report of an independent consulting firm). The Group focuses on the fast-growing healthcare service industry in China, offering hospital customers a variety of integrated healthcare solutions with support from its own diversified healthcare resources platform.

The largest shareholder of the Company is China General Technology (Group) Holding Company Limited (中國通用技術 (集團) 控股有限責任公司), which is one of the key state-owned enterprises under direct administration of the PRC central government and is among the Fortune Global 500 list.

Ever since our incorporation, leveraging the insights into healthcare industry and experience of providing services over the years, strong financial position and business developing capability, we have accumulated over a thousand hospital customers throughout China, established sound cooperation with hundreds of domestic and foreign well-known healthcare experts and academic leaders and formed strategic partnerships with famous healthcare services institutions, including those from China, the United Kingdom, the United States, Germany and Norway. Through our continuous expansion of the healthcare industry resources, we have established a unique and innovative business model, providing customers with integrated healthcare solutions, which comprise of financial supports, clinical upgrade advisory services, healthcare technology services, hospital management services and hospital digitalisation services. The Group is headquartered in Hong Kong and has set up an operation center in Beijing. The Group has also successively established four subsidiaries in Tianjin Free Trade Zone, which serve as the operating entities for healthcare financial services, hospital management services, healthcare technology services and hospital digitalisation services, respectively. We have formed a nationwide service network and set up offices in the central cities of various provinces such as Heilongjiang, Shandong, Henan, Hunan, Sichuan and Shaanxi, and further strengthened our business network where each region, acting as a center, leads its surrounding areas and then covers nationwide.

We will firmly seize the good opportunity for development of healthcare industry in China and commit to the promotion of development of China's healthcare service industry. We will widely establish strategic alliances with both domestic and foreign leading professional healthcare organisations, well-known experts and international medical equipment suppliers, expand medical resources platform, solidify foundation for development, deepen professional services, fulfill social responsibility in the process of development and enhance corporate value through continuous innovation.

PERFORMANCE OVERVIEW

	For the six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Total income (after business taxes and surcharges)	**982,051**	673,251
Finance lease income	**703,943**	485,102
Industry, equipment and financing advisory income	**252,079**	169,137
Clinical department upgrade services income	**34,940**	26,135
Cost of sales	**441,212**	276,562
Interest expense	**432,941**	268,989
Profit before tax	**367,749**	236,100
Basic and diluted earnings per share (RMB)	**0.21**	0.22
Profitability Indicators		
Return on total assets[1]	**3.11%**	3.14%
Return on equity[2]	**21.03%**	24.89%
Net interest spread[3]	**2.49%**	3.21%
Net interest margin[4]	**3.20%**	3.97%
Net profit margin[5]	**27.48%**	26.07%
Cost to income ratio[6]	**26.73%**	25.58%

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

(2) Return on equity = profit for the period/average balance of equity at the beginning and end of the period, presented on an annualised basis.

(3) Net interest spread is the difference between average yield of interest-earning assets and average cost rate of interest-bearing liabilities. Average balance of interest-earning assets is calculated based on the average balance of net lease receivables before provision as at each month end within the reporting period; average balance of interest-bearing liabilities is calculated based on the average balance of bank and other borrowings and lease deposits as at each month end within the reporting period.

(4) Net interest margin is calculated by dividing net interest income by average balance of interest-earning assets, presented on an annualised basis.

(5) Net profit margin = net profit/income (after business tax and surcharges).

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

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Assets and Liabilities		
Total assets	**18,385,528**	16,385,316
Net lease receivables	**17,684,387**	15,850,139
Total liabilities	**15,678,123**	13,957,817
Interest-bearing bank and other borrowings	**13,783,186**	11,408,252
Total equity	**2,707,405**	2,427,499
Net assets per share (RMB)	**2.13**	1.91
Financial Indicators		
Debt ratio(1)	**85.27%**	85.18%
Gearing ratio(2)	**5.09**	4.70
Current ratio(3)	**1.21**	0.88
Asset Quality		
Non-performing assets ratio(4)	**0.79%**	0.83%
Provision coverage ratio(5)	**178.74%**	166.10%
Write-off of non-performing assets ratio(6)	**0.00%**	0.00%
Overdue ratio (over 30 days)(7)	**0.75%**	0.96%

(1) Debt ratio = total liabilities/total assets.

(2) Gearing ratio = interest-bearing bank and other borrowings/total equity.

(3) Current ratio = current assets/current liabilities.

(4) Non-performing assets ratio = balance of non-performing assets/net interest-earning assets.

(5) Provision coverage ratio = provision for impairment of assets/balance of non-performing assets.

(6) Write-off of non-performing assets ratio = assets written-off/non-performing assets at the end of the previous year.

(7) Overdue ratio (over 30 days) is calculated based on net lease receivables which are more than 30 days overdue divided by total net lease receivables.

MANAGEMENT DISCUSSION AND ANALYSIS

1 ECONOMIC ENVIRONMENT

1.1 Macro Environment

In the first half of 2015, faced with a complex international economic environment and the downward pressure on domestic economy, the Chinese government strengthened macroeconomic control, and proactively promoted institutional reform and innovation to ensure that national economy performed within an appropriate range. China's GDP increased by 7% in the first half of the year, showing a moderate but stable and sound momentum of development. In order to manage the major downward pressure on the real economy, in order to promote sustainable and healthy economic development, the Chinese government constantly improved its monetary policy framework, implemented a more prudent monetary policy, lowered financial institutions' RMB lending and deposit benchmark interest rates and RMB deposit reserve ratio three times in a row. China continued to accelerate the development of service sector, which accounted for 49.5% of its GDP and increased by 2.1% compared to the corresponding period of last year, showing a trend of continued transformation from an industry-driven economy to a service-driven economy and its industrial structure continued to be optimised.

1.2 Healthcare Industry

1.2.1 Rapid growth in healthcare industry

China is one of the largest healthcare services markets in the world and has grown fast in recent years. Between 2009 and 2013, China's total healthcare expenditure grew to RMB3,166.9 billion at a CAGR of 15.9% and its healthcare services expenditure grew to RMB1,491.2 billion at a CAGR of 19.8%, both of which were the fastest growth among the 10 countries with the largest GDP in the world in 2013. However, China's healthcare service industry is still underdeveloped compared to that of developed countries, with a total healthcare expenditure per capita of only USD375 in 2013, ranking second to the last among the 10 countries with the largest GDP in the world. Driven by a number of factors including China's aging population, increase in household wealth, improved health awareness and improvement of medical conditions and technology, according to a report of an independent consulting firm, the revenue of China's healthcare organizations is expected to grow rapidly at a CAGR of 17.3% between 2014 and 2018.

There is a significant gap in the allocation of medical resources and clinical capabilities between China's regional and county-level hospitals and those at national and provincial level, leaving huge room for further development. According to the report of an independent consulting firm, the revenue of regional and county-level hospitals grew at a CAGR of 19.9% from 2009 to 2013, and is expected to continue to grow rapidly in the next three to five years at a CAGR of 18.5%.

1 Economic Environment – *continued*

1.2 Healthcare Industry – *continued*

1.2.2 Proactive implementation of regional and county-level public hospital reform by the government

In May 2015, the State Council issued "2014 Work Review and 2015 Major Tasks on Deepening Reform of Pharmaceutical and Healthcare System" (《深化醫藥衛生體制改革2014年工作總結和2015年重點工作任務》), which clearly states that comprehensive reform will be carried out in county-level public hospitals in all counties (municipalities) and comprehensive pilot reform will be conducted in public hospitals in more than 100 regional level (and higher level) cities. Soon after that, the State Council issued "Guidance on Pilot Program for Comprehensive Reform of Urban Public Hospitals" (《關於城市公立醫院綜合改革試點的指導意見》), which urged those regions that are carrying out urban public hospitals pilot reform to establish tiered medical care pilot system, with an aim to establish a tiered medical care model featuring initial diagnosis at primary hospitals, two-way referral, separate treatment of acute and chronic diseases and collaboration between hospitals at different levels (基層首診、雙向轉診、急慢分治、上下聯動). The guidance also sets the following goals: by 2017, serious illness is treated in county-level hospitals, residents can receive medical treatment in local hospitals, each county (municipality) runs 1 to 2 well-managed county-level public hospitals and focuses on development of clinical departments in respect of the top 5 to 10 diseases with the highest rate of being referred to hospitals above county level in recent three years.

1.2.3 Social capital is actively encouraged by the government to invest in healthcare industry

Since 2013, the Chinese government has been actively encouraging social capital to invest in healthcare industry and sped up reinforcement of relevant policies. Following the lift of price control over healthcare services in 2014, in January 2015, National Health and Family Planning Commission, National Development and Reform Commission and other three authorities jointly issued "Several Opinions on Promoting and Regulating Multi-point Practice by Physicians" (《關於推進和規範醫師多點執業的若干意見》), according to which a physician applying for multi-point practice is required to obtain a "consent" instead of "written consent" from his original practice location. In June 2015, the General Office of the State Council issued "Several Policies and Measures on Promoting the Accelerated Development of Private Medical Institutions" (《關於促進社會辦醫加快發展的若干政策措施》), which requires inclusion of those eligible private medical institutions into medical insurance coverage and equal treatment of them and public medical institutions.

In addition, since 2014, the government has been vigorously developing the PPP model. In May 2015, Ministry of Finance, National Development and Reform Commission and the PBOC jointly issued "Guidance on Promotion of Public-Private Partnership Model in Public Services Sector" (《關於在公共服務領域推廣政府和社會資本合作模式的指導意見》), encouraging PPP model to be widely adopted in public services sectors such as healthcare, public health and elderly care.

1 Economic Environment – *continued*

1.2 Healthcare Industry – *continued*

1.2.4 Vigorous promotion of digitalisation level of hospitals by the government

Stimulated by government and hospital investment, China's healthcare industry is undergoing rapid digitalisation. China's total healthcare information technology expenditure grew to RMB19.1 billion in 2013 from RMB7.6 billion in 2009, representing a CAGR of 26.0%. Despite the rapid growth since 2009, China's healthcare information technology system is in its infancy lagging far behind the developed countries. In order to promote digitalisation of hospitals, the Chinese government promulgated a series of policies. In March 2015, the State Council issued "National Healthcare Services System Planning Guidance (2015-2020)" (《全國醫療衛生服務體系規劃綱要(2015-2020年)》), which clearly sets a goal to have full basic coverage on all citizens by three databases, namely, demographic information, electronic health record and electronic medical records, and to put in place dynamic information updates by 2020. May 2015 also saw the issuance of "Implementation Opinions on Comprehensive Reform of County-Level Public Hospitals" (《關於全面推開縣級公立醫院綜合改革的實施意見》), which urges county-level hospitals to put in place interconnection and information sharing among them in respect of residents' electronic health records, electronic medical records, public health and the new rural cooperative medical systems by the end of 2017, and to actively promote integration of regional health information resource and business collaboration.

1.3 Business Review for the First Half of the Year

During the first half of 2015, despite the downward pressure on economy, the healthcare services industry showed great momentum and a number of favorable policies were promulgated. The Group has seized this historical opportunity to further enhance its medical resources platform, expand its hospital customer base, improve the quality of its business development, accelerate business innovation and provide an expanded range of integrated healthcare services to hospital customers, and achieved rapid development.

1 Economic Environment – *continued*

1.3 Business Review for the First Half of the Year – *continued*

1.3.1 Medical equipment financing business

The Group continued to expand its sales and marketing network to target existing and potential hospital customers, and enhanced its risk management capabilities. During the first half of 2015, we have established sales representative offices in a number of key cities in Shandong, Henan, Hunan, Sichuan and Shaanxi, taking into account their population, the number of regional and county-level hospitals, and our existing customer base and penetration rate in these provinces, with a view to further penetrate into regional and county-level hospitals, market our finance lease business and provide integrated healthcare services to hospitals located in these provinces. Based on our financial leasing business, we continued to attract loyal customers through provision of flexible, diversified and integrated healthcare services. We continued to focus on optimising client selection and credit approval procedures to further enhance our risk management capabilities.

In addition, when we discussed with local governments with respect to selling our healthcare solutions to the public hospitals under their supervision, we would normally explore the potential demand for our financial services from other public institutions (such as education, water and environmental protection institutions) under its supervision in order to make full use of our resources advantages and maximise revenue from cross-selling.

1.3.2 Clinical department upgrade services

We continued to optimise our CVA (cerebrovascular accident) project solutions and adopt our successful CVA project solutions model in other clinical areas such as anesthesia, ophthalmology, otolaryngology and oncology. These solutions brought us great cross-selling opportunities for our equipment sourcing solutions and finance lease business. Meanwhile, we further strengthened our network of internal and external experts in these clinical areas to develop additional solutions and strengthen our equipment introduction capabilities. In addition, we established Universal Yihe Medical Technology Service (Tianjin) Co., Ltd. (環醫益和醫療技術服務 (天津) 有限公司), a wholly-owned subsidiary in Tianjin Free Trade Zone in July 2015 to further vigorously implement our strategies.

1 Economic Environment – *continued*

1.3 Business Review for the First Half of the Year – *continued*

1.3.3 Hospital management and digitalisation services

To actively promote our new business, we established Ronghui Jimin Hospital Investment Management (Tianjin) Co., Ltd. (融慧濟民醫院投資管理 (天津) 有限公司) and Huimin Huakang Healthcare Information Technology (Tianjin) Co., Ltd. (惠民華康醫療信息技術(天津)有限公司), two wholly-owned subsidiaries in Tianjin Free Trade Zone in July 2015 to provide hospital management and hospital digitalisation services, respectively. At the same time, we have set up new business development linkage mechanism, under which, we timely establish project promotion teams comprising internal and eternal experts based on requirements of specific projects, conduct in-depth communication with target customers, negotiate flexible cooperation modes, constantly optimise transaction plans, enhance our customer responsiveness and implement our business initiatives in a fast and orderly manner under effective risk management. We are currently discussing with several hospital customers on cooperation proposals in respect of new business initiatives. In addition, we continued to introduce professionals to strengthen our team for new business development. Further, our talent cultivation mechanism (i.e. staff development - knowledge sharing - cultural integration) resulted in our continued development of internal knowledge and innovation capabilities, which provided support to our new business development from organisational perspective.

1.3.4 Further expand our medical resources platform

Based on our existing resources platform, after communication with a number of experts from several well-known domestic hospitals, and several international doctor organisations, renowned hospitals, hospital management companies and hospital design companies in the United States and Europe, we have signed several strategic cooperation agreements and established close strategic partnerships with them. Strategic cooperation with internationally famous healthcare services organisations have enabled us to gain extensive experience in hospital management, grasp advanced hospital management skills, introduce advanced ideas on hospital design, encourage the creativity of internal experts and continue to expand our healthcare resources platform, which contributed to the systemic enhancement of our healthcare services and management for hospital customers.

1 Economic Environment – *continued*

1.3 Business Review for the First Half of the Year – *continued*

1.3.5 Financing support

In the first half of 2015, the Group continued to improve its funding capabilities based on its own credit and asset quality. We continued to deepen our cooperation with domestic and international banks and financial institutions, which fully assured the funding support required by our business development. Meanwhile, under the complicated macro-financial environment home and abroad, the Group kept up with changes in macroeconomic situation, adjusted financing strategy appropriately, optimised its debt structure and balanced its financing costs.

In response to domestic economic slowdown pressure, in the first half of 2015, the PBOC continued to cut interest rates and deposit reserve ratio, thus the overall leading costs of domestic banks declined. In the meantime, the volatility in the RMB against USD exchange rate increased, liquidity of offshore RMB became tight, offshore RMB deposit and lending interest rates significantly increased, spread between domestic and foreign financing costs reduced, and the overseas financing cost was even higher than domestic financing cost in some cases. In response to these changes, the Group tended to shift its focus on source of financing to domestic financial institutions, reduced the proportion of offshore USD borrowings, expanded its credit line granted by the existing major lending banks and diversified its borrowing portfolio to effectively control financing costs and exchange rate risks.

In the first half of 2015, the Group continued to strive to improve its own credit financing capabilities and gradually replaced all loans due to related parties and loans guaranteed by related parties, which further enhanced our financial independence. The Company was successfully listed on the Stock Exchange on 8 July 2015, which is expected to reinforce the Group's financing abilities.

In May 2015, we successfully issued asset-backed securities of RMB1,141.9 million on the SSE, including senior securities of RMB912.0 million, with an average capital cost of 5.48%, which recorded a 5.6 times oversubscription by institutional investors. The yield of each tranche reached a historic low among asset-backed securities, reflecting high recognition of our asset quality by the domestic capital market.

We obtained a qualification to issue financing instruments in the inter-bank market through registration with the National Association of Financial Market Institutional Investors. In the future, we will further make use of direct financing market and obtain financing at low costs by issuing financial products such as medium-term notes and short-term financing bonds.

2 ANALYSIS OF STATEMENT OF PROFIT OR LOSS

2.1 Analysis of Statement of Profit or Loss (Overview)

In the first half of 2015, the Group achieved healthy growth with revenue growth generally in line with the growth in costs and expenses. The Group realized a revenue (after business tax and surcharges) of RMB982.1 million, representing an increase of 45.9% as compared to RMB673.3 million for the corresponding period of the previous year; profit before tax was RMB367.8 million, representing an increase of 55.8% as compared to RMB236.1 million for the corresponding period of the previous year.

The following table sets forth the comparative figures for the six months ended 30 June 2015.

	For the six months ended 30 June		
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)	Change %
Revenue	**982,051**	673,251	45.9%
Cost of sales	**(441,212)**	(276,562)	59.5%
Gross profit	**540,839**	396,689	36.3%
Other income and gains	**3,841**	5,626	-31.7%
Selling and distribution costs	**(73,025)**	(53,077)	37.6%
Administrative expenses	**(101,624)**	(79,208)	28.3%
Other expenses	**(2,282)**	(33,930)	-93.3%
Profit before tax	**367,749**	236,100	55.8%
Income tax expense	**(97,835)**	(60,605)	61.4%
Profit for the period	**269,914**	175,495	53.8%
Basic and diluted earnings per share (RMB)	**0.21**	0.22	-4.5%

2 ANALYSIS OF STATEMENT OF PROFIT OR LOSS – *continued*

2.2 Revenue

In the first half of 2015, the Group realised a revenue (revenue in this section 2.2 is amount before business taxes and surcharges) of RMB991.4 million, representing an increase of 45.7% from RMB680.4 million as compared to the corresponding period of the previous year, which was mainly attributable to the growth of finance lease income and total advisory income.

The Group generates its revenue primarily from (1) finance lease services; (2) advisory services, including industry, equipment and financing advisory services; and (3) clinical department upgrade services. The clinical department upgrade services comprise of clinical department upgrade advisory services, operating lease services and sales of medical equipment. In the first half of 2015, the finance lease income was RMB703.9 million, an increase by 45.1% compared to the same period last year; the industry, equipment and financing advisory income was RMB252.1 million, an increase by 49.0% compared to the same period last year; and the revenue from clinical department upgrade services was RMB34.9 million, an increase by 33.7% compared to the same period last year. In the clinical department upgrade services, the advisory services income increased by 86.3% to RMB26.8 million in the first half of 2015 from RMB14.4 million in the same period last year.

The following table sets forth the breakdown of the Group's revenue by segment and their changes for the periods indicated.

	For the six months ended 30 June				
	2015		2014		
	RMB'000 (Unaudited)	% of total	RMB'000 (Unaudited)	% of total	Change %
Finance lease income	**703,943**	**71.0%**	485,102	71.3%	45.1%
Industry, equipment and financing advisory	**252,079**	**25.5%**	169,137	24.9%	49.0%
Clinical department upgrade services	**34,940**	**3.5%**	26,135	3.8%	33.7%
– Advisory income	**26,829**	**2.7%**	14,402	2.1%	86.3%
– Operating lease income	**7,562**	**0.8%**	8,357	1.2%	-9.5%
– Sale of goods income	**549**	**0.0%**	3,376	0.5%	-83.7%
Others	**447**	**0.0%**	7	0.0%	6,285.7%
Total revenue before business tax and surcharges	**991,409**	**100%**	680,381	100%	45.7%
Business tax and surcharges	**(9,358)**		(7,130)		31.2%
Revenue	**982,051**		673,251		45.9%

2 ANALYSIS OF STATEMENT OF PROFIT OR LOSS – *continued*

2.2 Revenue – *continued*

2.2.1 Finance lease income

Finance lease income mainly represents interest income. In the first half of 2015, the Group recorded interest income of RMB703.9 million, representing 71.0% of the total revenue. The interest income increased by 45.1% from RMB485.1 million in the same period last year, primarily attributable to the interest-bearing assets size and the average yield.

Average balance of interest-earning assets

The average balance of interest-earning assets of the Group increased by 55.5% to RMB16,926.0 million in the first half of 2015 from RMB10,883.5 million in the first half of 2014. The expanded size of interest-earning assets was mainly due to the increased number of finance lease projects and the increased average project principal amount.

The following table sets forth the average total balances of interest-earning assets by industrial sectors for the periods indicated.

	For the six months ended				
	30 June 2015		30 June 2014		
	RMB'000 (Unaudited)	% of total	RMB'000 (Unaudited)	% of total	Change %
Healthcare	11,313,502	66.8%	7,406,483	68.1%	52.8%
Education	4,821,778	28.5%	3,247,769	29.8%	48.5%
Others	790,680	4.7%	229,273	2.1%	244.9%
Total	16,925,960	100.0%	10,883,525	100.0%	55.5%

In the first half of 2015, the average balance of interest-earning assets in healthcare industry accounted for 66.8% of the average total balance of interest-earning assets, reflecting the strategic industry focus of the Group, which was also the main driver for the significant increase in the average balance of the Group's interest-earning assets. In the first half of 2015, the average balance of interest-earning assets in healthcare industry amounted to RMB11,313.5 million, representing an increase of 52.8% compared to the average balance of RMB7,406.5 million in the first half of 2014; the net increase amounted to RMB3,907.0 million, representing 64.7% of the total increase. In light of the continuing expansion of the Group's integrated healthcare solutions, the number of customers in the healthcare industry experienced continuous increase. As at 30 June 2015, the number of hospital customers with whom the Group entered into finance leases increased to 830 from 702 as at 30 June 2014. Meanwhile, due to the Group's continuing cross-selling efforts and growing demand of hospitals for larger-scale financing to upgrade their equipment, the average finance lease income from each customer increased from RMB0.6 million in the first half of 2014 to RMB0.8 million in the first half of 2015.

2 ANALYSIS OF STATEMENT OF PROFIT OR LOSS – *continued*

2.2 Revenue – *continued*

2.2.1 Finance lease income – continued

Average yield

The following table sets forth the average yields of interest-earning assets for the periods indicated.

	For the six months ended 30 June		
	2015	2014	Change %
	RMB'000	RMB'000	
	(Unaudited)	(Unaudited)	
Average interest-earning assets(1)	**16,925,960**	10,883,525	55.5%
Interest income	**703,943**	485,102	45.1%
Average yield(2)	**8.32%**	8.91%	-0.59 percentage point

(1) Average balance of interest-earning assets is calculated based on the average balance of net lease receivables before provision as at each month end within the reporting period.

(2) Average yield = interest income/average balance of interest-earning assets, presented on an annualised basis.

The average yield of the Group's interest-earning assets decreased by 0.59 percentage point from 8.91% in the first half of 2014 to 8.32% in the first half of 2015, primarily due to the reduced PBOC benchmark interest rates. A majority of Group's finance lease assets carry floating interest rates, which are priced at a predetermined spread over a base interest rate based on the risk profiles of customers. When the PBOC benchmark interest rates are adjusted, the prices of finance lease assets carrying floating interest rates would be reset. From the second half of 2014 to the first half of 2015, the PBOC cut the benchmark interest rate four times in succession, with the three to five years (including five years) benchmark lending rate reduced by 1.15 percentage points. As a majority of Group's finance lease assets were with a term of three to five years, the reduced interest rates led to downward average yields of the Group's interest-earning assets.

Although the Group's average yields decreased in the first half of 2015, the Group's finance lease income continued to grow due to the substantial increase of the Group's average interest-earning assets.

2 ANALYSIS OF STATEMENT OF PROFIT OR LOSS – *continued*

2.2 Revenue – *continued*

2.2.2 Industry, equipment and financing advisory

Industry, equipment and financing advisory services are provided as part of our integrated services. In the first half of 2015, the revenue from industry, equipment and financing advisory services was RMB252.1 million, representing an increase of 49.0% over RMB169.1 million in the first half of 2014, and 25.5% of the Group's total income. The increase in revenue from industry, equipment and financing advisory services was primarily attributable to the increased number of advisory services contracts and the increased average revenue per service contract, which was driven by the continuing expansion of the scope, complexity and added value of the Group's advisory services. In the first half of 2015, the Group operated 109 advisory service projects, compared to 84 advisory service projects operated in the first half of 2014, representing an increase of 29.8%. The average revenue per contract amounted to RMB2.3 million in the first half of 2015, representing an increase of 14.9% compared to RMB2.0 million in the first half of 2014.

2.2.3 Clinical department upgrade services

The Group generates clinical department upgrade services revenue from three main sources: (1) advisory services income, (2) rental income from operating leases and (3) revenue from sales of medical equipment.

In the first half of 2015, the Group's clinical department upgrade services revenue amounted to RMB34.9 million, representing an increase of 33.7% compared to RMB26.1 million in the first half of 2014.

The following table sets forth the breakdown of the Group's clinical department upgrade services for the periods indicated.

	For the six months ended 30 June				
	2015		2014		
	RMB'000 (Unaudited)	% of total	RMB'000 (Unaudited)	% of total	Change %
Advisory income	26,829	76.8%	14,402	55.1%	86.3%
Operating lease income	7,562	21.6%	8,357	32.0%	-9.5%
Sale of goods income	549	1.6%	3,376	12.9%	-83.7%
Total	34,940	100.0%	26,135	100.0%	33.7%

2 ANALYSIS OF STATEMENT OF PROFIT OR LOSS – *continued*

2.2 Revenue – *continued*

2.2.3 Clinical department upgrade services – continued

In the first half of 2015, the Group realised advisory income of RMB26.8 million in clinical department upgrade services, representing 76.8% of total revenue from clinical department upgrade services. The advisory income in clinical department upgrade services increased by 86.3% compared to RMB14.4 million in the same period last year, reflecting the enhanced recognition of healthcare customers towards our clinical department upgrade services.

For the operating lease income, the Group had three onging operating lease projects during the reporting period. As the profit sharing ratio for the Group's operating lease projects generally goes downward during the lease term, the operating lease income in the first half of 2015 was slightly lower than that in the same period last year.

Revenue from sales of goods was derived from the Group's medical equipment sourcing services. The Group sells medical equipment together with the provision of integrated clinical department upgrade services, which is not a separate business. As the sales of medical equipment require complex approval and bidding procedures, the sales revenue fluctuates to some extent. Revenue from sales operation decreased in the first half of 2015 as compared with the same period last year.

2.3 Cost of Sales

In the first half of 2015, the Group's cost of sales amounted to RMB441.2 million, increasing by 59.5% compared to RMB276.6 million in the same period last year and primarily attributable to an increase in interest expenses of finance lease costs. The interest expenses was RMB432.9 million, representing 98.1% of total cost of sales. Cost of product sales and other costs accounted for 1.9% of total cost of sales.

The following table sets forth the breakdown and changes of the Group's cost of sales by segment for the periods indicated.

	For the six months ended 30 June				
	2015		2014		
	RMB'000 (Unaudited)	**% of total**	RMB'000 (Unaudited)	% of total	Change %
Interest expenses	**432,941**	**98.1%**	268,989	97.3%	61.0%
Cost of product sales	**292**	**0.1%**	1,233	0.4%	-76.3%
Cost of operating leases	**7,495**	**1.7%**	6,340	2.3%	18.2%
Other costs	**484**	**0.1%**	—	0.0%	—
Total	**441,212**	**100.0%**	276,562	100.0%	59.5%

2 ANALYSIS OF STATEMENT OF PROFIT OR LOSS – *continued*

2.3 Cost of Sales – *continued*

2.3.1 Interest expenses

Interest expenses were the principal component of the Group's cost of sales, primarily incurred from interest-bearing bank and other borrowings. Interest-bearing bank and other borrowings were mainly used to finance the Group's finance lease business. In the reporting period, the interest expenses equaled to the product of the average outstanding balance and the average cost rate of interest-bearing bank and other borrowings.

The following table sets forth the average balances, interest expenses and average cost rates of the Group's interest-bearing liabilities for the periods indicated.

	For the six months ended 30 June		
	2015	2014	Change %
	RMB'000	RMB'000	
	(Unaudited)	(Unaudited)	
Average interest-bearing liabilities[(1)]	**14,864,693**	9,430,614	57.6%
Interest expenses	**432,941**	268,989	61.0%
Average cost rate[(2)]	**5.83%**	5.70%	0.13 percentage point

(1) Average balance of interest-bearing liabilities was calculated based on the average balance of bank and other borrowings and lease deposits as at each month end within the reporting period.

(2) Average cost rate = interest expenses/average balance of interest-bearing liabilities, stated on annualised basis.

2 ANALYSIS OF STATEMENT OF PROFIT OR LOSS – *continued*

2.3 Cost of Sales – *continued*

2.3.1 Interest expenses – continued

In the first half of 2015, our interest expenses of the Group amounted to RMB432.9 million, an increase by 61.0% compared to RMB269.0 million in the same period last year. The change in interest expenses was primarily attributable to the average balances and average cost rates of interest-bearing bank and other borrowings. As at 30 June 2015 and 30 June 2014, the average balances of interest-bearing bank and other borrowings were RMB14,864.7 million and RMB9,430.6 million, respectively, representing an increase of 57.6% from 30 June 2014 to 30 June 2015. The increase was driven by the expansion of the Group's finance lease business. The average cost rate increased from 5.70% in the first half of 2014 to 5.83% in the first half of 2015, representing an increase of 0.13 percentage point. The increase was mainly driven by an increase in cost of offshore RMB-denominated floating rate borrowings obtained by the Group in previous years and a decrease in the percentage of USD-denominated borrowings of our total borrowings, the cost of which was relatively lower but exposed to exchange rate risk. We proactively reduced our USD-denominated borrowings during the reporting period.

Our management of the Group set the exchange rate risk control and exchange losses mitigation as primary criteria factors in selecting interest-bearing bank and other financing plans. In 2015, the Group has taken a number of measures to avoid exchange rate risk, including reducing the percentage of USD-denominated borrowings in our total borrowings from 27.4% as at 30 June 2014 to 11.2% as at 30 June 2015. Such measures increased the average cost rate of the Group's interest-bearing liabilities in the first half of 2015, but reduced the exchange losses. The exchange loss was RMB29.3 million in the first half of 2014, while the exchange loss was close to zero in the first half of 2015. Taking into account the exchange losses, the average cost rate of the Group's interest-bearing bank and other borrowings decreased from 6.33% in the first half of 2014 to 5.83% in the first half of 2015, representing a decrease of 0.50 percentage point.

In addition, the liquidity of offshore RMB became tight and the deposit and lending rates increased significantly, due to the increased volatility of the RMB to USD exchange rates in the first half of 2015. The average three month RMB HIBOR increased from 2.4% in the first half of 2014 to 3.9% in the first half of 2015. Such factor led to the increase of 0.26 percentage point in the average cost rate of the Group's interest-bearing liabilities.

2 ANALYSIS OF STATEMENT OF PROFIT OR LOSS – *continued*

2.3 Cost of Sales – *continued*

2.3.1 Interest expenses – continued

Moreover, although the PBOC cut interest rates four times in succession from the second half of 2014 to the first half of 2015, the interest rate adjustment intervals for a majority of the Group's floating rate borrowings were on a quarterly basis and accordingly such rates could not be adjusted immediately in response to the changes of benchmark interest rates, resulting in a certain lag in the decrease of average actual cost rates of interest-bearing liabilities.

Currently, the RMB HIBOR has decreased compared to that in the first half of this year. Meanwhile, the Group intends to further increase the percentage of domestic borrowings, and will more frequently use direct financing instruments in the debt capital market, such as medium-term notes, short-term financing bonds and asset-backed securities. After the PBOC interest rate-cutting completely effects on reducing finance costs, the Group expects a decrease in the average cost rates of interest-bearing liabilities in the second half of 2015.

2.3.2 Other cost of sales

Cost of product sales represents the cost of medical equipment sold by the Group to customers. In the first half of 2015, the Group recorded a decrease in sales revenue compared with the same period last year, and accordingly cost of product sales decreased compared with the same period last year.

Cost of operating leases represents depreciation expenses of leased medical equipment. Depreciation expenses in the first half of 2015 increased over the same period last year.

2 ANALYSIS OF STATEMENT OF PROFIT OR LOSS – *continued*

2.4 Gross Profit and Gross Margin

Gross profit represents revenue (after business tax and surcharges) less cost of sales, and gross margin represents gross profit divided by revenue (after business tax and surcharges). The Group's gross profit was RMB540.8 million in the first half of 2015, increasing by RMB144.2 million or 36.3% as compared to RMB396.7 million in the same period last year. In the first half of 2015 and 2014, the Group's gross margin was 55.1% and 58.9%, respectively.

The following table sets forth the gross profit and gross margin of the Group by segment for the periods indicated.

	For the six months ended 30 June					
	2015			2014		
	Gross profit RMB'000 (Unaudited)	% of total	Gross margin %	Gross profit RMB'000 (Unaudited)	% of total	Gross margin %
Financial leasing	271,002	49.3%	38.5%	216,113	53.5%	44.6%
Total advisory services	278,908	50.7%	N/A	183,539	45.5%	N/A
Operating lease	67	0.0%	0.9%	2,017	0.5%	24.1%
Sale of goods	257	0.0%	46.8%	2,143	0.5%	63.5%
Other business	(37)	0.0%	N/A	7	0.0%	N/A
Business tax and surcharges	(9,358)		N/A	(7,130)		N/A
Total	540,839	100.0%	55.1%	396,689	100.0%	58.9%

2 ANALYSIS OF STATEMENT OF PROFIT OR LOSS – *continued*

2.4 Gross Profit and Gross Margin – *continued*

In the first half of 2015, gross profit of finance lease business was RMB271.0 million, representing 49.3% of total gross profit and decreasing by 4.2 percentage points compared to 53.5% in the same period last year. Gross profit of total advisory services (including industry, equipment and financing advisory income and advisory income in clinical department upgrade services) was RMB278.9 million, representing 50.7% of total gross profit and increasing by 5.2 percentage points compared to 45.5% in the same period last year. As an integrated healthcare services provider, the gross profit from advisory services as a percentage of the Group's total gross profit was gradually increasing, as the scope, complexity and added value of our advisory services continuously expanded. Operating lease business and sales of goods business only accounted for a small proportion of our total gross profit, and had no significant effect on the overall gross profit of the Group.

In the first half of 2015, the Group's total gross profit decreased by 3.8 percentage points compared to that in the first half of 2014, primarily due to the decrease in gross margin of financial leasing business.

Gross profit from finance lease

In the first half of 2015 and 2014, the Group's gross profit from finance lease was RMB271.0 million and RMB216.1 million, respectively, representing an increase by 25.4% over the same period last year. The gross profit margin of finance lease in the first half of 2015 was 38.5%, decreased by 6.1 percentage points as compared to 44.6% of the same period last year, which was affected by the change in the net interest income and the net interest margin.

2 ANALYSIS OF STATEMENT OF PROFIT OR LOSS – *continued*

2.4 Gross Profit and Gross Margin – *continued*

Gross profit from finance lease – continued

The following table set forth our net interest spread and net interest margin for the period indicated.

	For the six months ended 30 June		
	2015	2014	Change %
	RMB'000	RMB'000	
	(Unaudited)	(Unaudited)	
Interest income(1)	**703,943**	485,102	45.1%
Interest expense(2)	**432,941**	268,989	61.0%
Net interest income	**271,002**	216,113	25.4%
Net interest spread(3)	**2.49%**	3.21%	-0.72 percentage point
Net interest margin(4)	**3.20%**	3.97%	-0.77 percentage point

(1) Interest income is the income generated from finance lease business.

(2) Interest expense is the sales costs from interest-bearing bank and other borrowings.

(3) Net interest spread is the difference between average yield of interest-earning assets and average cost rate of interest-bearing liabilities.

(4) Net interest margin is calculated by dividing net interest income by average balance of interest-earning assets, presented on an annalised basis.

2 ANALYSIS OF STATEMENT OF PROFIT OR LOSS – *continued*

2.4 Gross Profit and Gross Margin – *continued*

Gross profit from finance lease – continued

In the first half of 2015, our net interest spread was 2.49%, decreased by 0.72 percentage point as compared to 3.21% of the same period of 2014, which was mainly due to the decrease of the average yield of our interest-earning assets by 0.59 percentage point and the increase of the average cost rate of our interest-bearing liabilities by 0.13 percentage point. The decrease of average yield was attributable to four consecutive cuts in benchmark interest rate by the PBOC while the increase of average cost rate was attributable to the cost increase of our overseas RMB-denominated borrowings with floating interest rates in previous years and our proactive measures to reduce the percentage of USD-denominated borrowings with lower cost and exchange rate risk. The average cost rate of the interest-bearing liabilities rose as a result of our proactive measures to reduce the percentage of USD-denominated borrowings with lower cost and exchange rate risk, but the exchange loss from USD-denominated borrowings decreased significantly as compared with the same period last year. Taking into account the impact of foreign exchange gains and losses on the cost of interest-bearing liabilities, the net interest margin decreased by 0.09 percentage point in the first half of 2015 as compared to the same period of last year. For further details on the changes in average yield of interest-earning assets and average cost rate of interest-bearing liabilities, please see the discussions in "2.2.1 Finance lease income" and "2.3.1 Interest expense" of this section.

In the first half of 2015, the average balance of our interest-earning assets was RMB16,926.0 million, increased by 55.5% as compared to RMB10,833.5 million in the first half of 2014, and the corresponding net interest income increased by 25.4% from RMB216.1 million in the first half of 2014 to RMB271.0 million in the first half of 2015. As a result, the net interest margin decreased by 0.77 percentage point from 3.97% for the same period of last year to 3.20% for the first half of 2015, and it decreased by 0.23 percentage point in the first half of 2015 as compared with the same period of last year after taking into account the impact of exchange gains and losses on the interest expense.

Currently, the RMB HIBOR has decreased compared to that in the first half of year. Meanwhile, the Group intends to further increase the percentage of domestic borrowings, and will more frequently use direct financing instruments in the debt capital market, such as medium-term notes, short-term financing bonds and asset-backed securities. After the PBOC interest rate-cutting completely effects on reducing finance costs, the Group expects a decrease in the average cost rates of interest-bearing liabilities in the second half of 2015 and the gross margin will be recovered to a normal level in 2015.

2 ANALYSIS OF STATEMENT OF PROFIT OR LOSS – *continued*

2.5 Other Income and Gains

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

	For six months ended 30 June		
	2015	2014	Change %
	RMB'000	RMB'000	
	(Unaudited)	(Unaudited)	
Interest income	**2,990**	1,078	177.4%
Foreign exchange gains	**132**	—	—
Derivative financial instruments-transaction not qualifying as a hedge			
– realized fair value gains, net	**364**	—	—
– unrealized fair value gains, net	**259**	—	—
Government grant	—	4,516	—
Others	**96**	32	200.0%
Total	**3,841**	5,626	-31.7%

In the first half of 2015 and 2014, we had other income and gains of RMB3.8 million and RMB5.6 million, respectively. Interest income is derived from interest on our deposits with banks. Foreign exchange gains arose primarily from our USD denominated bank loans. As our domestic subsidiaries use RMB as the functional currency, changes in foreign exchange ratio between USD and RMB affects the carrying value of our USD denominated bank loans, and we recorded the difference as foreign exchange gains. Gains on derivative financial instruments are derived primarily from the interest swap we entered into with commercial banks to manage our interest rate risk exposure. Government grant is the refundable part of the value-added tax received by the Group according to the refund-upon-collection policy on value-added tax of the State Administration of Taxation. The Group received value-added tax refunds of RMB4.5 million in the first half of 2014 and nil in the first half of 2015, respectively.

2 ANALYSIS OF STATEMENT OF PROFIT OR LOSS – *continued*

2.6 Selling and Distribution Expenses

The following table sets forth a breakdown of our selling and distribution expenses for the periods indicated.

	For the six months ended 30 June		
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)	Change%
Salaries and benefits	53,181	36,539	45.5%
Traveling expenses	2,103	1,956	7.5%
Office expenses	587	896	-34.5%
Advisory expenses	13,012	8,072	61.2%
Others	4,142	5,614	-26.2%
Total	73,025	53,077	37.6%

Our selling and distribution expenses consist primarily of salaries and benefits of our sales and marketing staff, traveling expenses and office expenses, as well as certain advisory fees paid to professionals and third party consulting firms for marketing. In the first half of 2015, we incurred selling and distribution expenses of RMB73.0 million, an increase by 37.6% as compared to RMB53.1 million for the same period of last year. It represented 7.4% of our total revenue and decreased as compared to 7.8% for the same period of last year.

The increase in selling and distribution expenses was mainly attributable to the increase in salary and compensation and advisory fees while the increase in salary and compensation was in turn primarily due to the increase in the number of sales and marketing personnel resulting from our business expansion. At the same time, in order to guarantee and improve the benefit of our staff after their retirement and set up a long term incentive system, the Group began to implement a corporate annuity scheme since 2015. In the first half of 2015, there was new corporate annuity of RMB3.4 million in the selling and distribution expenses. The advisory fees increased by RMB4.9 million in the first half of 2015 as compared to the same period, which was mainly attributable to continuous expansion of our business scale and increased expert fees for new business development.

2 ANALYSIS OF STATEMENT OF PROFIT OR LOSS – *continued*

2.7 Administrative Expenses

The following table sets forth a breakdown of our administrative expenses for the periods indicated.

	For the six months ended 30 June		
	2015	2014	Change%
	RMB'000	RMB'000	
	(Unaudited)	(Unaudited)	
Salaries and benefits	**36,542**	32,576	12.2%
Traveling expenses	**3,618**	2,179	66.0%
Rental expenses	**8,248**	7,014	17.6%
Listing expenses	**16,344**	—	—
Assets impairment loss	**30,056**	30,801	-2.4%
Others	**6,816**	6,638	2.7%
Total	**101,624**	79,208	28.3%

Our administrative expenses consist primarily of salaries and benefits of our management staff, traveling expenses, office rental and assets impairment losses. In the first half of 2015, we incurred administrative expenses of RMB101.6 million, representing an increase of 28.3% as compared to RMB79.2 million for the same period of last year.

Asset impairment losses consist primarily of provision for bad and doubtful lease receivables recorded based on the quality of our finance lease assets during the reporting period. For any further details, please see "3.2.1—Quality of Net Lease Receivables". Excluding asset impairment losses, our administrative expenses increased by 47.9% as compared with the same period, mainly due to (1) new corporate annuity of RMB1.8 million in the first half of 2015; (2) new listing expenses of RMB16.3 million in the first half of 2015 since the Company was successfully listed on the Stock Exchange on 8 July 2015; and (3) new business initiatives actively promoted by the Group in 2015 such as hospital management and hospital digitalisation business which in turn resulted in substantial increase in travelling expenses over the same period last year.

2 ANALYSIS OF STATEMENT OF PROFIT OR LOSS – *continued*

2.8 Cost to Income Ratio

Our cost to income ratio was 26.73% in the first half of 2015, a slight increase from 25.58% in the first half of 2014, which was mainly due to the new listing expenses and new corporate annuity incurred in 2015. Excluding the listing expenses, our cost to income ratio was 23.71% in the first half of 2015, decreased by 1.87 percentage points as compared with the same period, reflecting our sound management control on expenses.

2.9 Other Expenses

The following table sets forth a breakdown of our other expenses for the periods indicated.

	For the six months ended 30 June		
	2015	2014	Change%
	RMB'000	RMB'000	
	(Unaudited)	(Unaudited)	
Bank charges	**108**	75	44.0%
Derivative financial instruments - transaction not qualifying as a hedge			
– realized fair value losses, net	**2,174**	4,314	-49.6%
– unrealized fair value losses, net	—	271	—
Foreign exchange losses	—	29,270	—
Total	**2,282**	33,930	-93.3%

In the first half of 2015 and 2014, we incurred other expenses of RMB2.3 million and RMB33.9 million, respectively. Losses on derivative financial instruments were derived primarily from the interest swap we entered into with commercial banks to manage our interest rate risk exposure. The foreign exchange losses arose from our USD denominated loans.

2 ANALYSIS OF STATEMENT OF PROFIT OR LOSS – *continued*

2.10 Income Tax Expenses

The following table sets forth a breakdown of our income tax expenses for the periods indicated.

	For the six months ended 30 June		
	2015	2014	Change%
	RMB'000	RMB'000	
	(Unaudited)	(Unaudited)	
Current - Hong Kong			
Tax charge for the year	—	—	—
Current - PRC			
Tax charge for the year	**95,976**	63,189	51.9%
Under-provision in prior years	**(124)**	13	-1,053.8%
Deferred tax	**1,983**	(2,597)	-176.4%
Total	**97,835**	60,605	61.4%

Hong Kong Profits Tax

The Group is subject to Hong Kong profits tax. Hong Kong profits tax is calculated at the rate of 16.5% on the estimated assessable profits arising in Hong Kong. Currently, the Group did not incur any Hong Kong profits tax in the first half of 2015 and 2014.

PRC Taxes

Our subsidiaries established in the PRC are subject to PRC corporate income tax at the rate of 25.0%. The income tax provision of our Company in respect of our operations in mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the reporting period.

Deferred taxes generally arise where there are differences between tax basis and accounting basis. During the reporting period, our deferred taxes arose primarily from accrued but unpaid salary and welfare expenses and impairment on loans and accounts receivables as at the end of the reporting period, which is not deductible for PRC corporate income tax purposes. As at 30 June 2014 and 2015, we incurred net deferred tax assets of RMB18.6 million and RMB20.5 million, respectively.

3 FINANCIAL POSITION ANALYSIS

3.1 Overview of Assets

As at 30 June 2015, the Group's total assets increased by RMB2,000.2 million or 12.2% from RMB16,385.3 million at the end of last year to RMB18,385.5 million. Our loans and account receivables increased by RMB1,801.0 million or 11.5% from RMB15,639.3 million at the end of last year to RMB17,440.4 million.

As at 30 June 2015, the Group had cash and cash equivalents of RMB607.2 million, representing an increase over the end of last year. The Group maintains sufficient cash to support its business development and ensure its liquidity safety.

As at 30 June 2015, the Group had restricted deposits of RMB136.8 million, mainly consisting of pledged balance for factoring facilities, margins and term deposits with banks required for financing.

The following table sets forth our asset analysis as at the dates indicated.

	30 June 2015		31 December 2014		
	RMB'000 (Unaudited)	% of total	RMB'000 (Audited)	% of total	Change%
Restricted deposits	**136,783**	**0.7%**	100,504	0.6%	36.1%
Cash and cash equivalents	**607,206**	**3.3%**	453,569	2.8%	33.9%
Inventories	**2,660**	**0.0%**	3,119	0.0%	-14.7%
Loans and accounts receivables	**17,440,371**	**94.9%**	15,639,329	95.4%	11.5%
Prepayments, deposits and other receivables	**68,121**	**0.4%**	55,287	0.3%	23.2%
Property, plant and equipment	**88,918**	**0.5%**	90,056	0.5%	-1.3%
Available for sale investments	**20,955**	**0.1%**	20,955	0.1%	0.0%
Deferred tax assets	**20,514**	**0.1%**	22,497	0.1%	-8.8%
Total	**18,385,528**	**100.0%**	16,385,316	100.0%	12.2%

3 FINANCIAL POSITION ANALYSIS – *continued*

3.2 Loans and Accounts Receivable

The principal component of the Group's assets was loans and accounts receivable, representing 94.9% of the total assets of the Group as at 30 June 2015.

The following table sets forth the profile of loans and accounts receivable of the Group as at the dates indicated.

	30 June 2015		31 December 2014		
	RMB'000 (Unaudited)	% of total	RMB'000 (Audited)	% of total	Change %
Gross lease receivables	21,054,271		19,203,593		9.6%
Less: Unearned finance income	(3,369,884)		(3,353,454)		0.5%
Net lease receivables	17,684,387	99.97%	15,850,139	99.95%	11.6%
Accounts receivable	5,310	0.03%	8,660	0.05%	-38.7%
Notes receivable	200	0.00%	—	—	—
Subtotal of loans and accounts receivable	17,689,897	100.00%	15,858,799	100.00%	11.5%
Less:					
Provision for lease receivables	(249,526)		(219,470)		13.7%
Loans and accounts receivable	17,440,371		15,639,329		11.5%

Loans and accounts receivable of the Group (before provisions) as at 30 June 2015 amounted to RMB17,689.9 million, representing an increase of 11.5% as compared to RMB15,858.8 million as at 31 December 2014. Net lease receivables (before provisions) was the most significant component of loans and accounts receivable, representing 99.97% of loans and accounts receivable (before provisions) as at 30 June 2015.

3 FINANCIAL POSITION ANALYSIS – *continued*

3.2 Loans and Accounts Receivable – *continued*

3.2.1 Lease receivables

Net lease receivables of the Group as at 30 June 2015 was RMB17,684.4 million, representing an increase of 11.6% as compared to RMB15,850.1 million as at 31 December 2014. The increase was mainly due to a stable increase in both the number and amount of contracts with respect to provision of services by the Group, reflecting the continuous expansion of finance lease business of the Group under effective risk control in the first half of 2015.

Lease receivables by industry

The following table sets forth net lease receivables of the Group by industry as at the dates indicated.

	30 June 2015		31 December 2014		
	RMB'000	**% of total**	RMB'000	% of total	Change %
	(Unaudited)		(Audited)		
Healthcare	**11,893,989**	**67.3%**	10,589,532	66.8%	12.3%
Education	**4,904,058**	**27.7%**	4,475,593	28.2%	9.6%
Others	**886,340**	**5.0%**	785,014	5.0%	12.9%
Total	**17,684,387**	**100.0%**	15,850,139	100.0%	11.6%

Net lease receivables in the healthcare industry increased by 12.3% from RMB10,589.5 million as at 31 December 2014 to RMB11,894.0 million as at 30 June 2015, representing 67.3% of net lease receivables, a slight increase over 66.8% as at the end of last year. The increase was due to a steady increase in the number of healthcare customers, primarily driven by the continuing growth of the Group's integrated healthcare solutions. Net lease receivables for educational projects was RMB4,904.1 million, representing an increase of 9.6% compared with the end of last year, and its percentage of total lease receivables decreased to 27.7% from 28.2% as at the end of last year. Educational projects were primarily originated from the cross-selling effort of the Group for marketing its healthcare projects to local governments. As the Group's strategic industry focus is the healthcare industry, the percentage of finance lease assets attributable to education industry is expected to further decrease in the future. Others mainly included environmental water projects, which were also attributable to cross-selling efforts of the Group for promoting healthcare projects to local governments.

3 FINANCIAL POSITION ANALYSIS – *continued*

3.2 Loans and Accounts Receivable – *continued*

3.2.1 Lease receivables – continued

Aging analysis of net lease receivables

The following table sets forth an aging analysis of net lease receivables as at the dates indicated, categorized by the time lapsed since the effective date of the relevant lease contracts.

	30 June 2015		31 December 2014		
	RMB'000 (Unaudited)	% of total	RMB'000 (Audited)	% of total	Change %
Net lease receivables					
Within 1 year	9,620,426	54.4%	8,325,909	52.5%	15.5%
1-2 years	4,952,496	28.0%	5,072,871	32.0%	-2.4%
2-3 years	2,291,250	13.0%	1,784,898	11.3%	28.4%
3 years and beyond	820,215	4.6%	666,461	4.2%	23.1%
Total	17,684,387	100.0%	15,850,139	100.0%	11.6%

As at 30 June 2015 and 31 December 2014, net lease receivables with respect to finance lease contracts entered into within one year accounted for 54.4% and 52.5% of net lease receivables, respectively. This indicated the Group's ability to enter into, sign and execute new lease contracts during the reporting period.

3 FINANCIAL POSITION ANALYSIS – *continued*

3.2 Loans and Accounts Receivable – *continued*

3.2.1 Lease receivables – continued

Maturity profile of net lease receivables

The following table sets forth the maturity profile of the net lease receivables as at the dates indicated, which represents net lease receivables expected to be received by the Group in the following successive accounting years.

	30 June 2015		31 December 2014		
	RMB'000	**% of total**	RMB'000	% of total	Change %
	(Unaudited)		(Audited)		
Net lease receivables					
Within 1 year	**5,111,604**	**28.9%**	4,243,709	26.8%	20.5%
1-2 years	**4,579,790**	**25.9%**	3,920,617	24.7%	16.8%
2-3 years	**3,739,950**	**21.1%**	3,495,340	22.1%	7.0%
3 years and beyond	**4,253,043**	**24.1%**	4,190,473	26.4%	1.5%
Total	**17,684,387**	**100.0%**	15,850,139	100.0%	11.6%

As at 30 June 2015, net interest-earning assets received during each period as a percentage of net interest-earning assets of the Group as at each relevant date was basically stable as compared to that as at the end of last 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.

Quality of net lease receivables

Five-category lease receivables classification

In determining the classification of its lease receivables, the Group applies a set of criteria pursuant to its internal policies. These criteria are designed to assess the likelihood of repayment by the borrower and the collectability of principal and interest on lease receivables of the Group. Lease receivables classification criteria of the Group focus on a number of factors, to the extent applicable, and include the following ratings:

3 FINANCIAL POSITION ANALYSIS – *continued*

3.2 Loans and Accounts Receivable – *continued*

3.2.1 Lease receivables – continued

Classification criteria

Pass. There is no reason to doubt that the loan principal and interest will not be repaid by the lessee in full and/or in a timely manner. There is no reason whatsoever to suspect that the lease receivables will be impaired.

Special mention. Even though the lessee has been able to pay the lease payments in a timely manner, there are still factors that could adversely affect its ability to pay. These factors include changes in economy, policies and regulations and industry environment, changes in property structures, significant negative events and significant fall in key financial indicators occurred to debtors, sharp lag of infrastructure projects behind the original plan, or heavy over-run of budget, impact of changes in core asset value on repayment abilities of the debtors, as well as emerging of position relating to guarantors impacting their financial and operating conditions. In addition, the Group takes into account impacts of subjective factors on asset quality such as changes in repayment willingness of the debtors, for example, if payments have been overdue and the financial position of the lessee has worsened, then the lease receivables for this lease contract should be classified as special mention or lower.

Substandard. The lessee's ability to pay the principal and interests of the lease receivables is in question as it is unable to make its payments in full with its operating revenues and the Group are likely to incur losses notwithstanding the enforcement of any guarantees underlying the lease contract. For example, if a lease payment that has been categorised as special mention continues to be overdue for a period of time, then the lease receivables for this lease contract should be classified as substandard or lower.

Doubtful. The lessee's ability to pay is in question as it is unable to make lease 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 lease contract. For example, if a lease payment that has been categorized as substandard continues to be overdue for a period of time, the lease receivables for this lease contract shall be classified as doubtful or lower.

Loss. After taking all possible steps or going through all necessary legal procedures, lease payments remain overdue or only a very limited portion has been recovered. For example, if a lease payment that has been categorised as doubtful continues to be overdue for a period of time, the lease receivables for this lease contract shall be classified as a loss.

3 FINANCIAL POSITION ANALYSIS – *continued*

3.2 Loans and Accounts Receivable – *continued*

3.2.1 Lease receivables – continued

The following table sets forth the distribution of the Group's net lease receivables by the five-category lease receivables classification as at the dates indicated:

	30 June 2015		31 December 2014		
	RMB'000 (Unaudited)	% of total	RMB'000 (Audited)	% of total	Change %
Pass	**14,927,141**	**84.41%**	13,358,461	84.28%	11.7%
Special mention	**2,617,645**	**14.80%**	2,359,549	14.89%	10.9%
Substandard	**98,165**	**0.56%**	90,765	0.57%	8.2%
Doubtful	**41,436**	**0.23%**	41,364	0.26%	0.2%
Loss	**—**	**0.0%**	—	0.0%	—
Net lease receivables	**17,684,387**	**100.0%**	15,850,139	100.0%	11.6%
Non-performing assets[(1)]	**139,601**		132,129		
Non-performing asset ratio[(2)]	**0.79%**		0.83%		

(1) Non-performing assets are defined as those lease receivables having objective evidence of impairment as a result of one or more events that occur after initial recognition and that event has an impact on the estimated future cash flows of lease receivables that can be reliably estimated. These lease receivables are classified as "substandard", "doubtful" or "loss".

(2) The non-performing assets ratio is the percentage of non-performing assets over net lease receivables as at the applicable date.

3 FINANCIAL POSITION ANALYSIS – *continued*

3.2 Loans and Accounts Receivable – *continued*

3.2.1 Lease receivables – continued

The Group has been implementing strong asset management policies and sustainably adopting stringent and prudent asset classification policies. The Group had non-performing assets of RMB132.1 million and RMB139.6 million as at 31 December 2014 and 30 June 2015, respectively. The increase in the balance of non-performing assets was primarily attributable to the increase in the balance of total lease receivables due to the expansion of the finance lease business of the Group. The Group's non-performing assets ratios were 0.83% and 0.79% as at 31 December 2014 and 30 June 2015, respectively. The non-performing assets ratios were decreasing primarily as a result of prudent and improving risk management system and policies of the Group.

Asset management measures

The Group takes risk management measures to monitor the quality of its asset portfolio, the assets underlying its leases and the efficiency of its credit assessment workflow. These measures are integrated into continuing asset management efforts of the Group with the following key features:

Regular monitoring of asset portfolio

The Group will constantly monitor the collection of rental payments from our customers. For projects with overdue lease receivables, we will adopt a variety of measures to collect the overdue receivables, and collect data to facilitate our classification of impaired assets.

On-site customer visits

The Group will formulate an annual on-site visit plan and inspect the business development and financial conditions of its customers on a continuing basis through such on-site visits, so as to explore cross-selling opportunities.

Material event reporting procedures

The Group implements a material event reporting system and, if any material negative event occurs to customers, such event will need to be reported to the senior management and the Board.

3 FINANCIAL POSITION ANALYSIS – *continued*

3.2 Loans and Accounts Receivable – *continued*

3.2.1 Lease receivables – continued

Regular assessment on asset quality and updating rating

The Group adopts a migration model to classify the risk of its relevant assets underlying lease receivables. Under this categorisation procedure, the Group's assets underlying lease receivables are divided into five categories, namely "pass", "special mention", "substandard", "doubtful" and "loss". The last three categories of assets are considered non-performing assets. The Group applies a series of criteria in determining the classification of each of its assets, which focus on a number of factors, including (1) the customer's ability to make lease payments, (2) the customer's payment history, (3) the customer's willingness to make lease payment, (4) the collateral provided for the lease, and (5) the possibility of legal enforcement in the event of delinquent lease payment. The Group closely monitors the asset quality by focusing on the aforementioned factors, and will decide whether to reclassify such assets and adopt appropriate measures to improve their management. The Group has also established concrete management measures for making relevant provisions for impairment to the extent such impairment is reasonably envisaged.

Overdue Ratio

The following table sets forth the ratio of overdue receivables, representing those over 30 days overdue as at the dates indicated:

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Overdue ratio (over 30 days) [1]	**0.75%**	0.96%

(1) Calculated based on net lease receivables which are more than 30 days overdue divided by total net lease receivables.

The Group implements its prudent risk control and asset management consistently. The Group had an overdue ratio (more than 30 days) of 0.75% as at 30 June 2015, decreased by 0.21 percentage point as compared with 0.96% as at 31 December 2014, mainly as a result of prudent and improving risk management system and policies of the Group.

3 FINANCIAL POSITION ANALYSIS – *continued*

3.2 Loans and Accounts Receivable – *continued*

3.2.1 Lease receivables – continued

Provisions for impairment of lease receivables

The Group assesses its lease receivables for impairment and determines a level of allowance for impairment losses, using the concept of impairment under Hong Kong Accounting Standards 39 "Financial Instruments: Recognition and Measurement".

The following table sets forth the distribution of provisions by the Group's assessment methodology as at the dates indicated.

	30 June 2015		31 December 2014	
	RMB'000 (Unaudited)	% of total	RMB'000 (Audited)	% of total
Allowance for asset impairment:				
Individually assessed	60,069	24.1%	57,199	26.1%
Collectively assessed	189,457	75.9%	162,271	73.9%
Total	249,526	100.0%	219,470	100.0%
Non-performing assets	139,601		132,129	
Provision coverage ratio	178.7%		166.1%	

The Group's provision coverage ratio increased from 166.1% as at 31 December 2014 to 178.7% as at 30 June 2015. With the expansion of its business, the Group's management believes that it is necessary to take more prudent measures to protect the Group against the systemic risks and move towards the international standards and practices. The Group consequently increased its provisions for asset impairment and accordingly continued to increase the provision coverage ratio.

3 FINANCIAL POSITION ANALYSIS – *continued*

3.2 Loans and Accounts Receivable – *continued*

3.2.1 Lease receivables – continued

The following table sets forth the allocation of the Group's provision for impairment losses by classification of lease receivables as at the dates indicated:

	30 June 2015		31 December 2014	
	RMB'000 (Unaudited)	% of total	RMB'000 (Audited)	% of total
Allowance for asset impairment:				
Pass	83,277	33.4%	71,049	32.4%
Special mention	106,180	42.5%	91,224	41.6%
Substandard	24,874	10.0%	22,229	10.1%
Doubtful	35,195	14.1%	34,968	15.9%
Loss	—	—	—	—
Total	249,526	100.0%	219,470	100.0%

During the reporting period, the Group did not write off any financial leasing assets and it did not have any finance lease assets classified as loss.

3.2.2 Accounts receivable and notes receivable

The Group's accounts receivable are generated from sales of medical equipment. As at 30 June 2015 and 31 December 2014, the balance of accounts receivable was RMB5.3 million and RMB8.7 million, respectively. The balance of notes receivable amounted to RMB0.2 million as at 30 June 2015, generating from rentals receivable under finance leases.

3 FINANCIAL POSITION ANALYSIS – *continued*

3.3 Overview of Liabilities

The Group's total liabilities was RMB15,678.1million as at 30 June 2015, representing an increase of RMB1,720.3 million or 12.3% over RMB13,957.8 million as at 31 December 2014. The principal component of the Group's total liabilities was interest-bearing bank and other borrowings, representing 87.9% of its total liabilities and a slight increase over 81.7% as at the end of last year.

The following table sets forth the Group's liabilities as at 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	**13,783,186**	**87.9%**	11,408,252	81.7%	20.8%
Trade and bills payable	**205,819**	**1.3%**	956,422	6.9%	-78.5%
Other payables and accruals	**1,646,517**	**10.5%**	1,558,263	11.2%	5.7%
Derivative financial instruments	**1,517**	**0.1%**	1,780	0.0%	-14.8%
Taxes payable	**20,129**	**0.1%**	12,145	0.1%	65.7%
Other liabilities	**20,955**	**0.1%**	20,955	0.1%	0.0%
Total	**15,678,123**	**100.0%**	13,957,817	100.0%	12.3%

3.4 Interest-bearing Bank and Other Borrowings

In the first half of 2015, the Group continued to improve its funding capabilities based on its own credit and asset quality. We continued to deepen our cooperation with domestic and international banks and financial institutions which fully assured the funding support required by our business development. Meanwhile, under the complicated marco-financial environment home and abroad circumstance, the Group kept up with changes in macroeconomic situation, adjusted financing strategy appropriately, optimised its debt structure and balanced its financing costs.

In response to domestic economic slowdown pressure, in the first half of 2015, the PBOC continued to cut interest rates and deposit reserve ratio, thus the overall leading costs of domestic banks declined. In the meantime, the volatility in the RMB against USD exchange rate increased, liquidity of offshore RMB became tight, offshore RMB deposit and lending interest rates significantly increased, spread between domestic and foreign financing costs reduced, and the overseas financing cost was even higher than domestic financing cost in some cases. In response to these changes, the Group tended to shift its focus on source of financing to domestic financial institutions, reduced the proportion of offshore USD borrowings, expanded its credit line granted by the existing major lending banks and diversified its borrowing portfolio to effectively control financing costs and exchange rate risks.

3 FINANCIAL POSITION ANALYSIS – *continued*

3.4 Interest-bearing Bank and Other Borrowings – *continued*

In May 2015, we successfully issued asset-backed securities of RMB1,141.9 million on the SSE, including senior securities of RMB912.0 million, with an average capital cost of 5.48%, recording a 5.6 times oversubscription by institutional investors. The yield of each tranche reached a historic low among asset-backed securities, reflecting high recognition of our asset quality by the domestic capital market.

The Group's interest-bearing bank and other borrowings are incurred primarily to finance our financial leasing business. As at 30 June 2015, the total interest-bearing bank and other borrowings amounted to RMB13,783.2 million, representing an increase of 20.8% from RMB11,408.3 million as at 31 December 2014, which was primarily driven by the Group's finance lease business growth in the first half of 2015.

The following table sets forth a breakdown of the Group's interest-bearing bank and other borrowings as at the dates indicated.

	30 June 2015		31 December 2014		
	RMB'000 (Unaudited)	% of total	RMB'000 (Audited)	% of total	Change %
Bank loans	7,913,382	57.4%	7,483,429	65.6%	5.7%
Due to related parties	—	0.0%	1,024,644	9.0%	-100.0%
Bonds	2,496,784	18.1%	1,591,521	14.0%	56.9%
Other loans	3,373,020	24.5%	1,308,658	11.4%	157.7%
Total	13,783,186	100.0%	11,408,252	100.0%	20.8%

As at 30 June 2015, the balance of the Group's bank loans amounted to RMB7,913.4 million, accounting for 57.4% of our total interest-bearing bank and other borrowings. It represented a decrease of 8.2 percentage points as compared to 65.6% as at 31 December 2014, which is mainly due to that the Group further broadened its financing channels, and increased other financing means in the first half of 2015. Meanwhile, in order to further enhance its financial independence, the Group has fully repaid borrowings due to related parties by 30 June 2015.

3 FINANCIAL POSITION ANALYSIS – *continued*

3.4 Interest-bearing Bank and Other Borrowings – *continued*

The following table sets forth a breakdown of the balances of our current and non-current interest-bearing bank and other borrowings as at the dates indicated.

	30 June 2015 RMB'000 (Unaudited)	30 June 2015 % of total	31 December 2014 RMB'000 (Audited)	31 December 2014 % of total	Change %
Current	**4,285,549**	**31.1%**	4,118,187	36.1%	4.1%
Non-current	**9,497,637**	**68.9%**	7,290,065	63.9%	30.3%
Total	**13,783,186**	**100.0%**	11,408,252	100.0%	20.8%

As at 30 June 2015, the balance of the Group's current interest-bearing bank and other borrowings amounted to RMB4,285.6 million, accounting for 31.1% of our total interest-bearing bank and other borrowings. It represented a decrease of 5 percentage points as compared to 36.1% as at 31 December 2014, which is mainly due to that in the first half of 2015, the Group optimised the debt structure and focused on developing long-term types of financing, to further reduce liquidity risk.

The following table sets forth a breakdown of the balances of our secured and unsecured interest-bearing bank and other borrowings as at the dates indicated.

	30 June 2015 RMB'000 (Unaudited)	30 June 2015 % of total	31 December 2014 RMB'000 (Audited)	31 December 2014 % of total	Change %
Secured	**6,663,147**	**48.3%**	6,049,635	53.0%	10.1%
Unsecured	**7,120,039**	**51.7%**	5,358,617	47.0%	32.9%
Total	**13,783,186**	**100.0%**	11,408,252	100.0%	20.8%

As at 30 June 2015, the balance of the Group's secured interest-bearing bank and other borrowings amounted to RMB6,663.1 million, accounting for 48.3% of our total interest-bearing bank and other borrowings. It represented a decrease of 4.7 percentage points as compared to 53.0% as at 31 December 2014. The Group's secured assets are mainly finance lease assets, the decrease in its proportion indicates further improvement of the Group's own financing capabilities.

3 FINANCIAL POSITION ANALYSIS – *continued*

3.4 Interest-bearing Bank and Other Borrowings – *continued*

The following table sets forth a breakdown of the balances of our guaranteed and unguaranteed interest-bearing bank and other borrowings as at the dates indicated.

	30 June 2015		31 December 2014		
	RMB'000 (Unaudited)	% of total	RMB'000 (Audited)	% of total	Change %
Guaranteed	121,824	0.9%	1,548,712	13.6%	-92.1%
Non-guaranteed	13,661,362	99.1%	9,859,540	86.4%	38.6%
Total	13,783,186	100.0%	11,408,252	100.0%	20.8%

As at 30 June 2015, the balance of the Group's guaranteed interest-bearing bank and other borrowings amounted to RMB121.8 million, accounting for 0.9% of its total interest-bearing bank and other borrowings. It represented a decrease of 92.1% as compared to the balance of RMB1,548.7 million as at 31 December 2014, which was mainly due to that the Group further improved the corporate financial independence, as at 30 June 2015, all guaranteed borrowings have been replaced, indicating further improvement of the Group's financing capability relied on its own credit and asset quality.

The following table sets forth a breakdown of the balances of our interest-bearing bank and other borrowings by currencies as at the dates indicated.

	30 June 2015		31 December 2014		
	RMB'000 (Unaudited)	% of total	RMB'000 (Audited)	% of total	Change %
RMB	12,244,420	88.8%	9,529,685	83.5%	28.5%
USD	1,538,766	11.2%	1,878,567	16.5%	-18.1%
Total	13,783,186	100.0%	11,408,252	100.0%	20.8%

As at 30 June 2015, balance of the Group's RMB denominated interest-bearing bank and other borrowings amounted to RMB12,244.4 million, accounting for 88.8% of its total interest-bearing bank and other borrowings. It represented an increase of 28.5% as compared with the balance of RMB9,529.7 million as at 31 December 2014, or 5.3 percentage points. Meanwhile, the USD denominated bank and other borrowings decreased by 18.1% as compared with that of 31 December 2014, or 5.3 percentage points. The change was mainly due to that based on the increased volatility in the USD against the RMB exchange rate in the first half of 2015 and the expected strengthening of future USD appreciation, the Group preferred to choose RMB denominated bank loans, in order to control and reduce the USD exchange rate and interest rate risks.

3 FINANCIAL POSITION ANALYSIS – *continued*

3.5 Certain Other Liabilities

Other payables and accruals include primarily lease deposits paid by customers, certain accrued interest on borrowings, as well as accrued salary and welfare payables. As at 30 June 2015, other payables and accruals were RMB1,646.5 million, representing 10.5% of total liabilities, and an increase of RMB88.3 million, or 5.7% as compared with that of 31 December 2014, which was mainly due to the increase in lease deposit paid for customers.

Our trade and bill payables primarily represent payables to equipment suppliers or financing sale-and-lease back business customers for equipment under finance lease contracts. As at 30 June 2015, trade and bill payables were RMB205.8 million, representing 1.3% of total liabilities, and a decrease of RMB750.6 million as compared with that of 31 December 2014, which was mainly due to the decrease in payables to suppliers and customers.

3.6 Shareholders' Equity

As at 30 June 2015, the Group's equity amounted to RMB2,707.4 million in total, representing an increase of RMB279.9 million, or 11.5% from RMB2,427.5 million at the end of last year, which was mainly due to the profits for the period of RMB269.9 million.

The following table sets forth a breakdown of equities as at the dates indicated.

	30 June 2015		31 December 2014		
	RMB'000 (Unaudited)	**% of total**	RMB'000 (Audited)	% of total	Change %
Equity					
Issued share capital	**1,579,905**	**58.4%**	1,579,905	65.1%	0.0%
Reserve	**1,127,500**	**41.6%**	847,594	34.9%	33.0%
Total equities	**2,707,405**	**100.0%**	2,427,499	100.0%	11.5%

4 CASH FLOWS ANALYSIS

	For the six months ended 30 June		
	2015	2014	Change%
	RMB'000	RMB'000	
	(Unaudited)	(Unaudited)	
Net cash flows used in operating activities	**(2,162,397)**	(1,322,434)	63.5%
Net cash flows used in investing activities	**(6,474)**	(224)	2790.2%
Net cash flows from financing activities	**2,322,304**	1,154,226	101.2%
Net increase in cash and cash equivalents	**153,433**	(168,432)	-191.1%

4.1 Net Cash Flows Used in Operating Activities

New finance lease assets in finance lease industry are one-off items, and the rent will be recovered progressively during lease terms (most of the Group's projects' lease terms range from three to five years). As finance lease business expands, net cash outflows will be recorded from operating activities. Therefore, with the Group's business expansion and increase in interest-earning assets, the Group's net cash outflows from operating activities increased by 63.5% to RMB2,162.4 million in the first half of 2015 compared to RMB1,322.4 million in the first half of 2014.

4.2 Net Cash Flows Used in Investing Activities

The Group's net cash used in investing activities primarily represents cash paid for acquisition of property, equipment and other long-term assets. In the first half of 2015, net outflow of investing activities primarily represents office renovation expenses.

4.3 Net Cash Flows from Financing Activities

Net cash flows from financing activities increase corresponding to the Group's business expansion and an increase in the balance of interest-earning assets. In the first half of 2015, the Group's net cash inflows from financing activities increased by 101.2% to RMB2,322.3 million compared to RMB1,154.2 million in the first half of 2014.

5 CAPITAL MANAGEMENT

The primary objective of the Group's capital management activities is to ensure that it maintains healthy capital ratios in order to support the Group's business and maximises shareholder benefits. We use debt ratio, gearing ratio and risky assets to equity ratio to monitor its capital. In the first half of 2015, no changes were made to the Group's objectives, policies or processes for managing capital.

The following table sets forth the breakdown of debt ratios as at the dates indicated:

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Total assets	**18,385,528**	16,385,316
Total liabilities	**15,678,123**	13,957,817
Total equity	**2,707,405**	2,427,499
Debt ratio	**85.3%**	85.2%

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

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Interest-bearing bank and other borrowings	**13,783,186**	11,408,252
Total equity	**2,707,405**	2,427,499
Gearing ratio	**5.09**	4.70

In the first half of 2015, the Group made sufficient use of capital leverage for its operations to maintain gearing ratio at a relatively high level, while closely monitored the Group's gearing ratio to avoid potential liquidity risk. As at 30 June 2015, the Group's gearing ratio was 5.09 and debt ratio was 85.3%, both of which were maintained at a reasonable level.

The primary objectives of the capital management of CULC and Tianjin Leasing, principal subsidiaries of the Group located in China, are to ensure that they complies with the regulatory requirements of the MOFCOM in addition to the general requirements that are relevant to the Group. In accordance with the "Administration Measures on Foreign Investment in the Leasing Industry"《外商投資租賃業管理辦法》 promulgated by the MOFCOM on 3 February 2005 and other relevant laws and regulations, CULC and Tianjin Leasing have set up appropriate business development and capital management programs and established a comprehensive evaluation system. They actively adjust the capital structure in light of changes in the market and the risks being confronted by adjusting their dividend policy or financing channels. During the reporting period, there were no significant changes on the policies or processes for managing the capital of CULC and Tianjin Leasing.

5 CAPITAL MANAGEMENT – *continued*

Pursuant to the above requirement of the MOFCOM, CULC and Tianjin Leasing shall maintain their risky assets within ten times of their equity. Risky assets shall be determined on the basis of total assets less cash, bank deposits, government bonds and entrusted lease assets.

The following table sets forth the ratios of risky assets to equity of CULC as at the dates indicated:

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Total assets	**18,321,054**	16,311,445
Less: Cash	**546,889**	366,431
Risky assets	**17,774,165**	15,945,014
Total equity	**2,617,846**	2,345,992
Ratio of risky assets to equity	**6.79**	6.80

The following table sets forth the ratios of risky assets to equity of Tianjin Leasing as at the dates indicated:

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Total assets	**511,436**	—
Less: Cash	**50,016**	—
Risky assets	**461,420**	—
Total equity	**328,821**	—
Ratio of risky assets to equity	**1.4**	—

6 CAPITAL EXPENDITURE

The Group's capital expenditure consists primarily of expenditure on the acquisition of medical equipment and other equipment relating to the Group's operating leasing business and expenditure on office equipment. In the first half of 2015, the Group had capital expenditure of RMB6.8 million, which was primarily used as related expenses for purchase of office equipment and office renovation costs.

7 RISK MANAGEMENT

The Group's principal financial instruments comprise lease receivables, trade receivables, trade payables, interest-bearing bank and other borrowings, cash and cash equivalents. The main purpose of cash and cash equivalents and interest-bearing bank and other borrowings is to finance the Group's operations while other financial assets and financial liabilities such as trade receivables and trade payables are directly related to the Group's operating activities.

The Group is exposed to various types of market risks in the ordinary course of business, primarily including interest rate risk, currency risk, credit risk and liquidity risk.

7.1 Interest Rate Risk

Interest risk is the risk that a financial instrument or future cash flows 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.

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 mitigation measure.

The following table sets forth a sensitivity analysis to a reasonably possible change in interest rate, with all other variables unchanged, to the Group's profit before tax. 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 repricing within the coming year.

	Increase/decrease in profit before tax	
	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Change in base points		
+100 base points	**59,600**	40,558
– 100 base points	**(59,600)**	(40,558)

7 RISK MANAGEMENT – *continued*

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 conducts its businesses mainly in RMB, with certain transactions denominated in USD, and also other currencies to a lesser extent. The Group's currency risk mainly arises from the transactions in foreign currencies excluding RMB. The Group seeks to limit its exposure to foreign currency risk by minimising its net foreign currency position.

The exchange rate of RMB to USD is managed under a floating exchange rate system. The HK$ exchange rate has been linked to the USD and therefore the exchange rate of RMB to HK$ has fluctuated and will fluctuate in line with the changes in the exchange rate of RMB to USD.

The following table sets forth a sensitivity analysis of exchange rate change of the currency on the Group's monetary assets and liabilities and forecast cash flows.

		Increase/decrease in profit before tax	
	Change in foreign exchange rate	30 June 2015	31 December 2014
		RMB'000	RMB'000
	%	(Unaudited)	(Audited)
If RMB strengthens against USD 1%	-1%	**15,315**	18,159
If RMB weakens against USD 1%	1%	**(15,315)**	(18,159)

The analysis calculates the effect of a reasonably possible movement in the currency rate against RMB, with all other variables unchanged, on profit before tax. This effect, however, is based on the assumption that the Group's foreign exchange exposures as at the end of each reporting period remain unchanged and, therefore, has not taken into account actions that would be taken by the Group to mitigate the adverse impact of the foreign exchange risk.

7 RISK MANAGEMENT – *continued*

7.3 Credit Risk

Credit risk is the risk of loss arising from a lessee's or counterparty's inability to meet its obligations. The Group enters into transactions only with the recognised and creditworthy third parties. In accordance with the policy of the Group, the Group examines and verifies the credit risk of all customers that the Group has credit transactions with. Besides, the Group monitors and controls the lease receivables regularly to mitigate the risk of significant exposure from bad debts.

Other financial assets of the Group include cash and bank deposits, accounts receivable and other receivables. The credit risk of these financial assets arises from the counterparty's inability to meet its obligations. The maximum exposure to credit risk equals to the carrying amounts of these assets.

Credit risk is often greater when lessees are concentrated in one single industry or geographical location or have comparable economic characteristics. Customers of the Group are diversely located in China, and its lessees are from different industries as follows:

	30 June 2015 RMB'000 (Unaudited)	%	31 December 2014 RMB'000 (Audited)	%
Healthcare	**11,893,989**	**67.3%**	10,589,532	66.8%
Education	**4,904,058**	**27.7%**	4,475,593	28.2%
Others	**886,340**	**5.0%**	785,014	5.0%
Total	**17,684,387**	**100.0%**	15,850,139	100.0%
Less: Impairment provision on lease receivables	**(249,526)**		(219,470)	
Net	**17,434,861**		15,630,669	

The customers of the Group are mainly concentrated in the healthcare industry and the education industry. Since both the healthcare industry and the education industry belong to basic livelihood industries and are not strongly related to the economic cycle, there is no significant credit risk concentration within the Group.

The quantitative data of exposure to credit risk arises from loans and accounts receivable, deposits and other receivables, and credit commitments.

7 RISK MANAGEMENT – *continued*

7.3 Credit Risk – *continued*

The analysis of financial assets which are neither past due nor impaired is as follows:

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Net lease receivables	**17,365,739**	15,692,233
Accounts receivable	**5,310**	8,660
Notes receivable	**200**	—
Deposits and other receivables	**32,547**	38,964

As at 30 June 2015 and 31 December 2014, the financial assets which are past due but are not considered impaired amounted to RMB179.0 million and RMB25.8 million, respectively. The days overdue are analysed as below:

	Less than 90 days RMB'000	**90 days to 1 year RMB'000**	**1 year to 3 years RMB'000**	**Over 3 years RMB'000**	**Total RMB'000**
	As at 30 June 2015 (Unaudited)				
Net lease receivables	**179,047**	—	—	—	**179,047**
	As at 31 December 2014 (Audited)				
Net lease receivables	11,707	14,070	—	—	25,777

Lease receivables that were past due but not impaired related to a number of customers that have good track records with the Group. Based on the past experience, the Directors are of the view that these balances are not considered impaired as there has not been a significant impact on credit rating and the balances are still considered fully recoverable. Lease receivables of RMB175.8 million, among the balance of past due but not impaired assets as at 30 June 2015, were recovered in July 2015.

7 RISK MANAGEMENT – *continued*

7.3 Credit Risk – *continued*

The analysis of financial assets which are impaired is as follows:

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Net lease receivables	139,601	132,129

Impaired lease receivables are defined as those lease receivables have objective evidence of impairment as a result of one or more events that occurred after initial recognition and that event has an impact on the estimated future cash flows of the lease receivables that can be reliably estimated.

7.4 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, monthly and quarterly monitoring with the following objectives: maintaining flexibility in funding by keeping sufficient available loan facilities or loan commitments provided by banks and other financial institutions, making projections of future cash flows and evaluating the appropriate net current asset/liability position, and maintaining an efficient internal funds transfer mechanism.

7 RISK MANAGEMENT – *continued*

7.4 Liquidity Risk – *continued*

The tables below summarise the maturity profile of the Group's financial assets and liabilities based on the contractual undiscounted cash flows:

	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
	As at 30 June 2015 (Unaudited)					
Total financial assets	**719,520**	**1,555,989**	**4,877,910**	**14,504,766**	—	**21,658,185**
Total financial liabilities	**(3,440)**	**(811,672)**	**(4,515,466)**	**(11,964,035)**	—	**(17,294,613)**
Net liquidity gap [(1)]	**716,080**	**744,317**	**362,444**	**2,540,731**	—	**4,363,572**
	As at 31 December 2014 (Audited)					
Total financial assets	502,000	1,309,851	4,256,640	13,583,973	5,988	19,658,452
Total financial liabilities	(10,725)	(2,051,965)	(3,771,471)	(9,327,592)	(13,140)	(15,174,893)
Net liquidity gap [(1)]	491,275	(742,114)	485,169	4,256,381	(7,152)	4,483,559

(1) A positive net liquidity gap indicates financial assets are more than financial liabilities and there is no funding gap, while a negative net liquidity gap indicates otherwise.

As the Group repaid all borrowings from related parties due within one year with long-term borrowings from financial institutions in the first half of 2015, the durations of financial assets and liabilities match more closely.

8 PLEDGE OF GROUP ASSETS

As at 30 June 2015, the Group had lease receivables of RMB8,172.4 million and cash of RMB136.8 million pledged or paid to banks to secure the bank borrowings.

9 CIRCUMSTANCES INCLUDING CONTRACTUAL OBLIGATIONS, CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

9.1 Contingent Liabilities

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Legal proceedings		
Claimed amounts	**1,448**	1,278

9.2 Capital Commitments and Credit Commitments

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

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Capital expenditure for acquisition of property and equipment	**4,624**	11,499
Credit commitments	**858,245**	637,481

10 HUMAN RESOURCES

As at 30 June 2015, the Group had a total of 385 full-time employees.

We have a highly educated and high quality work force, with about 87.53% of our employees holding bachelor's degrees and above, about 45.45% holding master's degrees and above and about 1.82% holding doctor's degrees as at 30 June 2015. 134 employees or 34.81% of our total employees have medical background.

In the first half of 2015 and 2014, we incurred employment benefit expenses (including statutory social insurance and housing fund obligations) of RMB14.0 million and RMB6.6 million respectively, representing 1.43% and 0.98% of our revenue during the periods respectively.

We have established and implemented an effective employee incentive compensation plan, under which, the remuneration of our employees are linked with its overall performance and contribution to the Company. Thus, the remuneration of our employees are based on their performance and linked with project quality and project risks. We promote employees based on their positions, service term and overall performance in accordance with relevant professional or management levels. We appraise employees with supervisory function on an annual basis according to business objectives, organisation construction and team management.

In accordance with applicable PRC laws, we have made contributions to social security insurance funds (including pension, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance plans) and housing funds for our employees. We also provide other insurance plans for our employees such as supplementary pension, additional medical insurance and personal accident insurance in addition to those required under the PRC regulations. As at 30 June 2015, we had complied with all statutory social insurance and housing fund obligations applicable to us under PRC laws in all material aspects.

11 OUTLOOK

Driven by various PRC policies such as county level hospital reform, the introduction of social capital to medical industry and the implementation of PPP model, medical system reform will further deepen and will bring historical development opportunity for the healthcare services industry.

11 OUTLOOK – *continued*

In the second half of the year, we will fully grasp the opportunities brought by medical industry policies, to achieve the following in compliance with requirements of applicable laws and regulations and the guidance of national policies, leveraging on our large hospital customer base and extensive industry knowledge: (1) for business development, we will vigorously develop new businesses such as hospital management and digitalisation services, so as to complement our existing integrated services. We will also effectively promote good interaction between healthcare financing, healthcare technical services, hospital management and hospital digitalisation services; (2) for management initiatives, we will continue to deepen our cooperation with international renown healthcare institutions, recruit professional talent needed for new business development and enlarge the size of external experts. We will also establish project group comprising internal and external experts and stimulate their creativity through information and knowledge sharing while aligning the skill, execution ability and ethics of our employees with our corporate culture, so as to implement our strategies; and (3) for resources integration, we will actively strengthen the construction of our medical resources platform which integrates capital, technology, equipment, expert, consulting and training functions. We will focus on expanding well-known experts and institutional resources in hospital management and digitalisation areas and maximise the advantages of our resources platform.

We will further improve our corporate governance system, stimulate vitality, improve efficiency, maintain a healthy and stable development and constantly enhance corporate value.

12 USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company was listed on the Stock Exchange on 8 July 2015. The Group received net proceeds (after deduction of underwriting commission and related costs and expenses) from the global offering of approximately HK$3,484 million. As at the date of this interim report, the Group has partially utilised such proceeds in accordance with the use of proceeds as disclosed in the prospectus of the Company dated 24 June 2015.

DISCLOSURE OF INTERESTS

Directors' and the Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of our Company or any of Its Associated Corporations

The requirements of Divisions 7 and 8 of Part XV of the SFO and Section 352 of the SFO were not applicable to the Company as at 30 June 2015, as the Company was not yet listed on the Stock Exchange on 30 June 2015.

The Company was listed on the Stock Exchange on 8 July 2015. As at 31 August 2015, the interests or short positions of the Directors and the chief executive of our Company in the shares, underlying shares and debentures of our Company and its associated corporations (within the meaning of Part XV of the SFO) which are recorded in the register required to be kept under section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long positions in Shares of our Company

Name	Nature of interest/Capacity	Position	Total number of Shares held	Percentage of interest held in the Company
Zhang Yichen *(Note 1)*	Interest of controlled corporation	Chairman and non-executive Director	244,326,695	14.24%
Guo Weiping *(Note 2)*	Interest of controlled corporation	Executive Director	15,234,795	0.89%
Peng Jiahong *(Note 3)*	Interest of controlled corporation	Executive Director	7,617,400	0.44%

Notes:

(1) Please refer to note (2) on page 62 for details of Mr. Zhang Yichen's interest in Shares of our Company.

(2) Mr. Guo Weiping is the sole legal and beneficial owner of ITCCL which is the registered owner of the said 15,234,795 Shares. By virtue of the SFO, Mr. Guo Weiping is deemed to be interested in the Shares held by ITCCL.

(3) Ms. Peng Jiahong is the sole legal and beneficial owner of Evergreen which is the registered owner of the said 7,617,400 Shares. By virtue of the SFO, Ms. Peng Jiahong is deemed to be interested in the Shares held by Evergreen.

Save as disclosed above, as at 31 August 2015, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are recorded in the register required to be kept under section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Interests of our Substantial Shareholders in the Shares

The requirements of Divisions 2 and 3 of Part XV of the SFO were not applicable to the Company as at 30 June 2015, as the Company was not yet listed on the Stock Exchange on 30 June 2015.

As at 31 August 2015, the following persons (other than a Director or chief executive of our Company) had an interest or short position in the Shares or the underlying Shares as recorded in the register of our Company required to be kept under Section 336 of the SFO:

Long Positions in the Shares and the underlying Shares

Name of Shareholder	Nature of interest/Capacity	Total number of Shares held	Percentage of interest held in the Company
GT-HK *(Note 1)*	Beneficial owner	584,000,395	34.03%
GT-PRC *(Note 1)*	Interest of controlled corporation	647,478,700	37.73%
CITIC Capital Leasing *(Note 2)*	Beneficial owner	244,326,695	14.24%
CITIC Capital China Partners II, L.P. *(Note 2)*	Interest of controlled corporation	244,326,695	14.24%
CCP II GP Ltd. *(Note 2)*	Interest of controlled corporation	244,326,695	14.24%
CCP LTD. *(Note 2)*	Interest of controlled corporation	244,326,695	14.24%
CITIC Capital Partners Limited *(Note 2)*	Interest of controlled corporation	244,326,695	14.24%
CITIC Capital Holdings Limited *(Note 2)*	Interest of controlled corporation	244,326,695	14.24%
CP Management Holdings Limited *(Note 2)*	Interest of controlled corporation	244,326,695	14.24%
Central Huijin Investment Ltd. *(Note 3)*	Interest of controlled corporation	195,513,175	11.39%
ICBCI *(Notes 4 and 5)*	Beneficial owner	121,243,560	7.06%

Name of Shareholder	Nature of interest/Capacity	Total number of Shares held	Percentage of interest held in the Company
ICBC International Finance Limited *(Note 4)*	Interest of controlled corporation	121,243,560	7.06%
ICBC International Holdings Limited *(Note 4)*	Interest of controlled corporation	121,243,560	7.06%
Industrial and Commercial Bank of China Limited *(Note 4)*	Interest of controlled corporation	121,243,560	7.06%
Rollcash Investments Limited *(Note 5)*	Interest of controlled corporation	121,243,560	7.06%
Mu Yi *(Note 5)*	Interest of controlled corporation	121,243,560	7.06%
Sonic Path Limited *(Note 6)*	Beneficial owner	96,487,020	5.62%
Healthcare Ventures Holdings Limited *(Note 6)*	Interest of controlled corporation	96,487,020	5.62%
Chow Tai Fook Enterprises Limited *(Note 6)*	Interest of controlled corporation	96,487,020	5.62%
Chow Tai Fook (Holding) Limited *(Note 6)*	Interest of controlled corporation	96,487,020	5.62%
Chow Tai Fook (Capital) Limited *(Note 6)*	Interest of controlled corporation	96,487,020	5.62%
Cheng Yu Tung Family (Holdings) Limited *(Note 6)*	Interest of controlled corporation	96,487,020	5.62%
Cheng Yu Tung Family (Holdings II) Limited *(Note 6)*	Interest of controlled corporation	96,487,020	5.62%

Notes:

(1) Among the 647,478,700 Shares, 584,000,395 Shares are registered under name of GT-HK and 63,478,305 Shares are registered under the name of China General Consulting & Investment (Hong Kong) Co., Limited ("CGCI-HK"). The entire issued share capital of GT-HK is ultimately owned by GT-PRC and the entire issued share capital of CGCI-HK is directly held by China General Consulting & Investment Co., Limited, which in turn, is wholly-owned by GT-PRC. By virtue of the SFO, GT-PRC is deemed to be interested in a total of 647,478,700 Shares held by GT-HK and CGCI-HK.

(2) CITIC Capital Leasing is wholly-owned by CITIC Capital China Partners II, L.P. ("CITIC Partners"). The general partner of CITIC Partners is CCP II GP Limited ("CCPII"), which is wholly-owned by CCP LTD.. CCP LTD. is a wholly-owned subsidiary of CITIC Capital Partners Limited ("CITIC Capital Partners"). CITIC Capital Partners is owned as to 51% and 49% by CITIC Capital Holdings Limited ("CITIC Capital Holdings") and CP Management Holdings Limited ("CP Management") respectively. CP Management is owned by CITIC Capital Holdings and Mr. Zhang Yichen in equal shares. By virtue of the SFO, CITIC Partners, CCPII, CCP LTD., CITIC Capital Partners, CITIC Capital Holdings, CP Management and Mr. Zhang Yichen are deemed to be interested in the same parcel of Shares in which CITIC Capital Leasing is interested.

(3) Among the 195,513,175 Shares, 121,243,560 Shares are registered under ICBCI and 74,269,615 Shares are registered under Glory Spring Global Investment Limited ("Glory Spring"). ICBCI is 51% owned by ICBC International Finance Limited ("ICBCI Finance"), which is wholly-owned by ICBC International Holdings Limited ("ICBCI Holdings") and ICBCI Holdings in turn, is wholly-owned by Industrial and Commercial Bank of China Limited ("ICBC"). Glory Spring is wholly-owned by CCBI Investments Limited which in turn is wholly-owned by CCB International (Holdings) Limited. CCB International (Holdings) Limited is wholly-owned by CCB Financial Holdings Limited. CCB Financial Holdings Limited is wholly-owned by CCB International Group Holdings Limited, a wholly-owned subsidiary of China Construction Bank Corporation ("CCB"). Central Huijin Investment Ltd. ("Central Huijin") holds 35.12 % of ICBC and 57.26% of CCB respectively. By virtue of the SFO, Central Huijin is deemed to be interested in a total of 195,513,175 Shares held by ICBCI and Glory Spring.

(4) ICBCI is 51% owned by ICBCI Finance, which is wholly-owned by ICBCI Holdings and in turn, is wholly-owned by ICBC. By virtue of the SFO, ICBCI Finance, ICBCI Holdings and ICBC are deemed to be interested in the same parcel of Shares in which ICBCI is interested.

(5) ICBCI is 49% owned by Rollcash Investments Limited ("Rollcash"), 40% of the issued share capital of Rollcash is owned by Mr. Mu Yi. By virtue of the SFO, Rollcash and Mr. Mu Yi are deemed to be interested in the same parcel of Shares in which ICBCI is interested.

(6) Sonic Path Limited ("Sonic Path") is wholly-owned by Healthcare Ventures Holdings Limited ("Healthcare Ventures"). Healthcare Ventures is wholly-owned by Chow Tai Fook Enterprises Limited ("CTFE"), which is wholly-owned by Chow Tai Fook (Holding) Limited ("CTFH"). CTFH is held as to 78.58% by Chow Tai Fook (Capital) Limited ("CTFC"), which is in turn held as to 48.98% by Cheng Yu Tung Family (Holdings) Limited ("CYTF") and as to 46.65% by Cheng Yu Tung Family (Holdings II) Limited ("CYTFII"). By virtue of the SFO, Healthcare Ventures, CTFE, CTFH, CTFC, CYTF and CYTFII are deemed to be interested in the same parcel of Shares in which Sonic Path is interested.

CORPORATE GOVERNANCE

Corporate Governance Code

The Company has applied the code provisions as set out in the CG Code as its own code of corporate governance.

The Company was listed on the Stock Exchange on 8 July 2015. Therefore, the code provisions of the CG Code were not applicable to the Company during the period from 1 January 2015 to 7 July 2015.

Model Code for Securities Transactions

The Company has adopted a securities dealing code on terms no less exacting than the required standard set out in the Model Code ("Own Code").

The Company was listed on the Stock Exchange on 8 July 2015. Therefore, the relevant terms of the Model Code were not applicable to the Company during the period from 1 January 2015 to 7 July 2015.

Having made specific enquiry by the Company with all Directors, all Directors have confirmed that they have complied with the required standard set out in the Model Code and the Own Code regarding directors' securities transactions throughout the period from the Listing Date to 20 August 2015.

Audit Committee

The Company has established the Audit Committee in compliance with Rule 3.21 of the Listing Rules. It comprises three members, including Mr. Li Yinquan, Mr. Chow Siu Lui and Mr. Liu Xiaoping.

The Audit Committee has discussed with the management and reviewed the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2015 and this report.

In addition, Ernst & Young, the external auditor of our Company, has independently reviewed the interim condensed consolidated financial statements of the Group for the six months ended 30 June 2015 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

Share Option Schemes

As at the date of this report, the Company has not adopted any share option schemes under Chapter 17 of the Listing Rules.

Dividend

The Board did not propose the distribution of any interim dividend for the six months ended 30 June 2015.

Purchase, Sale or Redemption of Listed Securities of the Company

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities since the Listing Date and up to the date of this report.

Changes in Directors' Biographical Details

Since 24 June 2015, the date on which the Directors' biographical details were set out in the prospectus issued by the Company, none of the changes in Directors' biographical details are required to be disclosed by the Company pursuant to Rule 13.51B of the Listing Rules.

Disclosure Required Under Rule13.18 of the Listing Rules

As at 31 August 2015, other than the circumstances as disclosed in the prospectus of the Company dated 24 June 2015 and the announcement of the Company dated 13 August 2015, there were no other circumstances that give rise to a disclosure required under Rule 13.18 of the Listing Rules.

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

EY 安永

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To the board of directors of
Universal Medical Financial & Technical Advisory Services Company Limited
(Incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the accompanying interim condensed consolidated financial statements set out on pages 68 to 108, which comprise the interim condensed consolidated statement of financial position of Universal Medical Financial & Technical Advisory Services Company 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 Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("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
Hong Kong

20 August 2015

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2015

	Notes	For the six months ended 30 June 2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
REVENUE	4	**982,051**	673,251
Cost of sales		**(441,212)**	(276,562)
Gross profit		**540,839**	396,689
Other income and gains	4	**3,841**	5,626
Selling and distribution costs		**(73,025)**	(53,077)
Administrative expenses		**(101,624)**	(79,208)
Other expenses		**(2,282)**	(33,930)
PROFIT BEFORE TAX	5	**367,749**	236,100
Income tax expense	6	**(97,835)**	(60,605)
PROFIT FOR THE PERIOD		**269,914**	175,495
Attributable to:			
The owners of the parent		**269,914**	175,495
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (expressed in RMB per share)	7	**0.21**	0.22

No dividends were proposed for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

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	**269,914**	175,495
OTHER COMPREHENSIVE INCOME		
Item not to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements into presentation currency	**513**	1,871
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**513**	1,871
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**513**	1,871
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**270,427**	177,366
Attributable to:		
The owners of the parent	**270,427**	177,366

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Notes	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	8	**88,918**	90,056
Loans and accounts receivables	11	**12,424,921**	11,471,343
Prepayments, deposits and other receivables		**17,911**	20,554
Available-for-sale investments	9	**20,955**	20,955
Restricted deposits	12	**29,287**	—
Deferred tax assets		**20,514**	22,497
Total non-current assets		**12,602,506**	11,625,405
CURRENT ASSETS			
Inventories		**2,660**	3,119
Loans and accounts receivables	11	**5,015,450**	4,167,986
Prepayments, deposits and other receivables		**50,210**	34,733
Restricted deposits	12	**107,496**	100,504
Cash and cash equivalents	12	**607,206**	453,569
Total current assets		**5,783,022**	4,759,911
CURRENT LIABILITIES			
Trade and bills payables	13	**205,819**	956,422
Other payables and accruals		**247,259**	325,695
Interest-bearing bank and other borrowings	14	**4,285,549**	4,118,187
Taxes payable		**20,129**	12,145
Derivative financial instruments	10	**1,517**	—
Total current liabilities		**4,760,273**	5,412,449
NET CURRENT ASSETS/(LIABILITIES)		**1,022,749**	(652,538)
TOTAL ASSETS LESS CURRENT LIABILITIES		**13,625,255**	10,972,867

	Notes	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	14	**9,497,637**	7,290,065
Other payables and accruals		**1,399,258**	1,232,568
Other liabilities		**20,955**	20,955
Derivative financial instruments	10	**—**	1,780
Total non-current liabilities		**10,917,850**	8,545,368
Net assets		**2,707,405**	2,427,499
EQUITY			
Share capital	15	**1,579,905**	1,579,905
Reserves	16	**1,127,500**	847,594
Total equity		**2,707,405**	2,427,499

Guo Weiping
Director

Peng Jiahong
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Share capital RMB'000 (Note 15)	Capital reserve* RMB'000 (Note 16)	Statutory reserve* RMB'000 (Note 16)	Exchange fluctuation reserve* RMB'000 (Note 16)	Retained profits* RMB'000	Total RMB'000
At 1 January 2015 (Audited)	1,579,905	4,742	119,128	1,223	722,501	2,427,499
Profit for the period	—	—	—	—	269,914	269,914
Other comprehensive income for the period:						
Exchange differences on translation of financial statement into presentation currency	—	—	—	513	—	513
Total comprehensive income for the period	—	—	—	513	269,914	270,427
Equity-settled share award arrangements	—	9,479	—	—	—	9,479
At 30 June 2015 (Unaudited)	1,579,905	14,221	119,128	1,736	992,415	2,707,405

* These reserve accounts comprise the consolidated reserves of RMB1,127,500,000 (31 December 2014: RMB847,594,000) in the interim condensed consolidated statement of financial position.

	Share capital RMB'000	Statutory reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2014 (Audited)	775,291	73,462	197	319,793	1,168,743
Profit for the period	—	—	—	175,495	175,495
Other comprehensive income for the period:					
Exchange differences on translation of financial statement into presentation currency	—	—	1,871	—	1,871
Total comprehensive income for the period	—	—	1,871	175,495	177,366
Issue of shares	305,298	—	—	—	305,298
At 30 June 2014 (Unaudited)	1,080,589	73,462	2,068	495,288	1,651,407

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		**367,749**	236,100
Adjustments for:			
Finance costs	5	**432,941**	268,989
Interest income	4	**(2,990)**	(1,078)
Derivative financial instruments transactions not qualifying as hedges:			
Unrealised fair value (gains)/losses, net	5	**(259)**	271
Depreciation		**7,976**	6,780
Dividend income from available-for-sale investments	4	**(364)**	—
Provision for impairment of lease receivables	11	**30,056**	30,801
Foreign exchange (gain)/loss, net		**(132)**	29,270
Equity-settled share-based compensation expense	17	**9,479**	—
		844,456	571,133
Decrease/(Increase) in inventories		**459**	(52)
Increase in loans and accounts receivables		**(1,839,792)**	(1,750,010)
Decrease in prepayments, deposits and other receivables		**36,668**	110,231
Decrease in amounts due from related parties		**9,410**	4,883
(Decrease)/Increase in trade and bills payables		**(644,284)**	101,249
Increase in other payables and accruals		**114,243**	169,257
(Decrease)/Increase in amounts due to related parties		**(102,460)**	7,005
Net cash flows used in operating activities before tax and interest		**(1,581,300)**	(786,304)
Interest paid		**(496,219)**	(451,385)
Interest received		**2,990**	1,078
Income tax paid		**(87,868)**	(85,823)
Net cash flows used in operating activities		**(2,162,397)**	(1,322,434)

	Note	For the six months ended 30 June 2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend income from available-for-sale investments		**364**	—
Cash paid for acquisition of property, plant and equipment		**(6,838)**	(224)
Net cash flows used in investing activities		**(6,474)**	(224)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		—	305,298
Increase in amounts due to related parties		**1,250,000**	—
Decrease in amounts due to related parties		**(2,279,005)**	(372,685)
Cash received from new borrowings		**6,908,647**	2,876,963
Repayments of borrowings		**(3,512,795)**	(1,539,811)
Cash paid for restricted deposits		**(43,917)**	(43,276)
Repayment of restricted deposits		**7,638**	37,512
Dividends paid		**(8,264)**	(109,775)
Net cash flows from financing activities		**2,322,304**	1,154,226
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**153,433**	(168,432)
Cash and cash equivalents at beginning of period		**453,569**	318,998
Effect of exchange rate changes on cash and cash equivalents		**204**	1,943
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		**607,206**	152,509
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**713,112**	282,649
Less: restricted deposits		**(105,906)**	(130,140)
Cash and cash equivalents as stated in the statement of financial position	12	**607,206**	152,509
Cash and cash equivalents as stated in the statement of cash flows	12	**607,206**	152,509

1. CORPORATE INFORMATION

Universal Medical Financial & Technical Advisory Services Company Limited (the "Company") is a limited liability company which was incorporated in Hong Kong on 19 April 2012. Pursuant to the special resolutions of shareholders dated 6 February 2015 and 10 June 2015, respectively, the Company changed its name from Universal International Leasing Co., Limited to Universal Medical Services & Health Management Company Limited and then to Universal Medical Financial & Technical Advisory Services Company Limited. The registered office of the Company is located at Room 3302~3303, 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 8 July 2015.

The Company and its subsidiaries (the "Group") is principally engaged in providing financing to its customers under finance lease arrangements, the provision of advisory services, sale of medical equipment, medical equipment leases under operating lease arrangements, and the provision of other services as approved by the Ministry of Commerce of the People's Republic of China (the "PRC") in Mainland China.

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, which has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and included in the accountants' report of the Company.

These 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. BASIS OF PREPARATION AND ACCOUNTING POLICIES – *continued*

2.2 Significant accounting policies

Adoption of new standards, amendments and interpretations

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are the same as those used in the Group's financial statements for the year ended 31 December 2014, except in relation to the following new standards, amendments and interpretations which 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

Adoption of these new standards, amendments and interpretations 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. OPERATING SEGMENT INFORMATION

The Group is principally engaged in providing financing to its customers under finance lease arrangements, the provision of advisory services, sale of medical equipment, and medical equipment leases under operating lease arrangements. For management purposes, the aforesaid businesses are integral and the Group has not organised them into different operating segments.

Geographical information

(a) All the sales of the operations to external customers of the Group are generated in Mainland China.

(b) All non-current assets of the operations, excluding financial instruments and deferred tax assets, are all located in Mainland China.

Information about a major customer

There was no single customer from which the revenue derived has amounted to 10% or more of the Group's total revenue during the period.

4. REVENUE, OTHER INCOME AND GAINS

	Note	For the six months ended 30 June 2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Revenue			
Finance lease income		**703,943**	485,102
Service fee income		**278,908**	183,539
Operating lease income		**7,562**	8,357
Sale of goods		**549**	3,376
Others		**447**	7
Business tax and surcharges		**(9,358)**	(7,130)
		982,051	673,251
Other income and gains			
Interest income		**2,990**	1,078
Foreign exchange gain		**132**	—
Dividend income from available-for-sale investments		**364**	—
Derivative financial instruments transactions not qualifying as hedges:			
- Unrealised fair value gains, net		**259**	—
Government grants	4a	**—**	4,516
Others		**96**	32
		3,841	5,626

4a. GOVERNMENT GRANTS

	For the six months ended 30 June 2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Value Added Tax ("VAT") refund	**—**	4,516

5. PROFIT BEFORE TAX

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

	Note	For the six months ended 30 June 2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Cost of borrowings included in cost of sales		**432,941**	268,989
Cost of inventories sold		**292**	1,233
Cost of operating lease		**7,495**	6,340
Depreciation		**481**	440
Rental expenses		**8,248**	7,014
Listing expenses		**16,344**	—
Employee benefit expense (Including directors' remuneration)			
– Wages and salaries		**64,245**	61,603
– Equity-settled share-based compensation expenses	17	**9,479**	—
– Pension scheme contributions		**9,114**	2,812
– Other employee benefits		**6,885**	4,700
		89,723	69,115
Impairment of loans and accounts receivables		**30,056**	30,801
Foreign exchange (gain)/loss		**(132)**	29,270
Derivative financial instruments transactions not qualifying as hedges:			
– Unrealised fair value (gains)/losses, net		**(259)**	271
– Realised fair value losses, net		**1,810**	4,314

6. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current – Mainland China		
Charge for the period	**95,976**	63,189
(Overprovision)/Underprovison in prior years	**(124)**	13
Deferred tax	**1,983**	(2,597)
Total tax charge for the period	**97,835**	60,605

Hong Kong profits tax is provided at the rate of 16.5% (six months ended 30 June 2014: 16.5%) on the estimated assessable profits arising in Hong Kong. No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

The income tax provision of the Group in respect of its operations in Mainland China has been calculated at the applicable tax rate of 25% (six months ended 30 June 2014: 25%) on the estimated assessable profits for the six months ended 30 June 2015, based on existing legislation, interpretations and practices in respect thereof.

The subsidiaries incorporated in the Cayman Islands are exempted from income tax in the Cayman Islands.

6. INCOME TAX EXPENSE – *continued*

A reconciliation of the tax charge applicable to profit before tax using the statutory/applicable rate for the jurisdiction in which the majority of 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	**367,749**	236,100
At PRC statutory income tax rate of 25%	**91,937**	59,025
Lower tax rate enacted by local authority	**1,784**	508
Expenses not deductible for tax purpose	**3,917**	137
Income not subject to tax	**(1)**	(1)
Adjustment on current income tax in respect of prior years	**(124)**	13
Unrecognised tax losses	**322**	923
Income tax expense as reported in the condensed consolidated statement of profit or loss	**97,835**	60,605

7. EARNINGS PER SHARE

Basic earnings per share for the six months ended 30 June 2015 and 2014 are calculated by dividing the profits attributable to ordinary equity holders of the parent by the weighted average numbers of ordinary shares in issue during the respective periods, calculated as follows, which have been adjusted restrospectively for the share subdivision on 11 June 2015 as described in note 15 (b) to the financial statements.

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	**269,914**	175,495

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	**1,269,566,080**	792,554,091

There were no potential dilutive ordinary shares during the periods.

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group acquired property, plant and equipment with a total cost of RMB6,838,000 (six months ended 30 June 2015: RMB224,000).

The Group disposed of property, plant and equipment with a net book value of nil during the six months ended 30 June 2015 (six months ended 30 June 2014: Nil), with no gains or losses recognised (six months ended 30 June 2014: Nil).

9. AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Asset-backed securities	20,955	20,955

As at 30 June 2015, the Group invested in asset-backed securities issued by a structured entity. The description of the asset-backed securities and the structured entity is disclosed in note 23 and note 24 to the interim condensed consolidated financial statements.

10. DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Interest rate swaps	1,517	1,780

As at 30 June 2015, the Group's borrowings with floating interest rates determined with reference to LIBOR were measured at amortised cost amounting to US$152,225,000 (31 December 2014: US$165,669,000). To manage the interest rate exposure arising from these borrowings, the Group entered into interest rate swap contracts with certain banks in Hong Kong and Mainland China accordingly. As at 30 June 2015, the total nominal amount of interest rate swap contracts was US$143,782,000 (31 December 2014: US$165,669,000). Changes in the fair value of the financial derivatives representing a gain of RMB259,000 were credited to the statement of profit or loss during the six months ended 30 June 2015 (six months ended 30 June 2014: a loss of RMB271,000).

11. LOANS AND ACCOUNTS RECEIVABLES

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Loans and accounts receivables due within one year	**5,015,450**	4,167,986
Loans and accounts receivables due after one year	**12,424,921**	11,471,343
	17,440,371	15,639,329

11a. Loans and accounts receivables by nature

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Gross lease receivables (note 11b)*	**21,054,271**	19,203,593
Less: Unearned finance income	**(3,369,884)**	(3,353,454)
Net lease receivables (note 11b)*	**17,684,387**	15,850,139
Accounts receivable (note 11d)*	**5,310**	8,660
Bills receivable*	**200**	—
Subtotal of loans and accounts receivables	**17,689,897**	15,858,799
Less:		
Provision for lease receivables (note 11c)	**(249,526)**	(219,470)
	17,440,371	15,639,329

* These balances included balances with related parties which are disclosed in note 11e to the interim condensed consolidated financial statements.

11. LOANS AND ACCOUNTS RECEIVABLES – *continued*

11b (1). An ageing analysis of lease receivables, determined based on the age of the receivable since the effective date of the relevant lease contract, as at the end of the reporting period is as follows:

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Gross lease receivables		
Within 1 year	11,779,389	10,410,866
1 to 2 years	5,772,079	6,024,876
2 to 3 years	2,585,268	2,017,364
3 years and beyond	917,535	750,487
Total	21,054,271	19,203,593
Net lease receivables		
Within 1 year	9,620,426	8,325,909
1 to 2 years	4,952,496	5,072,871
2 to 3 years	2,291,250	1,784,898
3 years and beyond	820,215	666,461
Total	17,684,387	15,850,139

11. LOANS AND ACCOUNTS RECEIVABLES – *continued*

11b (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
Gross lease receivables		
Due within 1 year	**6,470,344**	5,550,908
Due in 1 to 2 years	**5,601,021**	4,926,903
Due in 2 to 3 years	**4,327,687**	4,128,943
Due after 3 years and beyond	**4,655,219**	4,596,839
Total	**21,054,271**	19,203,593
Net lease receivables		
Due within 1 year	**5,111,604**	4,243,709
Due in 1 to 2 years	**4,579,790**	3,920,617
Due in 2 to 3 years	**3,739,950**	3,495,340
Due after 3 years and beyond	**4,253,043**	4,190,473
Total	**17,684,387**	15,850,139

11c. CHANGE IN PROVISION FOR LEASE RECEIVABLES

	Individually assessed			Collectively assessed			Total		
	30 June 2015 RMB'000 (Unaudited)	30 June 2014 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)	**30 June 2015 RMB'000 (Unaudited)**	30 June 2014 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)	**30 June 2015 RMB'000 (Unaudited)**	30 June 2014 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
At beginning of period/year	**57,199**	44,251	44,251	**162,271**	89,365	89,365	**219,470**	133,616	133,616
Charge for the period/year	**2,870**	1,679	12,948	**27,186**	29,122	72,906	**30,056**	30,801	85,854
At end of period/year	**60,069**	45,930	57,199	**189,457**	118,487	162,271	**249,526**	164,417	219,470

Note: As at 30 June 2015, the amount of the gross lease receivables pledged as security for the Group's borrowings was RMB8,172,385,000 (31 December 2014: RMB6,321,196,000) (see note 14).

11. LOANS AND ACCOUNTS RECEIVABLES – *continued*

11d. An ageing analysis of accounts receivable, determined based on the age of receivable since its recognition date, as at the end of the reporting period is as follows:

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Within one year	**5,310**	8,660

Accounts receivable were arising from the sale of medical equipment and the provision of advisory services. Except for some specific contracts, the Group generally does not provide credit terms to customers.

11e. BALANCES WITH RELATED PARTIES

The balances of loans and accounts receivables of the Group included the balances with related parties are as follows:

Name		30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Gross lease receivables:			
Harbin Measuring & Cutting Tool Group Co., Ltd.		**20,132**	27,287
Changsha Haliang Kaishuai Precision Machinery Co., Ltd.		**7,743**	10,495
Net lease receivables:			
Harbin Measuring & Cutting Tool Group Co., Ltd.	(i)	**19,417**	25,805
Changsha Haliang Kaishuai Precision Machinery Co., Ltd.	(i)	**7,468**	9,925
Accounts receivable:			
China National Instruments Import & Export (Group) Corporation	(ii)	**1,805**	1,805
Changsha Haliang Kaishuai Precision Machinery Co., Ltd.	(ii)	**5**	—
Bills receivable:			
Changsha Haliang Kaishuai Precision Machinery Co., Ltd.	(ii)	**200**	—

11. LOANS AND ACCOUNTS RECEIVABLES – *continued*

11e. BALANCES WITH RELATED PARTIES – *continued*

The above related parties are subsidiaries of China Genertec Technology (Group) Holding Limited ("Genertec Group").

(i) The balances of net lease receivables were interest-bearing at an annual interest rate of 5.25%.

(ii) The balances with the related parties are unsecured, interest-free and repayable on demand.

12. CASH AND CASH EQUIVALENTS AND RESTRICTED DEPOSITS

Name	**30 June 2015 (Unaudited) RMB'000**	31 December 2014 (Audited) RMB'000
Cash and bank balances	**713,112**	529,496
Time deposits	**30,877**	24,577
	743,989	554,073
Less:		
Restricted deposits	**(136,783)**	(100,504)
Cash and cash equivalents	**607,206**	453,569

As at 30 June 2015, the cash and bank balances of the Group denominated in RMB amounted to RMB704,065,000 (31 December 2014: RMB447,218,000). 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 RMB136,783,000 (31 December 2014: RMB100,504,000) was pledged for bank and other borrowings (see note 14).

As at 30 June 2015, cash of RMB145,549,000 (31 December 2014: RMB223,174,000) was deposited with Genertec Finance Co., Ltd..

13. TRADE AND BILLS PAYABLES

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Trade payables	**198,139**	847,983
Due to related parties (note 13a)	**7,680**	108,439
	205,819	956,422

The trade payables are non-interest-bearing and are repayable within one year.

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follow:

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Within 1 year	**192,515**	900,577
1 to 2 years	**5,556**	6,005
2 to 3 years	**4,613**	4,163
Over 3 years	**3,135**	45,677
	205,819	956,422

13. TRADE AND BILLS PAYABLES – *continued*

13a. BALANCES WITH RELATED PARTIES

Particulars of an amount due to related parties are as follows:

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Bills payable:		
Genertec Finance Co., Ltd.	—	100,000
Trade payables:		
China National Instruments Import & Export (Group) Corporation	7,680	7,680
Genertec Italia s.r.l.	—	759
	7,680	108,439

The above related parties are subsidiaries of Genertec Group.

The balances with the related parties are unsecured, interest-free and repayable within one year or based on the payment schedules agreed between the Group and the respective parties.

14. 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:						
Bank loans						
– unsecured	5.36~5.74	2015~2016	960,000	5.60~6.18	2015	450,000
Other loans						
– unsecured	6.90	2016	700,000	—	—	—
Current portion of long-term bank loans						
– secured	2.58~6.72	2015~2016	1,091,903	2.55~7.36	2015	1,507,052
– unsecured	3.96~6.74	2015~2016	979,531	3.94~6.30	2015	543,948
Current portion of long-term other loans						
– secured	6.72	2016	14,768	6.30~7.66	2015	203,707
– unsecured	7.30	2015	100,000	7.30	2015	100,000
Finance lease payables						
– secured	5.75~6.73	2015~2016	293,347	6.00~7.02	2015	288,836
Bonds – secured	4.80	2016	146,000	—	—	—
Due to related parties						
– unsecured	—	—	—	3.15~5.60	2015	1,024,644
			4,285,549			4,118,187
Non-current:						
Bank loans						
– secured	2.58~6.72	2016~2020	1,501,440	2.55~7.36	2016~2019	1,942,404
– unsecured	3.03~6.74	2016~2018	3,380,508	3.94~6.58	2016~2017	3,040,025
Other loans						
– secured	5.76	2016~2017	504,279	6.30	2016~2017	10,617
– unsecured	6.90~7.30	2016~2017	1,000,000	7.30	2016	200,000
Finance lease payables						
– secured	5.20~6.73	2016~2018	760,626	6.00~7.02	2016~2017	505,498
Bonds – secured	5.20~6.43	2017~2020	2,350,784	6.08	2017	1,591,521
			9,497,637			7,290,065
			13,783,186			11,408,252

14. INTEREST-BEARING BANK AND OTHER BORROWINGS – *continued*

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Analysed into:		
Bank loans repayable:		
Within one year	**3,031,434**	2,501,000
In the second year	**2,348,080**	2,551,134
In the third to fifth years, inclusive	**2,533,868**	2,431,295
	7,913,382	7,483,429
Other borrowings repayable:		
Within one year	**1,254,115**	1,617,187
In the second year	**3,382,646**	511,632
In the third to fifth years, inclusive	**1,233,043**	1,796,004
	5,869,804	3,924,823
	13,783,186	11,408,252

Notes:

(a) During the year ended 31 December 2014, the Company's wholly-owned subsidiary Universal Number One Co., Ltd. issued bonds with an aggregate principal amount of RMB1,600,000,000 and a fixed coupon rate of 5.70% in Hong Kong (the "Bonds"). The Bonds were listed on the Stock Exchange and are due in 2017. The Company provides an unconditional and irrevocable guarantee in respect of the Bonds, which are also secured by the Group's lease receivables, time deposits and the shares of Universal Number One Co., Ltd. As at 30 June 2015, the Group's gross lease receivables and time deposits pledged as security for the Bonds were RMB1,849,442,000 and RMB22,987,000, respectively (31 December 2014: RMB2,187,611,000 and RMB22,987,000, respectively).

(b) In May 2015, China Universal Leasing Co., Ltd. ("CULC"), a subsidiary the Company issued a batch of asset-backed securities in aggregate principal amount of RMB1,141,858,200 ("ABS") to institutional investors through an asset management plan. The ABS has four senior tranches and one subordinated tranche. The Group received proceeds of RMB912,000,000 from the senior tranches which have expected annualized yields ranging from 4.80% to 6.43% and maturity periods from one year to five years. The subordinated tranche amounting to RMB229,858,200 was purchased by CULC itself and thus no proceeds were received. As at 30 June 2015, the Group's gross lease receivables charged as security for the ABS were RMB1,188,445,000 (31 December 2014: Nil).

14. INTEREST-BEARING BANK AND OTHER BORROWINGS – *continued*

Notes: – *continued*

(c) As at 30 June 2015, there was no borrowing from banks guaranteed by Genertec Group (31 December 2014: RMB1,396,613,000).

(d) As at 30 June 2015, the Group's bank and other loans secured by lease receivables were RMB2,730,902,000 (31 December 2014: RMB2,115,069,000); the Group's gross lease receivables pledged as security for the Group's bank and other loans were RMB3,439,652,000 (31 December 2014: RMB2,899,363,000). As at 30 June 2015, the Group's bank and other loans secured by cash and bank balances and time deposits amounted to RMB1,866,989,000 (31 December 2014: RMB1,974,127,000).

(e) As at 30 June 2015, the Group's finance lease payables secured by lease receivables were RMB1,053,973,000 (31 December 2014: RMB794,334,000); the Group's gross lease receivables pledged as security for the Group's finance lease payables were RMB1,694,846,000 (31 December 2014: RMB1,234,222,000).

15. SHARE CAPITAL

	Number of shares		**Share capital**	
	30 June 2015 (Unaudited)	31 December 2014 (Audited)	**30 June 2015 (Unaudited) RMB**	31 December 2014 (Audited) RMB
Issued and fully paid ordinary shares	**1,269,566,080**	253,913,216	**1,579,905,436**	1,579,905,436

15. SHARE CAPITAL – *continued*

A summary of movements in the Company's issued share capital is as follows:

	Number of shares in issue	Issued capital	
		US$	RMB
As at 1 January 2015 and 31 December 2014 (Audited)	**253,913,216**	**253,913,216**	**1,579,905,436**
Share subdivision (note (b))	**1,015,652,864**	—	—
As at 30 June 2015 (Unaudited)	**1,269,566,080**	**253,913,216**	**1,579,905,436**
As at 1 January 2014 and 31 December 2013 (Audited)	122,599,216	122,599,216	775,291,407
Issue of shares (note (a))	131,314,000	131,314,000	804,614,029
As at 31 December 2014 (Audited)	253,913,216	253,913,216	1,579,905,436

Notes:

(a) On 21 February 2014, all shareholders of the Company subscribed for a total of 50,000,000 shares of the Company for a total consideration of US$50,000,000 in direct proportion with their equity interests in the Company.

On 28 October 2014, all shareholders of the Company subscribed for a total of 81,314,000 shares of the Company for a total consideration of US$81,314,000 in direct proportion with their equity interests in the Company.

(b) Pursuant to the written resolutions passed by all of the shareholders of the Company on 10 June 2015, among others, each existing share in the capital of the Company was subdivided into five shares in the capital of the Company with effect from 11 June 2015. After the share subdivision, the total number of ordinary shares of the Company was increased from 253,913,216 shares to 1,269,566,080 shares.

16. RESERVES

The amounts of the Group's reserves and the movements therein for the interim condensed consolidated financial statements are presented in the consolidated statement of changes in equity.

Capital reserve

The capital reserve represents the share-based compensation reserve which comprises the fair value of the shares awarded under the share transfer to the management of the Group (see note 17) recognised in accordance with the accounting policy adopted for equity compensation benefits.

Statutory reserve

Pursuant to the relevant laws and regulations and the articles of association of the subsidiaries of the Company in the PRC, if a subsidiary is registered as a Sino-foreign joint venture, it is required to, at the discretion of the board of directors, transfer a portion of their profit after taxation reported in their statutory financial statements prepared under the applicable PRC accounting standards to the statutory surplus reserve.

If a subsidiary is registered as a wholly-foreign invested enterprise or a domestic limited liability company, it is required to appropriate 10% of each year's statutory net profits to the statutory surplus reserve according to the PRC accounting standards and regulations (after offsetting previous years' losses) to the statutory surplus reserve. The PRC subsidiary may discontinue the contribution when the aggregate sum of the statutory surplus reserve is more than 50% of its registered capital. Upon contribution to the statutory surplus reserve using its post-tax profit, a company may make further contribution to the surplus reserve using its post-tax profit in accordance with a resolution of the board of directors. The appropriation to statutory and discretionary surplus reserves must be made before distribution of dividends to owners. These reserves shall only be used to make up for previous years' losses, to expand production operations, or to increase the capital of the PRC subsidiary. The statutory reserve can be transferred to paid-in capital, provided that the balance of the statutory surplus reserve after this transfer is not less than 25% of its registered capital.

Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations with a functional currency other than RMB.

17. SHARE-BASED PAYMENTS

On 10 October 2014, arrangements were entered into for the Company's shareholders CITIC Capital Leasing Ltd. ("CITIC Capital") and Jublon Capital Limited ("Jublon") to transfer a total of 5,177,976 shares of the Company (3% of total shares issued as at 10 October 2014) to three BVI companies which are wholly owned by the chief executive officer, the chief financial officer and 11 management personnel of the Group, respectively, at a consideration of US$1.14 per share. The consideration was below the fair value of the shares, which was determined by a professional valuer engaged by the Group, using the market approach, at US$2.18 per share as of 28 September 2014, the grant date.

The shares were transferred to these management personnel of the Group at below fair value as incentives for the management to grow and develop the Group and prepare the Company for its initial public offering (the "IPO"). The shares transferred are subject to various conditions, including the successful IPO of the Company, the management personnel not being dismissed due to serious breach of employee agreement, company's regulations or incompetence and they not having resigned and being in service at the end of 12 months after the completion of the IPO.

In relation to the transferred shares that CITIC Capital and Jublon had indirectly transferred to the management personnel, the total amount of share-based payment expenses that will be amortised over the vesting period is RMB33,302,000, being the difference between the fair value of the shares at the grant date and the considerations paid by the management personnel. Accordingly, the Group recognised an expense of RMB9,479,000 for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil) in respect of these share-based payments.

18. CONTINGENT LIABILITIES

At the end of reporting period, contingent liabilities that not provided for in the interim condensed consolidated financial statements were as follows:

Group

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Claimed amounts	**1,448**	1,278

19. PLEDGE OF ASSETS

Details of the Group's bank loans, which are secured by the assets of the Group, are included in notes 11, 12 and 14 to the interim condensed consolidated financial statements.

20. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leased its medical equipment under operating lease arrangements, with leases negotiated for terms of more than five years.

Under the lease contracts, all rentals that the Group receives are contingent rentals based on the monthly gross or net income generated by the use of medical equipment.

(b) As lessee

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

As 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	**10,269**	14,207
In the second to fifth years, inclusive	**1,836**	173
	12,105	14,380

21. COMMITMENTS

In addition to the operating lease commitments detailed in note 20 above, the Group had the following capital commitments and credit commitments at the end of the reporting period:

(a) Capital commitments

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Contracted, but no provided for	4,624	11,499

(b) Credit commitments

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Credit commitments	858,245	637,481

Credit commitments represent undrawn finance lease facilities agreed and granted to customers. They are conditionally revocable commitments.

22. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances in notes 11, 12, 13 and 14 to the interim condensed consolidated financial statements, the Group had the following material transactions and balances with related parties during the reporting period.

(a) Transactions and balances with Genertec Group and companies under Genertec Group

Genertec Group was established in 1988 and is a wholly-state-owned company. Genertec Group's businesses principally cover five sectors, including equipment manufacturing, trade and engineering contracting, pharmaceutical industry, technical services and consultancy, as well as construction and real estate. Genertec Group is one of the major shareholders of the Company.

The companies under Genertec Group which had transactions and balances with the Group during the reporting periods are subsidiaries of Genertec Group.

(i) Prepayments, deposits and other receivables

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Due from related parties		
Genertec Finance Co., Ltd.	—	85
General Technology Group Property Management Ltd.	915	755
Genertec Italia s.r.l.	58	942
Paryocean Properties Company Limited	131	130
China National Technical Import & Export Corporation	38	—
	1,142	1,912

The balances with the related parties are unsecured, interest-free and repayable within one year.

22. RELATED PARTY TRANSACTIONS – *continued*

(a) Transactions and balances with Genertec Group and companies under Genertec Group – *continued*

(ii) Other payables and accruals

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Due to related parties		
Genertec Group	**1,656**	—
Genertec Hong Kong International Capital Limited	**2**	21,650
Genertec Finance Co., Ltd.	—	856
Paryocean Properties Company Limited	**43**	—
	1,701	22,506

The balances with the related parties are unsecured, interest-free and repayable within one year or based on the payment schedules agreed between the Group and the respective parties.

(iii) Interest income

	For the six months ended 30 June 2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Genertec Finance Co., Ltd.	**1,847**	202

The interest income was charged at the rates ranging from 0.455% to 1.495% per annum.

22. RELATED PARTY TRANSACTIONS – *continued*

(a) Transactions and balances with Genertec Group and companies under Genertec Group – *continued*

(iv) Purchase of leased assets from a related party

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Genertec Italia s.r.l.	**—**	900

The purchase from the related party are made on terms mutually agreed between the Group and the respective party.

(v) Rental expenses

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Genertec Group	**1,656**	1,954
General Technology Group Property Management Ltd.	**5,454**	4,627
Paryocean Properties Company Limited	**217**	87

The rental expenses paid to related parties are made on terms mutually agreed between the Group and the respective parties.

22. RELATED PARTY TRANSACTIONS – *continued*

(a) Transactions and balances with Genertec Group and companies under Genertec Group – *continued*

(vi) Interest expense on borrowings

	For the six months ended 30 June 2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Genertec Hong Kong International Capital Limited	**12,935**	41,262
Genertec Finance Co., Ltd.	**9,424**	2,340

The interest expenses were charged at rates ranging from 3.545% to 5.60% per annum.

(vii) Finance lease income

	For the six months ended 30 June 2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Harbin Measuring & Cutting Tool Group Co., Ltd.	**664**	1,128
Changsha Haliang Kaishuai Precision Machinery Co., Ltd.	**255**	434

The finance lease income was charged at rates ranging from 5.25% to 6.01% per annum.

The related party transactions in respect of items (iii), (iv), (v) and (vii) above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

22. RELATED PARTY TRANSACTIONS – *continued*

(b) Significant transactions with other government-related entities

The largest shareholder of the Company is a state-owned enterprise. In accordance with HKAS 24 "Related Party Disclosures", government-related entities include entities that are directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government. On this basis, related parties include other government-related entities, in addition to Genertec Group and companies under Genertec Group.

During the reporting periods, the Group's significant transactions with other government-related entities constituted a large portion of finance lease services and advisory services. In addition, substantially all restricted deposit, cash and cash equivalents and borrowings as at 30 June 2015 and 31 December 2014 and the relevant interest earned and paid during the six months ended 30 June 2015 and 2014 were transacted with banks and other financial institutions which are controlled by the PRC government.

(c) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Short term employee benefits	**2,582**	1,193
Equity-settled share award arrangements	**5,709**	—
Total compensation	**8,291**	1,193

23. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are not derecognised in their entirety

Securitisation transaction

During the year ended 31 December 2014, the Group transferred lease receivables with an original carrying amount of RMB698,064,000 ("Transferred Lease Receivables") to a structured entity which then issued interest-bearing debt securities backed by the Transferred Lease Receivables ("Asset-backed Securities"). The Asset-backed Securities issued comprised of a 90% preferential tranche and a 10% subordinated tranche. The Group subscribed to 30% of the subordinated tranche, and the remaining balance of the subordinated tranche and the preferential tranche were issued to third parties. In the opinion of the directors, the Group has neither transferred nor retained substantially all significant risks and rewards of the Transferred Lease Receivables, but retained control over the Transferred Lease Receivables. Accordingly, it continued to recognise the financial assets to the extent of its continuing involvement in the Transferred Lease Receivables. As at 30 June 2015, the retained interest in the Transferred Lease Receivables amounted to RMB20,955,000 (31 December 2014: RMB20,955,000), and the associated liabilities, which represented the maximum amount of the cash flows the Group would forfeit under the subordination plus the consideration for the subordination, was RMB20,955,000 (31 December 2014: RMB20,955,000).

24. INTEREST IN THE UNCONSOLIDATED STRUCTURED ENTITY

The Group is involved with a structured entity through the securitisation transaction described in note 23 above. The Group assessed that it should not consolidate the structured entity as the Group has no control over it. The total carrying amount of lease receivable transferred by the Group to the unconsolidated structured entity was RMB698,064,000 during the year ended 31 December 2014. The description of the Asset-backed Securities issued by the structured entity and the portion held by the Group is disclosed in note 23 to the unaudited interim condensed consolidated financial statements. As at 30 June 2015, the Group's interest in the unconsolidated structured entity, which was recognised as available-for-sale investments, amounted to RMB20,955,000 (31 December 2014: RMB20,955,000). As at 30 June 2015, the associated liabilities amounting to RMB20,955,000, which represented the maximum amount of the cash flows the Group would forfeit under the subordination were recognised and included in other liabilities (31 December 2014: RMB20,955,000).

Neither the holders of preferential tranches nor the holders of subordinated tranches have contractual obligations to any financial support to the structured entity.

25. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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 other borrowings.

Cash and cash equivalents, restricted deposits, accounts receivable and current portion of financial assets included in deposits and other receivables, trade and bills 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 end of each reporting period and their carrying values are approximate to their fair values.

Lease receivables and interest-bearing bank and other borrowings excluding bonds issued and short-term borrowings

Substantially all of the lease receivables and interest-bearing bank and other borrowings excluding bonds issued and short-term borrowings, are on floating rate terms, bear interest at prevailing market interest rates and their carrying values are approximate to their fair value.

Bonds issued

The fair value of the bonds calculated based on quoted market prices or 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 value of bonds issued which are included in interest-bearing bank and other borrowings not presented at fair value on the statement of financial position.

	Carrying amounts		**Fair values**	
	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000	**30 June 2015 (Unaudited) RMB'000**	31 December 2014 (Audited) RMB'000
Bonds issued	**2,496,784**	1,591,521	**2,520,000**	1,600,032

25. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS – *continued*

Financial instruments not measured at fair value – *continued*

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

The fair values of non-current portion of financial assets included in deposits and other receivables, 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 is not significant.

Financial instruments measured at fair value

Interest-rate swap contracts

The Group enters into several derivative financial instrument contracts with two counterparties, both are interest rate swaps 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 and yield curves.

Asset-backed securities

The fair values of the asset-backed securities recognised as available-for-sale investments are measured using discounted cash flow analysis that calculates the fair value based on valuation inputs such as default rate, loss given default, prepayment rate and yield of the securities' underlying assets. These inputs require an assessment of the securities' underlying assets.

25. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS – *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)

The fair value of the available-for-sale investments is based on unobservable inputs included default rate, loss given default, and prepayment rate and yield. As at 30 June 2015, fair value changes resulting from changes in the unobservable inputs were not significant.

Assets and liabilities measured at fair value:

As at 30 June 2015 (Unaudited)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Derivative financial instruments				
– Interest rate swap contracts	**—**	**(1,517)**	**—**	**(1,517)**
Available-for-sale investments				
– Asset-backed securities	**—**	**—**	**20,955**	**20,955**

As at 31 December 2014 (Audited)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Derivative financial instruments				
– Interest rate swap contracts	—	(1,780)	—	(1,780)
Available-for-sale investments				
– Asset-backed securities	—	—	20,955	20,955

25. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS – *continued*

Fair value hierarchy – *continued*

Liabilities for which fair values are disclosed:

As at 30 June 2015 (Unaudited)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Bonds issued	**1,608,000**	**912,000**	—	**2,520,000**

As at 31 December 2014 (Audited)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Bonds issued	1,600,032	—	—	1,600,032

During the six months ended 30 June 2015, there were no transfers at fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3 (year ended 31 December 2014: nil).

26. EVENTS AFTER THE REPORTING PERIOD

(a) On 8 July 2015, the Company issued 423,189,500 new ordinary shares at HK$8.18 per share by way of initial public offering. The gross proceeds amounted to HK$3,461,690,110. On the same date, the Company's shares were listed on The Stock Exchange.

(b) On 29 July 2015, the over-allotment option described in the prospectus of the Company dated 24 June 2015 was partially exercised and an additional 23,549,000 ordinary shares issued on 5 August 2015 at a price of HK$8.18 per share with gross proceeds of HK$192,630,820.

27. 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 20 August 2015.

環球醫療金融與技術咨詢服務有限公司
UNIVERSAL MEDICAL FINANCIAL & TECHNICAL ADVISORY SERVICES COMPANY LIMITED